

Approved February 20, 1986
Date

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The meeting was called to order by Representative Ron Fox at
Chairperson

3:30 x a.m./p.m. on February 12, 1986 in room 526-S of the Capitol.

All members were present except:

Representative Acheson
Representative Grotewiel
Representative Rosenau
Committee staff present:

Ramon Powers, Legislative Research Department
Theresa Kiernan, Revisor of Statutes' Office
Betty Ellison, Committee Secretary

Conferees appearing before the committee:

Senator Joseph Norvell
Gilbert Hanson, General Manager, Kansas Municipal Energy Agency
Joe Norton, Attorney for Kansas Municipal Energy Agency
Brian J. Moline, General Counsel, Kansas Corporation Commission

The meeting was called to order by Chairman Fox, who asked that the time element be kept in mind because the House would go back into session at 5:00 p.m.

Senator Norvell testified in support of Senate Bill 199, which he had sponsored. He said that the bill would amend the statutes that authorized the issuance of permits by the State Park and Resources Authority. The bill would allow the Authority to issue a special permit or pass to persons attending bona fide church services at a state park where permits are required. Senator Norvell had introduced this bill in 1985 because of a problem which had arisen at Lake Wilson. Some people who had attended Sunday services there had been issued tickets for not purchasing a park permit before attending the services. The bill was passed by the Senate and by this committee, but the Ways and Means Committee incorporated it with House Bill 2575, which increased penalty provisions for late payment of permit fee. That bill was vetoed by the Governor because of a question as to what constitutes a "bona fide" church service. Responding to a question of the Chairman, Senator Norvell said that the services at Lake Wilson had received consent of the Park Authority, and in fact, people in western Kansas had used private money to construct an open shelter which had a roof with pews for seating and different denominations scheduled services there at different times. The Senator indicated that he would be amenable to including language which would tie this matter in with the Park Authority's rules and regulations for allowing services there, in order to define a "bona fide" church service.

Turning to House Bill 2738--Municipal energy agency act, Gilbert Hanson represented the Kansas Municipal Energy Agency (KMEA). He spoke in support of the bill and distributed background information. (See Attachment 1) Mr. Hanson said that KMEA has 32 member cities and is authorized by law to plan, finance, and construct projects for the purchase, sale, generation, and transmission of electricity for the purpose of securing an adequate, economical, and reliable supply of electricity and other energy for its members. KMEA also is authorized to issue and sell revenue bonds for the purpose of providing funds to pay all or part of the cost of the acquisition, purchase, and construction of such projects. Mr. Hanson stated that the basic purpose of the proposed legislation was to provide "clean up" changes to the KMEA ACT of 1976

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES,
room 526-S, Statehouse, at 3:30 ~~a.m.~~ p.m. on February 12, 1986.

which were deemed advisable by the member cities of KMEA. The significant points of the proposed changes of the Act are listed on page 5 of Attachment 1.

Joe Norton, general counsel to Kansas Municipal Energy Agency, explained in detail the changes proposed by House Bill 2738. (See Attachment 1) He also distributed copies of proposed amendments to House Bill 2738 and explained those. (See Attachment 2) Representative Patrick and other committee members asked several technical questions related to the impact of the proposed changes.

Brian Moline expressed concerns of the Kansas Corporation Commission regarding the proposed changes. Chairman Fox asked Mr. Moline to draft amendments that would address the concerns of the Corporation Commission.

The meeting was adjourned at 4:40 p.m.

The next meeting of the House Energy and Natural Resources Committee will be held on February 13, 1986 at 3:30 p.m. in Room 526-S.

Date: Feb. 12, 1986

GUEST REGISTER

HOUSE

COMMITTEE ON ENERGY AND NATURAL RESOURCES

NAME	ORGANIZATION	ADDRESS	PHONE
Mike Peters	Washburn Law School	Topeka	273-0668
WB Samra	J. Battenberg	Topeka	235-2324
B. Phillips	ICEC	Topeka	
Denny Burgess	KEC	Topeka	272-8740
Harold Hoop	TALK	Topeka	272-6866
Phil Anderson	BUDGET DIVISION	"	896-2436
TREVA POTTER	NORTHERN NAT. GAS	"	397-5121
BILL PERDUE	KPL GAS SERVICE	TOPEKA	272-6389
Rick Kready	" " "	"	296-6474
Joan Moline	KCC	"	296-2549
DAN R. MCGEE	CENTEL/WESTERN POWER	GREAT BEND	616-793-7841
Roy D. Shenkel	K.O.P. & L. Co.	Shawnee	913-631-6598
JEVEN HENDRICKS	GOVERNOR'S OFFICE	TOPEKA	
Jack Montgomery	Gov - Policy	Topeka	
Mr. & Mrs. Lloyd B. Blythe		St. Peter, Ks	913-6275871
Louis Stroup Jr.	KMU	McPherson	316-241-1423
JOE L. NORTON	KMEA	Wichita	316-267-2391
Gil Hanson	KMEA	Mission KS	913-677-2884
Michael G. Jones	WU Law School	Topeka, KS	235-1940
Randy Burkson	Empire District Electric	Columbus, Ks	316-429-3747
July Comid	KCOE	Topeka	357-1711

KANSAS MUNICIPAL ENERGY AGENCY

Comments on: HB 2738
 Before the House Energy and Natural Resources
 Committee
 February 12, 1986.

Mr. Chairman, members of the Committee, I am Gilbert E. Hanson, Jr., General Manager of the Kansas Municipal Energy Agency (KMEA) and with me is our general counsel, Mr. Joe Norton of the law firm, Gaar and Bell.

Mr. Norton and I are here today representing KMEA in support of house bill number 2738. The following is some basic information, the effects of the changes on the Agency, and letters of support from several member cities of the Agency.

BACKGROUND INFORMATION AND OTHER DOCUMENTATION:

Brief History: Kansas Municipal Energy Agency was formed in May 1980 and is a joint financing agency created pursuant to K.S.A. 12-885 to 12-8,111, inclusive. KMEA's predecessor, the Northwest Kansas Municipal Energy Agency, was formed by agreement among 9 cities in 1978. KMEA now has 32 member cities and is state-wide in nature. The agency is authorized by law to plan, finance, and construct projects

for the purchase, sale, generation, and transmission of electricity for the purpose of securing an adequate, economical, and reliable supply of electricity and other energy for its members. KMEA also is authorized to issue and sell revenue bonds for the purpose of providing funds to pay all or part of the cost of the acquisition, purchase, and construction of such projects.

Member cities are:

Augusta	Girard	Osawatomie
Baldwin City	Greensburg	Ottawa
Belleville	Herington	Pratt
Burlington	Hoisington	St. Francis
Chanute	Iola	Sharon Springs
Clay Center	Larned	Sterling
Colby	Meade	Stockton
Ellis	Mulvane	Washington
Erie	Neodesha	Wellington
Fredonia	Norton	Winfield
Garnett	Oberlin	

PROJECTS BY KMEA:

Nearman Project Participants: In December 1982, the Agency issued bonds in the principal amount of \$16,900,000. The bonds were issued to finance the purchase of a capacity entitlement in and energy from the Nearman Creek generating station Unit No. 1 owned by the Board of Public Utilities in Kansas City -- the largest municipally-owned

electric utility in Kansas. The cities of Baldwin City, Fredonia, Mulvane, Neodesha, Ottawa, and Winfield have entered into power sales contracts with KMEA for participation capacity and energy. The bonds were secured solely by the revenues generated from that project and were issued under a separate bond resolution.

Northwest Cities Project: In a participation letter agreement signed January 7, 1983, the Agency contracted for 4,000 kilowatts of capacity from the Sunflower Electric Cooperative, Inc. Holcomb Plant Unit #1. KMEA resells the power and energy to the following member cities: Oberlin (2,000 KW), St. Francis (1,300 KW), and Sharon Springs (700 KW). Sunflower also has agreed to provide emergency energy service, replacement energy service, and scheduled outage energy services to KMEA for use by these cities.

Interconnection Project No. 1: The Agency issued \$5,985,000 in bonds to finance interconnection facilities for Ellis, Norton, Oberlin, St. Francis, and Sharon Springs. This issue was just refinanced on December 18, 1985, with a new issue of \$3,754,000 in bonds that will result in a savings of \$1,186,373 over the life of the bonds.

Interconnection Project No. 2 (Fredonia): In March 1983, KMEA issued \$1,285,000 in bonds for the City of Fredonia to finance the cost of acquisition and construction of interconnection facilities to upgrade the city's tie with Kansas Gas & Electric.

Southwestern Power Administration Hydro Power Pool Project: KMEA, in 1984, contracted with the Southwestern Power Administration to

administer a pool of power and energy allocations granted by SPA to 25 Kansas municipal electric generating cities.

FUTURE AGENCY PLANS:

Western Area Power Administration Post-1989 Marketing Allocations:
KMEA, along with the Kansas Municipal Utilities, Inc. (KMU), has been involved for the last several years in trying to obtain federal hydro power allocations from the WAPA area. Both KMEA and KMU are in the process of securing approximately 40,000 KWs of firm hydro power for 56 cities beginning in mid-1989. This low cost power from federal government dams will be an economic benefit for the qualifying cities.

The Agency's principal purpose is the securing of an adequate, economical, and reliable supply of power and energy for qualifying cities. The Agency just finished preparing a loads and resource study for 21 cities. This study is the first of a series of studies to provide system planning to various cities which have not previously had the resources or the in-house expertise required to formalize the planning process.

RESOLUTION #66:

The basic purpose of the proposed legislation is to provide "clean up" changes to the Act which were deemed advisable by the member cities of KMEA. The significant points of the proposed changes of the Act which is nearly 10 years old, are:

(1) Organization changes are not made by the amendments, but merely give member cities the flexibility to determine administrative operation of the Agency.

(2) Amendments bring the Agency under the umbrella of the Kansas Tort Claims Act.

(3) Clarifies that the Agency may provide certain services to any city, but retains prohibition on sale of electricity set forth in the original Act.

(4) Provides modifications to clarify certain legal questions and technical questions raised by municipal rating agencies during discussions relating to issuance of the Agency's revenue bonds.

RESOLUTION NO. 66

A RESOLUTION AUTHORIZING AND APPROVING THAT CERTAIN PROPOSED AMENDMENTS TO SEVERAL SECTIONS OF KSA 12-885 THROUGH 12-8.111 MUNICIPAL ENERGY AGENCIES BE ADOPTED AND THAT KMEA GENERAL COUNSEL AND MANAGEMENT TAKE THE NECESSARY STEPS TO HAVE SAID AMENDMENTS INTRODUCED FOR CONSIDERATION AND ADOPTION BY THE KANSAS STATE LEGISLATURE, 1986 SESSION.

WHEREAS, KSA 12-885 through 12-8.111, including amendments thereto, titled Municipal Energy Agencies (the Act) was originally enacted by the Kansas State Legislature in the 1977 session and;

WHEREAS, the Northwest Kansas Municipal Energy Agency (Agency) was established on the 22nd day of May 1978 and organized as authorized in accordance with the Act and;

WHEREAS, on May 1, 1980 the Agreement creating Northwest Kansas Municipal Energy Agency (the Agency Agreement) was amended to include additional member municipalities and to change the name of the Agency to the Kansas Municipal Energy Agency (KMEA) and;

WHEREAS, KMEA has been operating as a public utility as provided for in the Act and since beginning operation of selling wholesale electric power and energy since January 1, 1983 to certain member cities and;

WHEREAS, KMEA has experienced problems with the organizational structure as required by the Act and as set forth in the Agency Agreement and;

WHEREAS, the Executive Committee of the Board of Directors has studied KMEA's organizational problem areas and has concluded that if the "Act" were amended as set out in the KMEA document entitled Proposed Amendments to the "Act", the terms of a new organizational structure could be provided for through amendment of the Agency Agreement and By-Laws which would be beneficial to both the member cities and KMEA.

NOW THEREFORE BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE KANSAS MUNICIPAL ENERGY AGENCY THAT:
The Proposed Amendments to the "Act" are hereby approved and management and general counsel are authorized to take the necessary steps to have said proposed amendments introduced to the Kansas State Legislature for their consideration in the 1986 session.

Adopted this 21st day of November 1985.

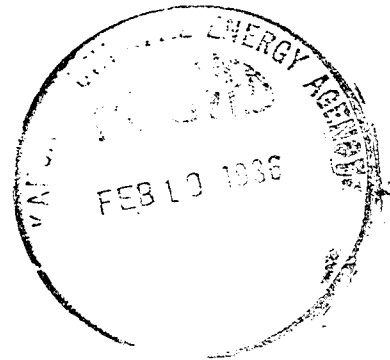
BOARD OF DIRECTORS
KANSAS MUNICIPAL ENERGY AGENCY

By John W. Elder
President

ATTEST:

Max H. [Signature]
Secretary

February 7, 1986



Mr. Gil Hansen
Kansas Municipal Energy Agency
6950 Squibb Rd.
P.O. Box 388
Mission, Kansas 66202

Dear Mr. Hansen,

This letter is being sent for attachment to your information that will be presented to the House Committee on Energy and National Resources in support of House Bill No. 2738. As a member of the Kansas Municipal Energy Agency, the City of Belleville is able to utilize the assistance and group benefits of other cities with electric utilities. We have participated in various energy studies that were made economically feasible due to the fact that several communities were able to share the cost. Belleville has also utilized the Agency to assist in obtaining consulting engineers and other advisory capacities.

We feel that HB 2738 will allow KMEA to function in a more efficient and effective manner through the amendments proposed. The amendments will serve to strengthen the Board of Directors and to make vacancies easier to replace. The bill also extends the tort liability act to KMEA. While each municipality on the agency is covered under the act, it certainly seems appropriate to expand the tort liability act to the Agency to serve as a "catch-all" in the event that the act is ever needed to protect the municipalities that comprise the Agency.

The City of Belleville supports HB 2738 and urges the House Committee to endorse the bill for action by the Legislature. I am

Sincerely yours,

A handwritten signature in cursive script that reads "Richard E. Cotton".

Richard E. Cotton
City Manager

enc:

THE CITY OF IOLA, KANSAS

Member of the League of Kansas Municipalities

OFFICE OF City Superintendent

February 3, 1986

Mr. Louis Stroup Jr.
Executive Director
Kansas Municipal Utilities
P. O. Box 1225
McPherson, Kansas 67460

Re: HB 2738

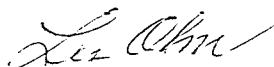
Dear Mr. Stroup:

The City of Iola strongly supports the passage of HB 2738.

Cities, such as Iola, rely heavily on the Kansas Municipal Energy Agency, both as a vehicle to handle power purchases from Federal agencies and as source of technical expertise.

The proposed HB 2738 will make certain changes which result in more workable legislation governing the operation of any municipal power agency.

Sincerely,



Les Olm
City Superintendent

cc: File

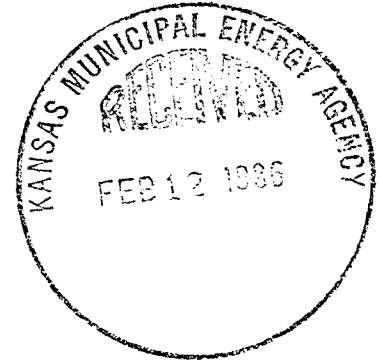
CITY OF LARNED

Telephone (316) 285-2149 • Post Office Box 70 • 417 Broadway
LARNED, KANSAS 67550

"CITIES ARE WHAT MEN MAKE THEM"

February 10, 1986

Energy and Natural Resource Committee
State Capital Building
Topeka, Kansas 66612



The City of Larned is a member of the Kansas Municipal Energy Agency (KMEA). Presently, KMEA consists of thirty-two (32) member cities, all of which own and operate a municipal electric utility.

Since the passage of the legislation in 1977 (KSA 12-885 through 12-8,111, including subsequent amendment(s)), nine northwest Kansas cities created the Northwest Kansas Municipal Energy Agency in 1978. In May 1980 twenty-three (23) additional cities joined the Agency and at that time changed its name to KMEA.


The Agency has proven to be a valuable resource to the member municipalities, as well as to some other cities seeking information and assistance in the operation of their electric utilities.

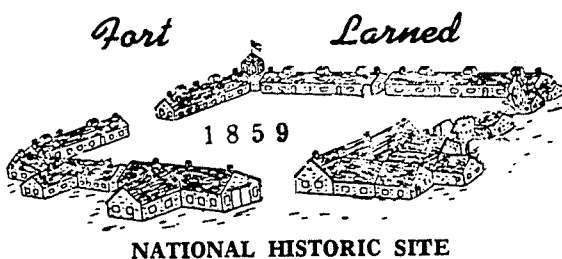
Although KMEA has performed in meeting its responsibilities to the member cities, the present organizational structure, as required by statute, has proven to be cumbersome. Following several months of study and discussion, the KMEA Board of Directors instructed the Agency staff and general counsel to prepare amendments to the statutes which would provide the flexibility for the Board of Directors to determine an organizational structure better suited to meet the future needs of the cities and the Agency.

In addition to these "house cleaning" measures, it is proposed that the statute also be amended to provide that the Agency, like the cities it represents, come under the provisions of the Kansas tort claims act. It seems logical that, since the statutes define the Agency as a quasi-municipal corporation and as such is an extension of each member city, it should realize the same liability limitations afforded the municipalities.

The KMEA Board of Directors, at its November 1985 meeting, adopted by resolution the proposed amendments to the statutes. The governing body of this City supports the Board and encourages affirmative legislative action.

Respectfully,


Ron Arnold
City Manager



RA:ds

ROBL ABLE
City Clerk
777-1143

CITY OF MULVANE

MICHAEL C. BYERS
Director of Emergency Services
777-1551

WILLIAM W. TUCKER
Police Chief
777-1111

211 North Second
Mulvane, Kansas 67110
Emergency Number 777-1111

EDWARD W. ELAM, City Administrator 777-1144

MERLE McKEE
Fire Chief
777-1111

GARY RAMBO
Utility Superintendent
777-1143

TERRY McCLURE
Street Superintendent
777-1143

Rep. Kenneth Francisco
State Capitol Building
Topeka, Kansas 66612

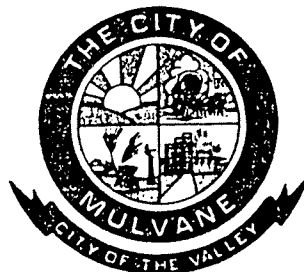
Dear Mr. Francisco,

The City of Mulvane is a member of the Kansas Municipal Energy Agency (KMEA). Presently, KMEA consists of thirty two (32) member cities, all of which own and operate a municipal electric utility.

Since the passage of the legislation in 1977 (KSA 12-385 through 12-8,111, including subsequent amendment(s), nine north-west Kansas cities created the Northwest Kansas Municipal Energy Agency in 1978. In May 1980 twenty three (23) additional cities joined the Agency and at that time changed its name to KMEA.

In 1982 KMEA became operational in that it began selling wholesale power and energy to certain member cities. The Agency has also financed the construction of interconnection facilities for six (6) municipalities. The Agency has proven to be a valuable resource to the member municipalities, as well as to some other cities seeking information and assistance in the operation of their electric utilities.

Although KMEA has performed in meeting its responsibilities to the member cities, the present organizational structure, as required by statute, has proven to be cumbersome. Following

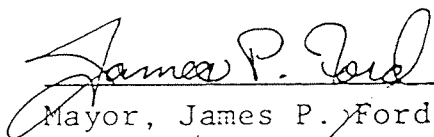


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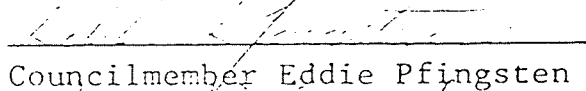
In addition to these "house cleaning" measures, it is proposed that the statute also be amended to provide that the Agency, like the cities it represents, come under the provisions of the Kansas tort claims act. It seems logical that, since the statutes define the extension of each member city, it should realize the same liability limitations afforded the municipalities.

The KMEA Board of Directors, at its November 1985 meeting, adopted by resolution the proposed amendments to the statutes. The governing body of this City supports the Board and encourages affirmative legislative action. The House Committee on Energy will be receiving this proposed legislation and we ask for your assistance and support for the passage of these amendments.

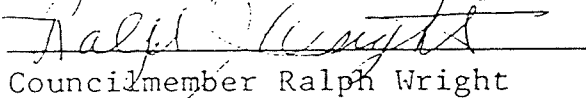
Respectfully,



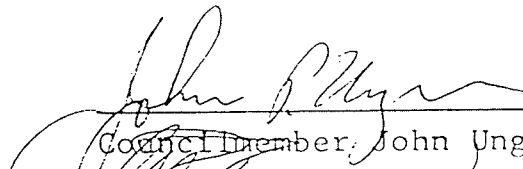
Mayor, James P. Ford



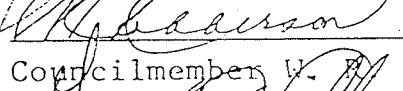
Councilmember Eddie Pflingsten



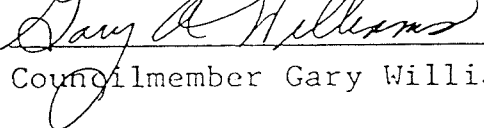
Councilmember Ralph Wright



Councilmember John Unger



Councilmember W. R. Robberson



Councilmember Gary Williams

THE CITY OF NEODESHA

P. O. BOX 298
PHONE 325-2828

NEODESHA, KANSAS 66757

February 10, 1986

Kansas Municipal Energy Agency
6950 Squibb Road
Suite 414
P. O. Box 388
Mission, KS 66202

Attn: Gil Hanson

Dear Gil:

Enclosed are copies of letters which I sent to State Senator Dan Thiessen and Representative Rochelle Chronister concerning HB 2738.

I ask that you please make these letters available to the House Committee on Energy and Natural Resources.

Sincerely,



Murlin J. Blackstun^{JB}
Mayor

MJB:jb

Encl.



THE CITY OF NEODESHA

P. O. BOX 298
PHONE 325-2828

NEODESHA, KANSAS 66757

February 10, 1986

Senator Dan Thiessen
State Senate
Room 143 N
State Capital Building
Topeka, KS 66612

Dear Senator Thiessen:

The City of Neodesha has been a member of the Kansas Municipal Energy Agency (KMEA) for approximately six years. In those six years, the City of Neodesha has grown increasingly dependant on the knowledge and experience of those individuals associated with KMEA. Their help has been instrumental in insuring lower utility rates for the citizens of Neodesha. To date, KMEA has saved the city hundreds of thousands of dollars due to their tough stand on recent proposed rate hikes. Presently the City of Neodesha is just one of thirty-two (32) member cities, all of which own and operate a municipal electric utility.

Since the passage of the legislation in 1977 (KSA 12-885 through 12-8, 111, including subsequent amendment(s)), nine northwest Kansas cities created the Northwest Kansas Municipal Energy Agency in 1978. In May of 1980, the City of Neodesha and twenty-two (22) other cities joined the Agency and at that time changed its name to KMEA.

In 1982 KMEA became operational in that it began selling wholesale power and energy. The City of Neodesha received its first power from KMEA in 1983. Presently the City is under contract to receive 4500 KW a day from KMEA. The Agency also has been instrumental in financing and construction of interconnection facilities. The Agency has proven to be a valuable resource to the member municipalities, as well as to some other cities seeking information and assistance in the operation of their electric utilities.

Although KMEA has performed its responsibilities to Neodesha and other member cities, the present organizational structure, as required by statute, has proven to be cumbersome. Following several months of study and discussion, the KMEA Board of Directors instructed the Agency staff and general counsel to prepare amendments to the statutes which would provide the flexibility for the Board of Directors to determine an organizational structure better suited to meet the future needs of Neodesha and other member cities.

Senator Dan Thiessen
February 10, 1986
Page 2

I have always considered KMEA an extension of the Neodesha City Commission and the other cities which KMEA serves. Presently KMEA does not come under the Kansas tort claims act. It seems logical that, since the statutes define the Agency as a quasi-municipal corporation, it should be given the same protection as the cities it serves.

The KMEA Board of Directors, at its November 1985 meeting, adopted by resolution the proposes amendments to the statutes. The City Commission supports the Board and encourages affirmative legislative action.

Gil Hanson, KMEA Executive Director, will testify on Wednesday, February 12, 1986 on this matter before the House Committee on Energy. I, on behalf of Kenny Richards and Al Goering, ask for your assistance and support for the passage of these amendments, which I have enclosed.

If you request additional information concerning this issue, please feel free to contact myself or Richard Olson, City Administrator. Thank you once again for all the help you have given the City of Neodesha.

Respectfully,

A handwritten signature in cursive script that reads "Murlin J. Blackstun". There is a small mark below the signature.

Murlin J. Blackstun
Mayor

MJB:jb

Encl.

THE CITY OF NEODESHA

P. O. BOX 298
PHONE 325-2828

NEODESHA, KANSAS 66757

February 10, 1986

The Honorable Rochelle Chronister
House of Representatives
Room 170-W
State Capital Building
Topeka, KS 66612

Dear Rochelle:

The City of Neodesha has been a member of the Kansas Municipal Energy Agency (KMEA) for approximately six years. In those six years, the City of Neodesha has grown increasingly dependant on the knowledge and experience of those individuals associated with KMEA. Their help has been instrumental in insuring lower utility rates for the citizens of Neodesha. To date, KMEA has saved the city hundreds of thousands of dollars due to their tough stand on recent proposed rate hikes. Presently the City of Neodesha is just one of thirty-two (32) member cities, all of which own and operate a municipal electric utility.

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The Honorable Rochelle Chronister
February 10, 1986
Page 2

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The KMEA Board of Directors, at its November 1985 meeting, adopted by resolution the proposed amendments to the statutes. The City Commission supports the Board and encourages affirmative legislative action.

Gil Hanson, KMEA Executive Director, will testify on Wednesday, February 12, 1986 on this matter before the House Committee on Energy. I, on behalf of Kenny Richards and Al Goering, ask for your assistance and support for the passage of these amendments, which I have enclosed.

If you request additional information concerning this issue, please feel free to contact myself or Richard Olson, City Administrator. Thank you once again for all the help you have given the City of Neodesha.

Respectfully,

A handwritten signature in cursive script that reads "Murlin J. Blackstun". The signature is written in dark ink and is positioned above the typed name.

Murlin J. Blackstun
Mayor

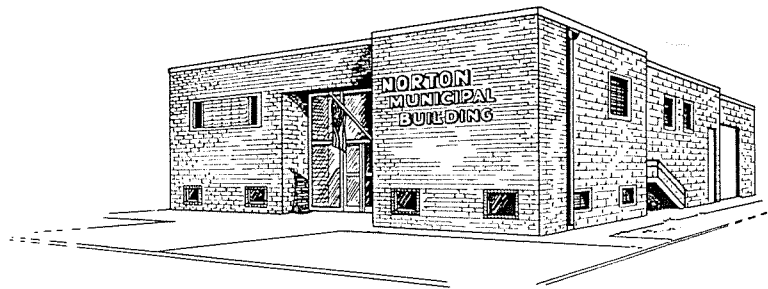
MJB:jb

Encl.

CITY OF NORTON

301 East Washington Street
NORTON, KANSAS 67654

February 5, 1986



MAYOR

H. L. Deines

CITY ADMINISTRATOR

Richard Ash

CITY CLERK

Carol Wertenberger

CITY ATTORNEY

Wm. J. Ryan

CITY PROSECUTOR

Douglas Sebelius

CHIEF OF POLICE

Lynn Menaugh

FIRE CHIEF

Alvin Mapes

1ST WARD COUNCILMEN

Larry Strickland
John Preble

2ND WARD COUNCILMEN

Jerry Hawks
Merle Brannan

3RD WARD COUNCILMEN

John R. Van Der Wege
Vicki Ellis

Mr. Louis Stroup, Jr., Executive Director,
Kansas Municipal Utilities, Inc.,
P.O. Box 1225,
McPherson, Ks. 67460

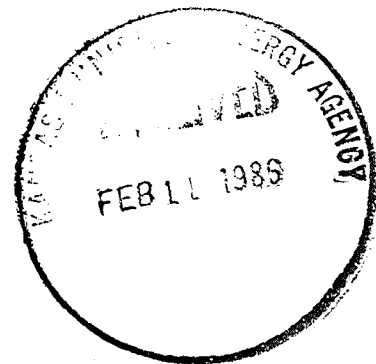
Dear Mr. Stroup:

The City of Norton is a member of the Kansas Municipal Energy Agency (KMEA). Presently, KMEA consists of thirty two (32) member cities, all of which own and operate a municipal electric utility.

Since the passage of the legislation in 1977 (KSA12-885 through 12-8, 111, including subsequent amendment(s)), nine northwest Kansas cities created the Northwest Kansas Municipal Energy Agency in 1978. In May 1980 twenty three (23) additional cities joined the Agency and at that time changed its name to KMEA.

In 1982 KMEA became operational in that it began selling wholesale power and energy to certain member cities. The Agency has also financed the construction of interconnection facilities for six (6) municipalities. The Agency has proven to be a valuable resource to the member municipalities, as well as to some other cities seeking information and assistance in the operation of their electric utilities.

Although KMEA has performed in meeting its responsibilities to the member cities, the present organizational structure, as required by statute, has proven to be cumbersome. Following several months of study and discussion, the KMEA Board of Directors instructed the Agency staff and general counsel to prepare amendments to the statutes which would provide the flexibility for the Board of Directors to determine an organizational structure better suited to meet the future needs of the cities and the Agency.

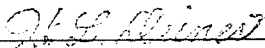


In addition to these "house cleaning" measures, it is proposed that the statute also be amended to provide that the Agency, like the cities it represents, come under the provisions of the Kansas tort claims act. It seems logical that, since the statutes define the Agency as a quasi-municipal corporation and as such is an extension of each member city, it should realize the same liability limitations afforded the municipalities.

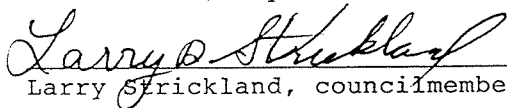
The KMEA Board of Directors, at its November 1985 meeting, adopted by resolution the proposed amendments to the statutes. The governing body of this City supports the Board and encourages affirmative legislative action. The House Committee on Energy will be receiving this proposed legislation and we ask for your assistance and support for the passage of these amendments.

Respectfully,

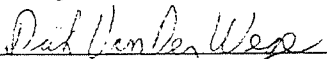
Norton City Mayor
and members of the Norton City Council



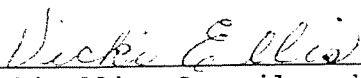
H.L. Deines, Mayor



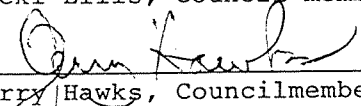
Larry Strickland, councilmember



Dick VanDerWege, Councilmember



Vicki Ellis, Council member



Jerry Hawks, Councilmember



Merle Brannan, Council member

City of Oberlin

107 West Commercial Street

Oberlin, Kansas 67749

February 7, 1986

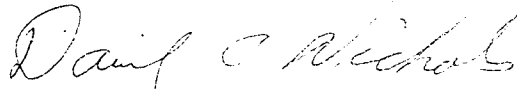
Mr. Gail Hanson
Kansas Municipal Energy
6950 Squibb, Suite 414
P. O. Box 388
Mission, Kansas 66202

Dear Mr. Hanson:

The City of Oberlin strongly supports the legislation or Bill 2738 to make the operation of KMEA to function more smoothly.

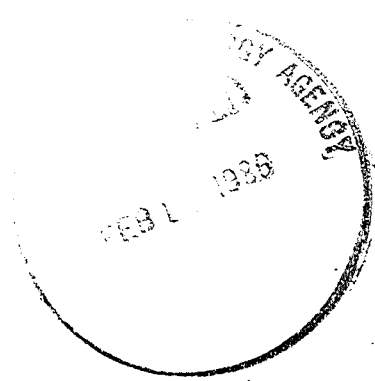
I would appreciate your making copies of this letter available to the members of the house committee on energy and natural resources.

Sincerely yours,



Mayor David Nichols
City of Oberlin

DN:sla





CITY OF OSAWATOMIE
Main at Fifth
Osawatomie, Kansas 66064
913-755-2146

February 7, 1986

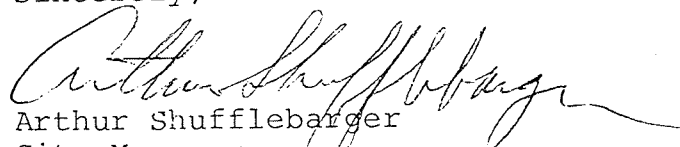
Gil Hanson
Kansas Municipal Energy Agency
P.O. Box 388
6950 Squibb Road
Mission, KS 66202

Dear Mr. Hanson:

Osawatomie has benefited greatly as a member of KMEA. The Agency has been a great resource and an action mechanism for its member cities.

We are also aware that the current organizational structure as created legislatively has proven to be cumbersome and time-consuming. We have reviewed the proposals which were presented and adopted by the Board and are now found in H.B. 2738. We support this legislation. We would request that during your discussions with the House Committee on Energy and Natural Resources you will transmit Osawatomie's support for the bill.

Sincerely,


Arthur Shufflebarger
City Manager

AS:ae



THE CITY OF OTTAWA

CITY HALL

(913) 242-2190

OTTAWA, KANSAS 66067

February 4, 1986

Mr. Louis Stroup, Jr.
Executive Director
Kansas Municipal Utilities, Inc.
P. O. Box 1225
McPherson, Kansas 67460

Re: Kansas Legislature
HB 2738 - Authorization of Municipal Energy Agencies

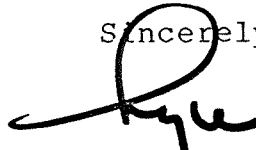
Dear Louis:

In response to the proposed statutory changes regarding municipal energy agencies, the City of Ottawa supports the proposed amendments as outlined in HB 2738.

As you know, the present statute has provided the authority for many Kansas electric generating municipals to cooperatively finance major improvements to our electric systems. This authority and the results gained therefrom have allowed participants to continue to provide electric energy to their customers at reasonable and competitive rates. As municipals continue to pursue other sources of electric energy, the statutory authority to create energy agencies remains imperative.

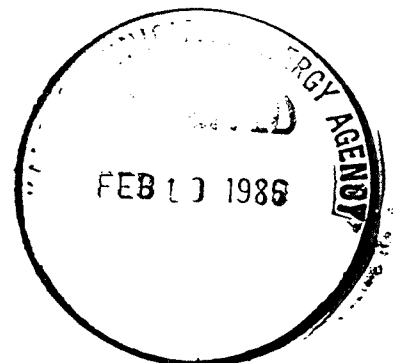
Please rely on the City of Ottawa's support for HB 2738 in your discussions with the Kansas Legislature.

Sincerely,



Lyle H. Drescher
City Manager

LHD/jh



Office Of:
Pete Sharp
City Superintendent



Phone 913-852-4257
Power Plant 913-852-4232

Zip Code 67758
Drawer 490

February 3, 1986

Louis Stroup, Jr.
Executive Director
Kansas Municipal Utilities, Inc.
Box 1225
McPherson, Kansas 67460

Dear Louie,

The City of Sharon Springs would like to go on record in support of amending HB 2738.

I believe these changes would allow the Municipal Energy Agencies to function and operate in a more businesslike manner.

Sincerely,

Pete Sharp
City Superintendent
City of Sharon Springs

cc Gil Hanson
KMEA

NLS/cmw

February 10, 1986

Mr. John W. Elder
President
KMEA
Box 388
Mission, KS 66202

Dear Mr. Elder:

This letter is in response to House Bill 2738 concerning amendments to the statutes authorizing municipal energy agencies. The City of Sterling as a member of KMEA is supportive of the proposed amendments which would allow greater flexibility for the Board of Directors to determine an organizational structure better suited to meet the future needs of the cities and the Agency.

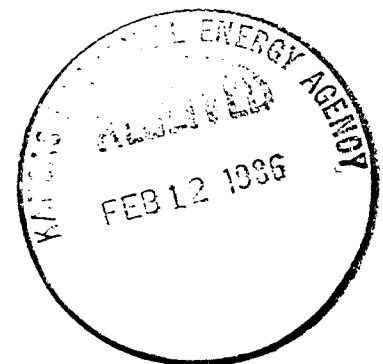
At the November 1985 meeting, the KMEA Board of Directors, acted by resolution the proposed amendments to the statutes. The governing body of this City supports the Board and encourages affirmative legislative action. Please make available a copy of this letter to the members of the House Committee on Energy and Natural Resources.

Sincerely,



Lyle Partington, Mayor
City of Sterling

LDP:ls





The City of Stockton
115 South Walnut - P.O. Box 512
Stockton, Kansas 67669

City Manager: [913] 3010
City Clerk: [913] 4 03
Police Department [913] 425-6220
Commission Meetings: 1st and
3rd Tuesdays at 7:00 p.m.

February 8, 1986

Mr. Gil Hanson, Executive Director
Kansas Municipal Energy Agency
6950 Squibb Rd-Suite 414
P.O. Box 388
Mission, Kansas 66202

Dear Gil:

Please be advised that the City of Stockton, Kansas supports the passage of House Bill No. 2738 which will approve certain statutory changes to the original Municipal Agency Energy Act.

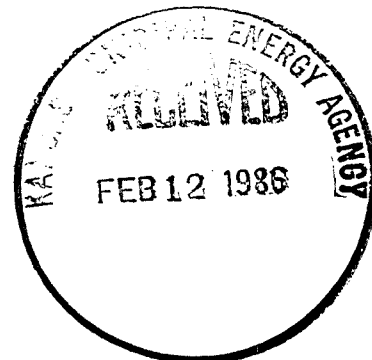
As a KMEA member, we feel that the changes will more accurately reflect the evolved organizational structure of the Agency and permit it to better serve the needs of member municipalities. The City also supports KMEA being under the provisions of the Kansas Tort Claims Act since the Agency, as defined by Statute, is a quasi-municipal corporation and should be permitted the same liability limitations afforded municipalities.

The City also requests that you provide copies of this letter to members of the Kansas House Energy and Natural Resources Committee during the course of your testimony.

Should you need further information concerning this matter, please contact me.

Sincerely,

Richard U. Niensiedt
City Manager





THE CITY OF WINFIELD

ADMINISTRATION
Phone 316-221-3060
200 E. Ninth — P. O. Box 646
Winfield, Kansas 67156

OFFICE OF: Director of Utilities

February 7, 1986

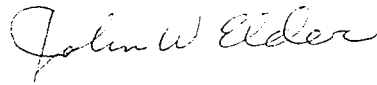
Mr. Gil Hanson, General Manager
Kansas Municipal Energy Agency
P.O. Box 388
Mission, KS 66202

Dear Gil:

Please submit to the Committee on Energy and Natural Resources, the City of Winfield's support for the passage of H.B. 2738. Winfield is an active member of KMEA and has been informed of the amendments contained in H.B. 2738.

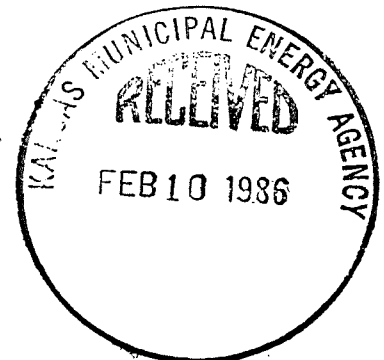
We concur with the need to make these changes in order to have a more efficient and productive agency.

Very truly yours,



John W. Elder
Director of Utilities

JWE/ab
cc: Louis Stroup, Exe.Dir.,KMU
The Honorable Dorothy Flottman



PROPOSED AMENDMENT TO HOUSE BILL NO. 2738
RELATING TO MUNICIPAL ENERGY AGENCIES
DATED FEBRUARY 12, 1986

The Kansas Municipal Energy Agency proposes to amend House Bill No. 2738 by inserting in Line 228 after the word city the following:

which operated an electrical generating system during the calendar year 1976

and by deleting the comma after the word utility in Line 228.

Section 5 of House Bill No. 2738 with the proposed amendment will state as follows:

0224 Sec. 5. K.S.A. 12-897 is hereby amended to read as follows:
0225 12-897. No municipal energy agency created under this act shall
0226 be authorized to enter into any agreement or contract for the
0227 direct sale of electricity to any person other than to a ~~member~~
0228 ~~city of the agency or a utility operating: (a) A city; or (b) a utility,~~
0229 *which operated an electric generating system during the calen-*
0230 *dar year 1976.*

which operated an electrical generating system during the calendar year 1976

Attachment 2

House Energy and Natural Resources 2/12/86