

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Stan Clark at 9:30 a.m. on February 3, 2004 in Room 526-S of the Capitol.

All members were present except:

Senator Jim Barone- excused

Committee staff present:

Bruce Kinzie, Revisor of Statutes  
Raney Gilliland, Legislative Research  
Emalene Correll, Legislative Research  
Ann McMorris, Secretary

Conferees appearing before the committee:

James Bartling, Atmos Energy  
Scott Heidtbring, Aquila, Inc.  
Steve Johnson, Kansas Gas Service  
Tim Rush, Kansas City Power & Light  
David Springe, CURB  
Don Low, KCC

Others attending: See Attached List.

Introduction of Bills

Alan Cobb representing the Tallgrass Ranchers, a group of over 200 ranchers and landowners in the Flint Hills, explained their proposed bill which would create a mechanism process for licensing industrial wind turbines in the Flint Hills.

Moved by Senator Lyon, seconded by Senator Tyson, introduction of a bill as proposed by the Tallgrass Ranchers. Motion carried.

Approval of Minutes

Moved by Senator Tyson, seconded by Senator Taddington, the minutes for meetings of the Senate Utilities Committee held on January 26, 27, 28 and 29, 2004 be approved. Motion carried.

Chair opened the hearing on:

**SB 360 - Public utilities, costs of new facilities**

Proponents:

James Bartling, Atmos Energy introduced the Director of Public Affairs Tom Stevens from Texas and noted Mr. Stevens is familiar with the Texas House Bill 1942 after which this bill was modeled. Currently, the method in which a utility recovers the cost of capital investments is through a formal rate increase filing before the KCC which could take up to 280 days and involves a lot of expenditures, determining equity and debt and plainly takes lots of money. He proceeded to explain the benefits that would be gained by the passage of this bill. (Attachment 1)

Scott Heidtbring, vice president of Kansas/Colorado Gas Operations, Aquila, presented the views of his company and their reasons for support of this bill. (Attachment 2)

Steve Johnson, Kansas Gas Service, noted this bill fosters good business practices, reduces the need for frequent rate cases, allows for extensive review by regulators, minimizes the amount of time and expense needed for auditing a utility during a rate case and levelizes the rate impact for customers. (Attachment 3)

Tim M. Rush, director, regulator affairs, Kansas City Power & Light Company, noted the surcharge will

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allow for the recovery of the return on investment, depreciation expenses, and related taxes; reduces the regulatory lag and requested removal of the restriction based on the number of customers. (Attachment 4)

Opponents:

David Springe, consumer counsel for Citizens' Utility Taxpayer Board, presented five points in opposition to **SB 360**. He offered three recommendations for changes in the bill language. (Attachment 5)

Don Low, Director of Utilities, Kansas Corporation Commission, offered numerous reasons why KCC is opposed to this bill. He pointed out several areas where the bill should be improved or clarified but emphasized that KCC would be opposed to **SB 360** even if the improvements were made. (Attachment 6)

Committee members asked whether this proposal would shorten lag time, about investment cost recovery, if a copy of the Texas bill was available and what authority the KCC has in this area since additional legislation has been passed.

Chair closed hearing on **S.B. 360**.

The next meeting of the Senate Utilities Committee will be on February 4, 2004.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

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