

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by SENATOR ROBERT V. TALKINGTON at _____
Chairperson

9:00 a.m./p.m. on Tuesday, March 20, 1984 in room 254-E of the Capitol.

All members were present except:

ALL PRESENT

Committee staff present:

Fred Carman, Hank Avila, Rosalie Black

Conferees appearing before the committee:

None

Amendments and passage
of HB 2927

The meeting was called to order by Senator Talkington, Chairman, for the third day of considering proposed amendments on HB 2927 and for final consideration of the bill.

HOUSE BILL 2927 - AMENDMENTS AND ACTION

After Senator Hein withdrew a proposed amendment for lack of a second, he asked that minutes reflect the committee reviewed the concept of attaching his statement listing five factors in which "the commission shall make such specific findings of fact regarding issues before the commission as they deem advisable."
(See Attachment 1.)

Senator Hein withdrew a motion for lack of a second for another amendment and requested that minutes reflect the committee's approval that when a utility sells its power out-of-state, the revenue would not become the property of ratepayers and the KCC would not have jurisdiction over such property. (See Attachment 2.)

The Chairman indicated he had discussed Senator Hein's amendment with Brian Moline, KCC, and he had approved of the idea. Senator Meyers disapproved of quoting Mr. Moline when he was not present for verification since Don Low, KCC, said he was not aware of Mr. Moline's approval. Senator Morris asked that the minutes reflect that Senator Hein's attached amendment is his opinion and not that of the committee. Senator Meyers and Senator Johnston agreed with Senator Morris that they did not approve of reflecting the committee's approval for Senator Hein's attached amendment.

Senator Kerr moved to adopt an amendment involving all public utilities that

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES,
room 254-E, Statehouse, at 9:00 a.m. a.m./p.m. on March 20, 1984.

HOUSE BILL 2927 - AMENDMENTS AND ACTION

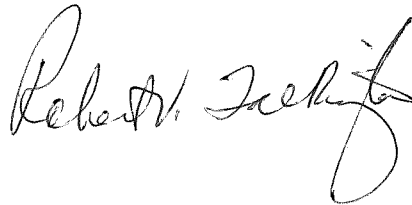
a utility could borrow money to pay dividends as long as such borrowing is in excess of carrying costs associated with value of property under construction when such value is not included in the reasonable value of property used and required to be used; seconded by Senator Hayden. The amendment was adopted. (See Attachment 3.)

Senator Hayden moved to adopt an amendment recommended by staff at the end of Line 57 inserting "prior to the passage of this act;" seconded by Senator Hein. The amendment was adopted. (See Attachment 4.)

Senator Rehorn moved to adopt an amendment that would make new Section 8 into new Section 2 and renumbering the other sections that nothing in the act would limit authority of the KCC in its regulation of utilities; seconded by Senator Meyers. The amendment was adopted. (See Attachment 5.)

Senator Johnston moved that HB 2927 be reported favorable for passage as amended; seconded by Senator Kerr and passed.

The meeting adjourned at 10:10 a.m.



Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

Tuesday 3-20-84

NAME	ADDRESS	ORGANIZATION	BILL NO.
Sam Johnson	Topeka	Budget Division	2927
Steve Johnson	"	"	"
Nazold Shred	"	KCC	"
KICK EMEWOLD	"	ATHT	"
R. CLINT SMITH	KI	ATHT	"
Roy D Shankel	Shawnee	K.C.P.C.	"
Sam Conley	S. W.	"	"
Carl Anderson	Topeka	AG	"
Gene Anderson	Topeka	Budget	"
David W. Michel	Topeka	KCC	"
Bill Ewing	"	SMH	"
Jeery Coakley	"	KG-E	"
James Haines	Wichita	KORE	"
A. Hawver	Topeka	Capital Issues	"
BUD GRANT	TOPEKA	KCCI	"
CHARLES BELT	WICHITA	WICHITA CHAMBER OF COMMERCE	"
Sally W. Brown	Topeka	Sec. of Education	"
Ed Schaub	Topeka	SWBAT	"
George A. Duggan	"	KS Dept. on Aging	"
D. WAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC CO. ASSOC. OF KS.	HB 2927
Mary Harman	Healy		
Nellie Medsker	Primer Valley	200V. 7 d.	2927
Jacque Oshon	Water Center	KASB	"
DICK COMPTON	MAYS	MIDWEST ENERGY	2927
Tom Johnson	Topeka	KS Power Co. Assoc. Assn	

Tuesday, 3-20-84

Please PRINT Name, Address, the organization you represent, and the Number of the Bill in which you are interested. Thank you.

NAME	ADDRESS	ORGANIZATION	BILL NO.
Ken Stanton	Topeka	Northern Natural Gas	2927
Rick Kready	"	KPL / Gas Service Co.	"
BILL PERDYE	"	" "	"

The Commission shall make such specific findings of fact regarding the issues before the commission as they deem advisable and shall consider the following factors: (1) the value of such plant excluded from the rate base, (2) the capacity of such property as is allowed in the rate base in terms of power units, (3) the time when the capacity represented by such property will be required to provide adequate and reliable service, (4) the value of the capacity represented by such property at the time it will be required to provide adequate and reliable service to the public within the state of Kansas, based upon the estimated cost of constructing such capacity at the time it will be so required, (5) whether the cost to ratepayers of constructing or acquiring plant at a future date as may be required will be greater than or less than the cost to ratepayers of the plant being disallowed due to excess capacity, and (6) such other factors as the commission shall deem appropriate.

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To the extent that the Commission denies rate recognition of the value of, or the total revenue requirement associated with, the property of any common carrier or public utility and does not adopt a plan for the incremental and orderly rate recognition, within a reasonable period, of such value or revenue requirement, including reasonable carrying charges during the deferral period, the Commission shall have no jurisdiction over such property for any purpose and shall set rates, joint rates, tolls and charges as if such property did not exist.

Proposed Amendment to House Bill No. 2927
(As Amended by House Committee of
the Whole)

On page 5, in the balloon following line 167, by changing the balloon to read as follows:

"If the commission determines that a an electric public utility has borrowed any amount in order to pay dividends, the commission may exclude from allowable operating costs such amount and the costs of such borrowing, including principal, interest and any other costs associated therewith, only to the extent any such borrowing is in excess of carrying costs associated with value of property under construction when such value is not included in the reasonable value of property used and required to be used. Any such amounts excluded by the commission shall not constitute any part of the reasonable value of the property of the electric public utility."

Proposed Amendment to House Bill No. 2927
(As Amended by House Committee of
the Whole)

On page 4, in the box at the end of line 157, by inserting at the end of the language in the box before the period, "prior to the passage of this act"

New Sec. 7. Nothing in sections 2 to 6, inclusive, of this act shall be construed to limit the authority of the state corporation commission to review and evaluate the efficiency or prudence of any actions or operating practices of any public utility or common carrier for the purpose of establishing fair and reasonable rates, joint rates, tolls and charges.