

MINUTES OF THE Senate COMMITTEE ON Energy and Natural Resources

The meeting was called to order by Senator Charlie L. Angell at
Chairperson

8:00 a.m./~~p.m.~~ on Wednesday, April 20, 1983 in room 123-S of the Capitol.

All members were present except:

Senator Paul Hess (Excused)

Senator Tom Rehorn (Excused)

Senator Ed Roitz

Committee staff present:

Ramon Powers, Research Department

Don Hayward, Revisor's Office

LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Brian Moline, Kansas Corporation Commission

The minutes of the April 5, 1983 meeting were approved.

H.B. 2516 - Acquisition of abandoned mined-land

Brian Moline explained that this bill is necessary for Kansas to receive \$800,000 of federal funds. Last year the Mined-Land Board submitted its plan for the state primacy program. It was conditionally accepted subject to certain conditions, one of which is that the Mined-Land Board have the power to acquire land through eminent domain, if necessary. Since last year, the Kansas Corporation Commission has unsuccessfully negotiated with the Office of Surface Mining in an attempt to have this requirement removed. Mr. Moline emphasized this is a new program which pertains only to mined-land abandoned prior to 1977. There is a tax imposed of 35¢ a ton to finance the reclamation of land which has been defined as abandoned mined-land. Approximately \$800,000 of this has been tentatively earmarked for Kansas. This abandoned mined-land would be acquired primarily through purchase or donation, but the federal government insists that the Mined Land Board have the power to acquire land through eminent domain. Mr. Moline pointed out that if this bill does not pass, the Office of Surface Mining will have this power -- it's really a matter of choosing between the Kansas Mined-Land Board and the Office of Surface Mining. Mr. Moline said that after discussion the bill with the Office of Surface Mining, they advise that line 61 should be amended to provide that 10% of the expenditures come from the Mined-Land conservation and reclamation fee fund.

Senator Werts made a motion that line 61 of the bill be amended to include: "provided, at least 10% of the expenditure comes from the Mined-Land conservation and reclamation fee fund". Senator Feleciano seconded the motion, and the motion carried. Senator Feleciano moved that the bill be reported favorably, as amended, for passage. Senator Werts seconded the motion, and the motion carried unanimously.

The meeting was adjourned by Vice-Chairman Kerr at 8:20 a.m.

Senate Energy & Natural Resources
April 20, 1983

<u>Name</u>		<u>Organization</u>
Ed Reucot	Topeka	League Women Voters
Jon Wilson	Topeka	Post Audit
Gerald Hagedine	Topeka	Kansas Water Office
Brian J. Molen	"	WCC
Many Huber	"	"
Norman Thurman	"	K.E.C.
Jackie Hall	"	KCC

REPORT OF THE
SUBCOMMITTEE ON NATURAL GAS

Committee members:

Senator Fred Kerr (Chairman)
Senator Charlie Angell
Senator Bert Chaney
Senator Paul Feleciano

The Subcommittee's charge was to consider and make recommendations on the following bills: S.B. 23, S.B. 146, S.B. 161, S.B. 162, S.B. 167, S.B. 178, S.B. 209, S.B. 236, S.C.R. 1601 and H.C.R. 5004.

The Subcommittee met March 8, 9, 10, 14 and 15, and minutes are available for each meeting.

As a result of study by the Subcommittee, the following action is recommended to the Energy and Natural Resources Committee:

S.B. 23 - (Steiniger) Declaring portions of natural gas pipelines to be common carriers

It is recommended that no action be taken on this bill this year. Further, it is recommended that should an interim study in 1983 be authorized on natural gas, that this bill should be part of the study.

S.B. 146 - (Angell and 9 others) Providing for cancellation of underproduction from natural gas wells

It is recommended that this bill not be considered further in 1983.

S.B. 161 - (Hayden) Requiring the continuation of natural gas supply to certain land for irrigation purposes

It is recommended that no action be taken on this bill this year. Further, it is recommended that should an interim study in 1983 be authorized on natural gas, that this bill should be part of the study.

S.B. 162 - (Hayden) Prescribing a maximum price for first sales of natural gas to agricultural users

It is recommended that no action be taken on this bill this year. Further, it is recommended that should an interim study in 1983 be authorized on natural gas, that this bill should be part of the study.

S.B. 167 - (Hayden) Concerning additional sales of and access to certain natural gas for agricultural purposes

It is recommended that no action be taken on this bill this year. Further, it is recommended that should an interim study in 1983 be authorized on natural gas, that this bill should be part of the study.

S.B. 178 - (Hayden) Concerning covenants of reasonable exploration and development of lands covered by oil and gas leases

House Bill 2208 is similar to S.B. 178. It has passed the House of Representatives. The Subcommittee did not consider S.B. 178. The full Energy and Natural Resources Committee is considering H.B. 2208.

S.B. 209 - (Steineger and 10 others) Providing for the establishment of a maximum price of natural gas

The Subcommittee recommends that the content of S.B. 209 be considered by the full Committee. Further, the Subcommittee recommends that several amendments be included in the legislation considered by the full Committee (see balloon copy attached).

S.B. 236 - (Mulich) Directing the KCC to establish lifeline rates

It is recommended that this bill not be considered further in 1983.

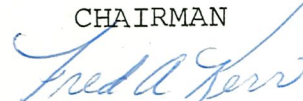
S.C.R. 1601 (Steineger and 13 others) Memorializing the President and Congress to freeze natural gas prices and outlaw "take or pay" contracts

H.C.R. 5004 - (Farrar and 66 others) Memorializing the President and Congress to nullify "take or pay" clauses in natural gas contracts

Since H.C.R. 5004 is similar to S.C.R. 1601 and it has passed the House, the Subcommittee recommends that H.C.R. 5004 be considered by the full Committee and that S.C.R. 1601 not be considered further.

The Subcommittee is pleased to submit this report.

SENATOR FRED A. KERR
CHAIRMAN



SENATE BILL No. 209

By Senators Steineger, Chaney, Daniels, Feleciano, Gannon,
Johnston, Karr, McCray, Mulich, Parrish and Rehorn

2-9

0018 AN ACT concerning natural gas; providing for the establishment
0019 of a maximum price thereof; prescribing duties for the state
0020 corporation commission relating thereto.

0021 *Be it enacted by the Legislature of the State of Kansas:*

0022 Section 1. This act may be cited as the Kansas natural gas
0023 price control act.

0024 Sec. 2. The legislature hereby declares that: ~~(1) The federal~~
0025 ~~policy for decontrol of wellhead natural gas prices has resulted in~~
0026 ~~an adequate supply of natural gas and in increasingly burden-~~
0027 ~~some prices for natural gas; (2) the current price of natural gas~~
0028 ~~imposes severe economic hardship upon residential, commercial~~
0029 ~~and industrial consumers of natural gas in the state of Kansas; (3)~~
0030 ~~the protective action of the Kansas natural gas price protection~~
0031 ~~act, K.S.A. 1982 Supp. 55-1401 et seq., is insufficient to address~~
0032 ~~the problems attendant to the high price of natural gas; and (4) the~~
0033 ~~high price of natural gas has caused economic and social dislo-~~
0034 ~~cation resulting in an economic emergency which will worsen~~
0035 ~~without action to diminish rising natural gas prices.~~

the current price for intrastate natural gas justifies the use of the
state's police power in order to protect the public welfare

0036 Sec. 3. For the purposes of this act, commission, gas pur-
0037 chase contract, new well, new reservoir, stripper well and price
0038 shall have the meaning respectively ascribed thereto by K.S.A.
0039 1982 Supp. 55-1402.

0040 Sec. 4. Except to the extent authorized by the commission
0041 pursuant to section 5 of this act, and notwithstanding the provi-
0042 sions of K.S.A. 1982 Supp. 55-1405 and 55-1406, the maximum
0043 price under any gas purchase contract entered into before January
20, 1983, shall be the price actually paid under the contract on
such date, except that the maximum price for any natural gas

the effective date of this act

0047 which qualifies as gas produced from new wells or reservoirs
 0048 shall be the price established under section 102 of the natural gas
 0049 policy act of 1978 on such date and the maximum price for
 0050 natural gas which qualifies as gas produced from stripper wells
 0051 shall be the price established under section 108 of the natural gas
 policy act of 1978 on the effective date of this act such

0052 Sec. 5. (a) Beginning one year after the effective date of this
 0053 act, the commission shall review annually the extent, if any, to
 0054 which the provisions of section 4 of this act shall continue to
 0055 operate. The commission shall then have the authority, in the
 0056 course of the exercise of its discretion, to establish a maximum all
 0057 price ceiling or ceilings for intrastate natural gas. In no event
 0058 shall the commission allow the price payable to exceed the price
 0059 established by section 109(b) of the natural gas policy act of 1978
 0060 on the date of such allowance, except that the commission may
 0061 allow the maximum price for natural gas which qualifies as gas
 0062 produced from new wells or new reservoirs to equal but not
 0063 exceed the price established by section 102 of the natural gas
 0064 policy act of 1978 on the date of such allowance and the com-
 0065 mission may allow the maximum price for natural gas which
 0066 qualifies as gas produced from stripper wells to equal but not
 0067 exceed the price established by section 108 of the natural gas
 0068 policy act of 1978 as of the date of such allowance.

0069 (b) In making its determinations, the commission shall con-
 0070 sider the adequacy of the supply of natural gas, the increase or
 0071 decrease in consumption of natural gas resulting from this act, the
 0072 impact on retail natural gas prices likely to result from the
 0073 allowance of any increases in gas prices and the effect of this act
 0074 on producers.

Sec. 6. All price limitations as defined by this act shall terminate
 not later than December 31, 1984.

0075 Sec. [6] If any sentence, clause, subsection or section of this 7
 0076 act is held unconstitutional or invalid by any court of competent
 0077 jurisdiction, it shall be conclusively presumed that the legislature
 0078 would have enacted the remainder of the act not so held uncon-
 0079 stitutional or invalid. 8

0090 Sec. [7] This act shall take effect and be in force from and after
 0091 its publication in the Kansas register.