

Approved 2-21-86  
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The meeting was called to order by Sen. Bill Morris at  
Chairperson

9:00 a.m./~~p.m.~~ on February 14, 1986 in room 254-E of the Capitol.

All members were present except:

Sen. Vidricksen  
Sen. Walker was excused.

Committee staff present:

Fred Carman, Revisor  
Hank Avila, Legislative Research Department  
Ben Barrett, Legislative Research Department  
Louise Cunningham, Secretary

Conferees appearing before the committee:

Brian Moline, Kansas Corporation Commission  
Eva Powers, Kansas Corporation Commission

John Kemp, Secretary of Transportation, had requested the Chairman to introduce a bill establishing the Kansas economic development highway improvement program. A motion was made by Sen. Francisco and was seconded by Sen. Martin to introduce 5 RS 2299 as a committee bill. Copy is attached. (Att. 1). Motion carried.

Vice-Chairman Doyen chaired the rest of the meeting.

KCC BRIEFING ON S.B. 158 - Cable TV

Brian Moline, KCC, said they take no position on this bill. Increased regulation would mean the Commission would need additional staff and office space. The question of whether the Commission should regulate cable TV is a legislative one and KCC's resources are limited. A copy of his statement is attached. (Att. 2).

KCC BRIEFING ON S.B. 235 - Parallel generation service contracts.

Eva Powers, KCC, explained how the KCC determined the rate for parallel generation facilities. These were almost exclusively windmills. The Commission wanted to encourage parallel generation but their determination was challenged in court by KCPL. A copy of her statement is attached. (Att. 3).

Some members thought the pay-back for parallel generators was very low and there was demand for legislative action. The amount now is so low that it is not acceptable to the people who have these generators.

The members discussed the issue and said they have not had homes going to the generators. Most of them are just back-up and we are talking about a small number of generators.

Mr. Moline was questioned about the public hearings and requirements for KCC to be there. Mr. Moline said it is not necessary for a member to be present because a transcript is always made which they have access to.

Mr. Moline said it was a requirement of S.B. 881, Section 5 of the 1980 Legislature to report back to the legislature any changed rate, joint rate, toll charge or classification or schedule of charges pertaining to public utilities or common carriers that had \$10,000,000 or more annual operating revenues. He submitted the report, a copy of which is attached. (Att. 4).

Meeting was adjourned at 9:55 a.m.

SENATE TRANSPORTATION AND UTILITIES COMMITTEE

Date 2-14-86 Place 254-E Time 9<sup>00</sup>

GUEST LIST

NAME	ADDRESS	ORGANIZATION
Jerry Leonard	Topeka	KC & E Cosgrove, Webb & Oman for Casey Sael
Janet Robinson	Topeka	
Randy Burdson	Columbus	Empire District Electric
SKOOG	TOPEKA	KS CATV Assn
TREVA POTTER	"	NORTHERN NAT. GAS
John Woodman	KC Mo	H C P & L Co.
DICK COMPTON	HAYS, KS	MIDWEST ENERGY
RICK ENKHOLO	TOPEKA	AT&T
Eva Powers	Topeka	KCC
Kevin J. Meli	"	"
Jim Brent	"	"

BILL NO. \_\_\_\_\_

AN ACT establishing the Kansas economic development highway improvement program; prescribing certain powers, duties and functions for the secretary of transportation, the secretary of economic development and certain other officers; authorizing certain loans and prescribing terms and conditions therefor; providing certain exemptions; amending K.S.A. 10-309, 10-1116, 79-2925, 79-2959, 79-2961, 79-2965, 79-2966 79-3425c and 79-5011 and K.S.A. 1985 Supp. 10-307 and repealing the existing sections.

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

New Section 1. There is hereby established the Kansas economic development highway improvement program which shall be administered by the secretary of transportation as provided in this act. The secretary of transportation shall prepare and publish an annual report on the program.

New Sec. 2. There is hereby established the economic development highway improvement fund in the state treasury. All expenditures from such fund shall be in accordance with appropriations acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of transportation or by a person or persons designated by the secretary. All moneys in the economic development highway improvement fund shall be used for loans to counties, cities and port authorities as provided in section 4.

New Sec. 3. (a) Commencing July 2, 1986, the secretary of revenue shall certify daily to the director of accounts and reports the amount equal to the total amount of revenues received by the secretary from the taxes imposed under the Kansas retailers' sales tax act or the Kansas compensating tax act and

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S.T.U 2/14/86

deposited in the state treasury and credited to the state general fund on the next preceding day that such revenues were so received and deposited.

(b) Upon receipt of each certification under subsection (a), the director of accounts and reports shall transfer from the state general fund to the economic development highway improvement fund the amount equal to  $\frac{30}{199}$  of  $\frac{1}{4}$  of the amount so certified.

New Sec. 4. (a) The secretary of transportation is hereby authorized to make loans of moneys in the economic development highway improvement fund to counties, cities and port authorities for construction or maintenance projects for roads and highways and associated buildings, rest areas and other facilities related thereto, which projects will promote or enhance economic development. Project proposals shall be annually reviewed and considered by the secretary of transportation and the secretary of economic development.

(b) Loans made under this section shall be for projects to be initiated during a calendar year which are approved by the secretary of transportation and the secretary of economic development from among all projects proposed by counties, cities and port authorities and submitted to the secretary of transportation prior to the submission date for projects submitted for that calendar year.

(c) To the extent deemed feasible by the secretary of transportation, all moneys which will be available in the economic development highway improvement fund during an ensuing calendar year shall be used for projects approved under this section. At least 10% of the annual program of projects for a calendar year shall be obligated for projects proposed by counties, cities and port authorities having a population under 10,000, unless there are insufficient projects approved for counties, cities and port authorities having populations under 10,000.

New Sec. 5. (a) Each loan agreement under section 4 shall

provide that amounts under the loan shall be disbursed to the county, city or port authority receiving the loan in amounts required for the project as adopted by the secretary of transportation. Each county, city or port authority receiving a loan under section 4 shall commence making repayment of each amount received under the loan not later than 36 months after receipt of such amount of money and shall repay such amount thereon and shall repay such amount over a period of not more than 10 years from the date that repayment of such amount commenced.

(b) All moneys received by the secretary of transportation from counties, cities and port authorities as loan amount repayments under this act shall be deposited in the state treasury and credited to the state general fund.

New Sec. 6. (a) In any case where a county, city or port authority which has received a loan under this act is in default and has not made timely repayment of any amount received under the loan in accordance with the repayment schedule in effect therefor, the secretary of transportation shall impose a penalty of 14% applied to the outstanding balance of each past due amount and shall certify the total amount thereof to the director of accounts and reports.

(b) Upon receipt of each such certification, the director of accounts and reports shall proceed to set off in accordance with the procedures prescribed under this act all such past due repayments, plus the amount of the penalty imposed, from any moneys payable to the entity in default as follows:

(1) In the case of a county, the director of accounts and reports shall set off the total of all such past due repayments and penalties owed by the county against moneys payable to the county for the county from the local ad valorem tax reduction fund or from the county and city revenue sharing fund, or from the special city and county highway fund, or against moneys payable from any combination of such funds.

(2) In the case of a city, the director of accounts and

reports shall set off the total of all such past due repayments and penalties owed by the city against moneys payable to a county for such city or payable to such city from the local ad valorem tax reduction fund, from the county and city revenue sharing fund, or from the special city and county highway fund, or against moneys payable from any combination of such funds.

(3) In the case of a port authority, the director of accounts and reports shall set off the total of all such past due repayments and penalties owed by the port authority against moneys payable to a county for the county or city which created the port authority or payable to the city which created the port authority, as the case may be, as certified to the director of accounts and reports by the secretary of transportation, from the local ad valorem tax reduction fund, from the county and city revenue sharing fund, or from the special city and county highway fund, or against moneys payable from any combination of such funds. If the port authority is a joint port authority created by one or more cities and one or more counties, or any combination thereof, under K.S.A. 12-3401 to 12-3433, inclusive, and amendments thereto, the secretary of transportation shall determine the separate amount to be set off against moneys payable to a county for each such county or city or payable to any such county or city, as the case may be, from any combination of such funds, which shall be determined in accordance with the loan agreement with the joint port authority. The amounts set off against moneys so payable to counties and cities on behalf of a port authority shall satisfy the obligation of the port authority under this act to the extent of the amounts so set off and recovered under this section.

(c) All moneys set off by the director of accounts and reports under this section in the local ad valorem tax reduction fund, the county and city revenue sharing fund or the special city and county highway fund shall be transferred from such fund to the state general fund.

(d) The director of accounts and reports shall certify to

the state treasurer the amounts set off with respect to each county and city under this section. The state treasurer shall certify such information to counties and cities as required for all apportionments and distributions of moneys in the local ad valorem tax reduction fund, the county and city revenue sharing fund and the special city and county highway fund.

Sec. 7. K.S.A. 1985 Supp. 10-307 is hereby amended to read as follows: 10-307. Notwithstanding the provisions of K.S.A. 10-306, and amendments thereto: (a) Bonds issued for the purpose of refunding outstanding debt, including outstanding bonds and matured coupons thereof, or judgments thereon; and (b) bonds issued pursuant to the provisions of article 46 of chapter 19 of the Kansas Statutes Annotated, and acts amendatory thereof or supplemental thereto; and (c) moneys received pursuant to loan agreements from the state economic development highway improvement fund under section 4, shall not be included in computing the total bonded indebtedness of any county for the purpose of determining the limitations on bonded indebtedness provided in K.S.A. 10-306, and amendments thereto.

Sec. 8. K.S.A. 10-309 is hereby amended to read as follows: 10-309. Notwithstanding the provisions of K.S.A. 10-308 and amendments thereto: (a) Bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any storm or sanitary sewer system; or (b) bonds issued by any city for the purpose of acquiring, enlarging, extending or improving any municipal utility; or (c) bonds issued by any city to pay the cost of improvements to intersections of streets and alleys or that portion of any street immediately in front of city property; or (d) moneys received pursuant to loan agreements from the state economic development highway improvement fund under section 4, shall not be included in computing the total bonded indebtedness of the city for the purposes of determining the limitations on bonded indebtedness provided in K.S.A. 10-308 and amendments thereto.

Sec. 9. K.S.A. 10-1116 is hereby amended to read as follows:

10-1116. (a) The limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of Kansas Statutes Annotated, and amendments thereto, may be exceeded when: (1) Payment has been authorized by a vote of the electors of the municipality; or (2) provision has been made for payment by the issuance of bonds as provided by law; (3) provision has been made for payment by the issuance of no-fund warrants authorized by law and in the manner, and limited in amount as prescribed by law; or (4) provision has been made for payment from moneys received pursuant to a loan agreement from the state economic development highway improvement fund under section 4; or (5) provision has been made for a revolving fund for the operation of any municipal airport financed and sustained partially or wholly by fees, rentals, proceeds from the sale of merchandise or charges for rendering services, received from the users of such airport.

(b) Notwithstanding any other limits of indebtedness prescribed under the provisions of article 11 of chapter 10 of Kansas Statutes Annotated, and amendments thereto, the following funds shall have as a limit of indebtedness an amount equal to ~~one-hundred-percent-(100%)~~ 100% of the accrued revenue of the current fiscal year plus any balances carried forward, cash reserves, intergovernmental grants, and sums advanced to qualify for intergovernmental grants: (1) Special recreation facilities reserve funds set up by any board of park commissioners or any municipality for a revolving fund for the repair, replacement, or addition to recreational facilities; (2) enterprise funds set up in any municipality to account for the financing of self-supporting activities of governmental units which render services on a user charge basis to the general public such as municipal utilities engaged in the provision of water, electricity and natural gas and sanitary sewer systems which are financed by user charges; or (3) intragovernmental service funds or working capital funds established in any municipality to finance and account for services and commodities furnished by a designated agency of a governmental unit to other departments of



the same governmental unit such as funds established for central garages and motor pools, central printing and duplicating services and central purchasing and stores departments.

The board of education of any school district, the board of regents of any municipal university or the board of trustees of any community junior college may enter into contracts for teachers and other necessary employees, and continuing operating expenses in excess of the amount of funds actually on hand for that purpose: Provided, except that the limit of indebtedness provided by this section shall never exceed ~~one-hundred-percent~~ ~~(100%)~~ 100% of the amount actually expended for school purposes for the last preceding fiscal year during which school was conducted.

It shall be unlawful for any member of the governing body of any municipality, as defined in K.S.A. 10-1101 and amendments thereto, to knowingly vote for or in any manner aid or promote the entering into of any contract or the creation of any other indebtedness in violation of the provisions of this section.

Sec. 10. K.S.A. 79-2925 is hereby amended to read as follows: 79-2925. (a) This act shall apply to all taxing subdivisions or municipalities of the state, except: (1) Townships in counties having the county road unit system which have an annual expenditure of less than ~~two-hundred-dollars~~ \$200;

(2) any money received by such taxing subdivision or municipality as a gift or bequest;

(3) any moneys received by a taxing subdivision pursuant to a loan agreement from the state economic development highway improvement fund;

~~(3)~~ (4) any revolving fund set up for the operation of a municipal airport; any city, board of park commissioners, or other agency designated and authorized to operate a municipal airport is hereby authorized to set up a revolving fund for use as an operating fund, either out of the budget or out of the receipts from the operation of such airport, in an amount as may be reasonable and necessary as an operating fund for the

efficient and business-like operation of such airport; the financial transactions of said such airport shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds; profits arising from the operation of the airport after the payment of all necessary operating expenses and the establishment of the revolving fund shall be applied to reduce the tax levy for the budgeted fund under which the operation of such airport is financed;

~~(4)~~ (5) any special recreation facilities reserve set up by the board of park commissioners in any city for the repair, replacement, or addition to the recreation facilities of such city; the financial transactions of said such recreation facilities shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds; profits arising from the coliseum events fund and the coliseum concessions, after the payment of all necessary expenses, and the establishment and maintenance of such special recreation facilities reserve shall be applied to reduce the tax levy for the budget fund under which the operation of such recreation facilities is financed; and

~~(5)~~ (6) any special recreation facilities fund set up by the board of county commissioners for the operation of a county coliseum; the financial transactions of the special recreation facilities fund shall be audited in accordance with the minimum standard audit program prescribed by the director of accounts and reports as other municipal funds; moneys derived from the operation of a county coliseum and deposited in the special recreation facilities fund shall be applied to reduce the tax levy for the budget fund under which the operation of such county coliseum is financed.

(b) Whenever the term "fund" is used in this act it is intended to have reference to those funds which are authorized by statute to be established. "Fund" is not intended to mean the individual budgeted items of a fund, but is intended to have

reference to the total of such individual items.

(c) Whenever the term "director" is used in this act it shall mean the state director of property valuation.

Sec. 11. K.S.A. 79-2959 is hereby amended to read as follows: 79-2959. (a) There is hereby created the local ad valorem tax reduction fund. All moneys transferred or credited to such fund under the provisions of this act or any other law shall be apportioned and distributed in the manner provided herein.

(b) On January 15 and on July 15 of each year, the director of accounts and reports shall make transfers in equal amounts which in the aggregate equal 4 1/2% of the total retail sales and compensating taxes credited to the state general fund pursuant to articles 36 and 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the local ad valorem tax reduction fund.

(c) After the setoff of any amounts as required under section 6, the state treasurer shall apportion and pay the amounts transferred under subsection (b) to the several county treasurers on January 15 and on July 15 in each year as follows: (1) Sixty-five percent of the amount to be distributed shall be apportioned on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201 and amendments thereto on July 1 of the preceding year; and (2) thirty-five percent of such amount shall be apportioned on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property valuation.

(d) ~~On June 1, 1983, the director of accounts and reports shall transfer from the state general fund to the local ad valorem tax reduction fund the amount certified by the state board of education as the total of all amounts received by community colleges and municipal universities under K.S.A. 79-2961 and amendments thereto from the payments made from the~~

local-ad-valorem-tax-reduction-fund-on-January-15,-1983.-On-June 17,-1983,-the-state-treasurer-shall-apportion-and-pay-the-amount transferred-under-this-subsection-to-the-county-treasurers-of these-counties-which-distributed-money-to-one-or-more-community colleges-or-municipal-universities,-or-both,-under-K.S.A. 79-2961-and-amendments-thereto-from-the-payments-made-from-the local-ad-valorem-tax-reduction-fund-on-January-15,-1983.-The amount-paid-on-June-17,-1983,-to-each-such-county-from-the-local ad-valorem-tax-reduction-fund-under-this-subsection-shall-bear the-same-proportion-to-the-total-amount-paid-to-all-such-counties on-June-17,-1983,-that-the-total-amount-received-by-community colleges-and-municipal-universities-in-such-county-under-K.S.A. 79-2961-and-amendments-thereto-from-the-payment-made-to-such county-on-January-15,-1983,-bears-to-the-total-amount-received-by community-colleges-and-municipal-universities-in-all-such counties-under-such-statute-from-such-payment: All amounts set off and transferred from the local ad valorem tax reduction fund to the state general fund under section 6 shall be accounted for and included in all calculations, determinations, apportionments, allocations, distributions and payments of moneys remaining in the local ad valorem tax reduction fund after such setoffs and transfers. The amounts so set off shall be credits against the amounts otherwise to be apportioned or allocated, distributed and paid to counties and cities from such fund.

Sec. 12. K.S.A. 79-2961 is hereby amended to read as follows: 79-2961. (a) The county clerk shall certify to the county treasurer when budgets are made pursuant to K.S.A. 79-2960 and amendments thereto and tax levies are filed with the county clerk. Prior to crediting the proper amounts under subsection (c) and except-as-provided-in subject to subsection (d) of K.S.A. 79-2959 and amendments thereto, the county treasurer shall divide the amount paid by the state treasurer to the county treasurer among the county and all other taxing subdivisions of the county except school districts and any incorporated city within which any portion of the Fort Riley military reservation is located and

which would otherwise be a participant in the Riley county allocation, which comply with the requirements of this act, in the proportion that the product of the last preceding total tangible tax rate of each subdivision, times its equalized tangible assessed valuation for the preceding year, is to the sum of such products of all the tangible tax-levying political subdivisions, except school districts and any incorporated city within which any portion of the Fort Riley military reservation is located and which would otherwise be a participant in the Riley county allocation, exclusive of the levy by the county for any deficiency for state purposes.

(b) No political subdivision shall be entitled to participate in the distribution of any money appropriated to carry out K.S.A. 79-2960 and amendments thereto and this section unless and until such political subdivision has adopted and certified a budget for the ensuing year which shows as a separate item the amount of the distribution to one or more tax levy funds of general application within such subdivision except bond and interest funds and has certified a tax levy for each such fund that will produce a sum of money less than the amount which a maximum levy would produce for each such fund, in an amount equal to or in excess of the amount of such distribution. The budget of each political subdivision also shall show that the aggregate levies made by such tangible property tax-levying political subdivisions will produce a sum less than the amount which the aggregate levy would produce in an amount equal to or in excess of the aggregate amount of the budget items of such distribution shown in the aggregate levy.

(c) In crediting the amount that has been divided pursuant to subsection (a) or and subject to subsection (d) of K.S.A. 79-2959 and amendments thereto, the county treasurer shall proceed as follows: Upon receipt of the payment from the state treasurer each year, credit the appropriate fund or funds of each political subdivision complying with the provisions of this act with its proportionate share of such payment and the county

treasurer shall notify such political subdivision of the amounts so credited. This section and K.S.A. 79-2960 and amendments thereto shall not apply to school districts.

~~(d) The amount paid by the state treasurer to the county treasurer of each county under subsection (d) of K.S.A. 79-2959 and amendments thereto, shall be divided only among the one or more community colleges or municipal universities, or both, which received amounts under this section from the payment made from the local ad valorem tax reduction fund on January 15, 1983. The amount received by each such community college or municipal university under this subsection shall bear the same proportion to the total amount paid to such county under subsection (d) of K.S.A. 79-2959 and amendments thereto, as the amount received by such community college or municipal university under this section from the payment made to such county from the local ad valorem tax reduction fund on January 15, 1983, bears to the total amount received by all such community colleges and municipal universities under this section from such payment.~~

Sec. 13. K.S.A. 79-2965 is hereby amended to read as follows: 79-2965. (a) The state treasurer shall make a determination of the total amount of each county's entitlement from the county and city revenue sharing fund for each year prior to the first distribution from the fund in that year.

(b) In making the determination, the state treasurer shall allocate the total amount to be transferred to the county and city revenue sharing fund for distribution in that year, exclusive of \$600,000 which amount shall be designated as the deficiency equalization amount, in the following manner: (1) Sixty-five percent of such amount shall be allocated on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201 and amendments thereto on July 1 of the preceding year, and (2) the remaining 35% shall be allocated on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property

valuation.

(c) In any year when a county's portion determined under the formula in subsection (b) added to the amount that county receives from the local ad valorem tax reduction fund for such year is less than the total of each distribution made to that county in the state's fiscal year 1977 from the local ad valorem tax reduction fund, the alcoholic liquor control enforcement fund and revenue collected from the sale of cigarette tax indicia, the difference between such amounts shall be allocated to that county from the deficiency equalization amount.

(d) Any portion of the deficiency equalization amount not allocated as provided in subsection (c) shall be allocated among all of the counties according to the formula using population and equalized assessed tangible valuation as prescribed in subsection (b).

(e) The total amount allocated to a county under the provisions of this section for any year shall be deemed to be that county's entitlement from the county and city revenue sharing fund for that year.

(f) All amounts set off and transferred from the county and city revenue sharing fund to the state general fund under section 6 shall be accounted for and included in all calculations, determinations, apportionments, allocations, distributions and payments of moneys remaining in the county and city revenue sharing fund after such setoffs and transfers. The amounts so set off shall be credits against the amounts otherwise to be apportioned or allocated, distributed and paid to counties and cities from such fund.

Sec. 14. K.S.A. 79-2966 is hereby amended to read as follows: 79-2966. Fifty percent of a county's entitlement from the county and city revenue sharing fund shall be the county government's share of such fund and the remaining 50% shall be allocated to each city in such county in the proportion that the population of each such city bears to the population of all such cities in the county. Persons residing within the Fort Riley

military reservation shall not be included or considered in determining the population of any city located in Riley county or Geary county. The state treasurer shall make distributions from the county and city revenue sharing fund in accordance with the allocation formulas prescribed in the foregoing provisions of this act in installments on the dates prescribed in K.S.A. 79-2964 and amendments thereto. The director of accounts and reports shall draw warrants on the state treasurer in favor of the several county treasurers and city treasurers on the dates and in the amounts determined as provided. The distributions shall be paid directly by mail to the several county treasurers and city treasurers who shall upon receipt of the moneys deposit the same in their respective county or city general funds. All calculations, determinations, apportionments, allocations, distributions and payments under this section are subject to subsection (f) of K.S.A. 79-2965 and amendments thereto.

Sec. 15. K.S.A. 79-3425c is hereby amended to read as follows: 79-3425c. (a) After the setoff of any amounts as required under section 6, on January 15, April 15, July 15 and October 15 of each year, the director of accounts and reports shall transfer \$625,000 to the county equalization and adjustment fund from the special city and county highway fund and on such dates the state treasurer shall apportion and pay to the several counties of the state 57% of the moneys in the special city and county highway fund, created by K.S.A. 79-3425 and amendments thereto, and shall apportion and pay to the several cities of the state the remaining 43% of such moneys.

(b) The allocation and payment to each county under the provisions of this section shall be made in the following manner:

First, Each county of the state shall receive a payment of \$5,000;

Second, Of the balance remaining, 50% thereof shall be apportioned and paid to each county on January 15 and April 15 of each year in the proportion that the total amount of money collected in such county from motor vehicle registration fees for



the second preceding calendar year bears to the total amount of money collected in all counties from motor vehicle registration fees for the second preceding calendar year, and on July 15 and October 15 of each year in the proportion that the total amount of money collected in such county from motor vehicle registration fees for the preceding calendar year bears to the total amount of money collected in all counties from motor vehicle registration fees for the preceding calendar year;

Third, The remaining 50% of such balance shall be apportioned and paid to each county on January 15 and April 15 of each year in the proportion that the average daily vehicle miles traveled in such county for the second preceding calendar year bears to the average daily vehicle miles traveled in all counties of the state for the second preceding calendar year, and on July 15 and October 15 of each year in the proportion that the average daily vehicle miles traveled in such county for the preceding calendar year bears to the average daily vehicle miles traveled in all counties of the state for the preceding calendar year.

If the total amount of money received by any county pursuant to the foregoing distribution formula and by all cities located within such county pursuant to subsection (c) of this section during the period from July 15 of any year to April 15 of the next succeeding year is less than the total amount received by such county and all cities located within such county from the county road and city street fund, the special city and county highway fund, the county and township road fund and the special motor carrier fee county road fund during the period from July 1, 1969, to June 30, 1970, plus the total amount such county and all cities located within such county would have received on July 15, 1970, from the special city and county highway fund based on the formula for distributing such fund in effect on June 30, 1970, then on April 15 of each year, the state treasurer shall apportion and pay to each such county from the county equalization and adjustment fund an amount which together with the amount received pursuant to the foregoing distribution

formula will equal the total amount received from the four aforementioned funds during such period of time plus the total amount such county and all cities located within such county would have received on July 15, 1970, from the special city and county highway fund based on the formula for distributing such fund in effect on June 30, 1970. In the event that there is insufficient funds in the county equalization and adjustment fund to pay each county the amount to which it is entitled, each county shall receive a payment in the proportion that the amount to which such county is entitled bears to the amount to which all such counties are entitled. If there is money remaining in such fund after such distribution, the state treasurer shall distribute the balance to the several counties in the manner provided in the second and third clauses of the foregoing formula for distributing moneys to counties from the special city and county highway fund.

All payments shall be made to the county treasurers of the respective counties, and upon receipt of the same:

(1) The county treasurers of Sedgwick and Shawnee counties shall credit 50% of the moneys received to the road and bridge fund of such counties and apportion and pay the remainder of such moneys to the several cities located in such counties;

(2) the county treasurer of Wyandotte county shall credit 10% of the moneys received to the road and bridge fund of such county and apportion and pay the remainder of such moneys to the several cities located in such county;

(3) the county treasurers of Lyon, Cowley, Crawford, Montgomery, Butler, Saline, Leavenworth, Riley, Reno and Douglas counties shall credit 90% of the moneys so received to the road and bridge fund of such counties and apportion and pay the remainder of such moneys to the several cities located in such counties except that no persons residing within the Fort Riley military reservation shall be included or considered in determining the population of any city located within Geary or Riley county; and

(4) the county treasurers of Johnson county and all other counties not listed in paragraphs (1), (2) or (3) shall credit all of the moneys received to the road and bridge fund of such counties.

Not less than 25% of the amount received by each county and credited to the county road and bridge fund under the provisions of this section shall be expended by the county on mail and school bus routes on county roads as defined in K.S.A. 68-101 and amendments thereto. Payments to the cities under the provisions of this subsection shall be in the proportion that the population of each city bears to the total population of all cities located in the same county as such city.

In counties which have not adopted the county-unit road system, the amount of money retained by such counties after distribution to the cities within such county pursuant to this subsection shall be distributed to each township within such county in not less than the proportion that the amount of money received by each township from the county and township road fund during the period from July 1, 1969, to June 30, 1970, bears to the total amount of money received by such county from the county and township road fund, the county road and city street funds, the special motor carrier fee county road fund and the special city and county highway fund during the period from July 1, 1969, to June 30, 1970, plus the amount such county would have received on July 15, 1970, from the special city and county highway fund based on the formula for distributing such fund in effect on June 30, 1970. All payments to townships hereunder shall be made to the treasurers thereof, and all moneys so received shall be deposited in the general road fund of such township.

(c) The allocation and payment of moneys to the several cities of the state from the special city and county highway fund shall be in the proportion that the population of each city bears to the total population of all cities in the state except that the population of any military reservation which has been annexed to a city after ~~the--date--of~~ December 31, 1981, shall not be

included in the population of such city for the purpose of this allocation. All such payments shall be to the city treasurers of the respective cities, and upon receipt of same the city treasurer of each city shall credit the same to a separate fund to be used for the construction, reconstruction, alteration, repair and maintenance of the streets and highways of such city and for the payment of bonds, and interest thereon, issued pursuant to K.S.A. 79-3425g and amendments thereto. In order to reduce vehicular traffic and congestion on its streets and highways any city located within Johnson county may use not to exceed 10% of the moneys credited to such fund for the purpose of constructing, repairing and maintaining footpaths and bicycle trails within such city.

(d) For the purposes of this section, the average daily vehicle miles traveled in each county shall be determined by the secretary of transportation, but it shall not include miles traveled on interstate highways, and the population of each city shall be reported in the annual enumeration by the state board of agriculture for the preceding calendar year.

(e) All amounts set off and transferred from the special city and county highway fund to the state general fund under section 6 shall be accounted for and included in all calculations, determinations, apportionments, allocations, distributions and payments of moneys remaining in the special city and county highway fund after such setoffs and transfers. The amounts so set off shall be credits against the amounts otherwise to be apportioned or allocated, distributed and paid to counties and cities from such fund.

Sec. 16. K.S.A. 79-5011 is hereby amended to read as follows: 79-5011. The provisions of K.S.A. 79-5001 to 79-5016, inclusive, and amendments thereto shall not apply to or limit the levy of taxes for the payment of:

- (a) Principal and interest upon bonds and temporary notes;
- (b) no-fund warrants issued prior to April 3, 1970, and no-fund warrants issued after such date but prior to April 30,

1973, with the approval of the state board of tax appeals upon the basis of a finding of extreme emergency;

(c) no-fund warrants issued after April 30, 1973, when authorized by the state board of tax appeals subject to the conditions and requirements of K.S.A. 79-2938, 79-2939, 79-2941 and 79-2951, and amendments thereto and where said the board in addition specifically finds that an extreme emergency exists;

(d) judgments rendered against taxing subdivisions;

(e) rent due under any lease with a public building commission authorized by K.S.A. 12-1757 to 12-1768, inclusive, and acts amendatory thereof, which rent is for a facility specified in a resolution adopted prior to April 3, 1970, pursuant to K.S.A. 12-1767, and is pledged to retire bonds issued under the authority of such act; or

(f) special assessments, and as used in article 50 of chapter 79 of Kansas Statutes Annotated, and amendments thereto, the term "special assessments" shall include amounts assessed either specifically as special assessments or using other terminology but being in the nature of special assessments; or

(g) loans, pursuant to agreements with the secretary of transportation, from the state economic development highway improvement fund under section 4.

The provisions of article 50 of chapter 79 of Kansas Statutes Annotated, and amendments thereto do not apply to the tax levies authorized or required under K.S.A. 40-2305, ~~72-4424~~, ~~74-4920~~, ~~74-4967~~ 12-11a01, 12-1617h, 13-14,100, 13-14a02, 19-262, and ~~K.S.A.---1977--Supp.-13-14a02~~, 19-4004, 19-4011, 19-4102, 19-4443, 40-2305, 71-301 and 72-7074, 74-4920 and 74-4967, and amendments thereto, or to tax levies required for the payment of employer contributions to any other employee pension and retirement program not hereinbefore specifically designated which was in existence on July 1, 1970.

Amounts produced from any levy specified in this section shall not be used in computing any aggregate limitation under article 50 of chapter 79 of Kansas Statutes Annotated, and

amendments thereto.

Sec. 17. K.S.A. 10-309, 10-1116, 79-2925, 79-2959, 79-2961, 79-2965, 79-2966, 79-3425c and 79-5011 and K.S.A. 1985 Supp. 10-307 are hereby repealed.

Sec. 18. This act shall take effect and be in force from and after its publication in the Kansas register.

PRESENTATION OF THE  
STATE CORPORATION COMMISSION  
TO THE  
SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES  
CONCERNING SENTATE BILL NO. 158  
February 14, 1986

Senate Bill 158 would amend K.S.A. 66-104 to include entities providing cable television services in the definition of public utilities subject to Commission jurisdiction. The Commission takes no position on this bill, but would make a few observations.

The Commission currently regulates 170 utilities, not including the 19 radio common carriers and 10 providers of cellular services deregulated this year. The Utilities Division has 42 staff members, with 7 in the Communications Section. It is my understanding that there are 210 systems serving 310 communities in Kansas. Regulation of those companies would double the number of utilities subject to Commission jurisdiction. However, without knowing the manner in which those firms keep their books and records, how often they might request changes in rates and how the Commission would determine reasonable rates, it is very difficult to estimate what additional staff and other resources, including office space, would be necessary.

The question of whether Commission regulation of cable television is desirable is, of course, a legislative one. The Commission's interest in cable systems up to now has been only recent and limited to an inquiry into whether those system are or will provide data transmission or communications services which could be subject to Commission regulation as telecommunications

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S.T.U 2/14/86

services. The extent to which state commissions can regulate cable system's provision of communications service is uncertain now due to a FCC decision purporting to preempt state entry regulation of cable firms providing only contract carriage. That case Cox Cable is now on appeal in the courts. Also pending before the FCC is the question of preemption of state rate regulation of such services.



KANSAS CORPORATION COMMISSION  
STATEMENT CONCERNING SENATE BILL NO. 235  
TO THE SENATE COMMITTEE ON TRANSPORTATION  
AND UTILITIES.

February 14, 1986

Senate Bill 235 proposes to amend K.S.A. 66-1,184, an Act concerning parallel generation. Parallel generation is primarily governed by Section 210 of the federal Public Utility Regulatory Policies Act (PURPA) and federal regulations and state commission determinations issued pursuant thereto. I have been asked to address the issue of pricing of electricity produced by a parallel generator and I will limit my remarks to that issue.

In April 1982 the Commission issued its first order on this matter. That order required utilities to pay parallel generators with a capacity of less than 100 KW the energy costs which they could avoid (fuel, fuel related costs) and a capacity credit which was determined by taking 50 percent of a utility's authorized rate of return times the net utility plant investment divided by the number of kilowatt hours generated by the plant, in order to arrive at a rate per kilowatt hour. The Commission's order recognized that the utilities generally could not avoid capacity costs, and that this required payment was slightly in excess of the avoided cost payment deemed appropriate by FERC. The Commission found that a payment of energy cost alone would not be sufficient to encourage parallel generation, and the Commission believed that such encouragement was appropriate in considering the long-term need for electrical power.

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The Commission's determination was challenged in court by Kansas City Power and Light Co. The Kansas Supreme Court held that federal law had preempted the field and that the Commission could not require KCPL to pay more than avoided cost for electricity. The Court remanded to the Commission, and the Commission issued an order in October of 1985 requiring the payment of the only cost the utility clearly can avoid--the energy cost.

This Bill would require a single non-ratcheted meter for utility customers which install a parallel generation facility with a capacity of 20 kilowatts or less. It further provides that if the customer is a net consumer of electricity he will pay the same rate as other customer for any consumption in excess of his production. If the customer is a net producer he will be paid at a rate determined by the Commission for production in excess of consumption. Presumably that would be the present tariffed rates.

By allowing a single meter the customer's production and consumption will be used to offset each other. The facilities that will be covered by this proposed amendment will be almost exclusively windmills. They produce only when the wind blows. Thus during any given month, the windmill may be producing power for some time during possibly most of the days. There is no assurance that this production will occur at the time of the utility's peak. The customer may very well need to purchase power from the utility at the peak-time, as well as at other times. The power supplied to the utility is most valuable to the utility if

it can be reliably provided at the peak. For at least some utilities a capacity payment may be justified if power is reliably provided at the peak. The proposed amendment is likely to result in a subsidy to customers with parallel generation facilities since it means all their power sold to the utility up to the limit of their consumption will be paid for at the same rate as the utility charges all customers in that class. Since the utilities cannot avoid all the costs included in that rate, and it also includes a return component the parallel generators are receiving a subsidy. As an example, if the rate for sales to customers is 8¢ per KWH and the rate for purchase from parallel generators is 2¢ per KWH, the subsidy would be 6¢ per KWH.

Given that the Kansas Supreme Court held that state commissions are preempted from requiring a payment in excess of avoided cost, it is clear that the Commission could not require this kind of offset. The question then is can the legislature require a payment in excess of avoided cost?

I cannot give you a definitive answers to that question. However, in reaching its decision the Kansas Supreme Court placed considerable reliance on a New York State lower court decision. That decision was reversed by the highest New York Court which held that "PURPA does not preempt this State from requiring electric utilities to offer to buy energy from those alternate energy producers, that qualify under both federal and state law, at a rate in excess of the maximum rate under PURPA." The decision was appealed to the United States Supreme Court which

held that it did not present a federal question. It seems possible then that state legislation requiring payment of a rate in excess of avoided cost, which is the effect of this Bill, may survive court review, although the Commission determination did not.

PRESENTATION OF STATE CORPORATION COMMISSION (KCC)  
ON REPORT TO THE LEGISLATURE UNDER SENATE BILL NO. 881,  
SECTION TO SENATE TRANSPORTATION AND UTILITIES COMMITTEE  
February 14, 1986

On February 1st, the Commission submitted to the legislature its annual report as mandated by K.S.A. 66-117b. The report briefly lists changes in rates, regulations and service practices approved by the Commission for utilities and common carriers in the 1985 fiscal year. The report only pertains to those entities with \$10 million or more in annual operating revenues in the previous calendar year.

This reporting requirement was part of Senate Bill No. 881 in 1980, which also significantly changed the Commission procedures for handling proposed changes in rates, regulations and practice by utilities and common carriers. It imposed a requirement for Commission final action within 240 days after a requested charge was filed and procedural steps for suspension of a proposal by amending K.S.A. 66-117.

Presumably the legislature was interested in seeing how the 240 day restriction and procedural changes affected Commission activities and thus included the reporting requirement in Senate Bill 881. The Commission has been able to operate satisfactorily under the procedures in K.S.A. 66-117 in dealing with the numerous matters outlined in our report. The latest report probably reflects fewer general rate cases than in previous years since fewer major utilities filed rate cases. The report does not, of course, reflect the hundreds of "informal" filings made by smaller

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utilities which generally are processed without a formal hearing but which require considerable staff work and Commission attention.

Nor does the report cover the Wolf Creek rate cases since they were decided after the 1985 fiscal year. Those cases were, of course, also handled within the 240 day deadline but only because of amendments to the applications.

The Commission is happy to provide the legislature with any information you might desire and hopes that these SB 881 reports are useful.

**REPORT OF THE  
STATE CORPORATION COMMISSION  
TO THE  
KANSAS LEGISLATURE  
UNDER SENATE BILL NO. 881, SECTION 5**

**1986  
SESSION**

PRESENTATION OF STATE CORPORATION COMMISSION (KCC)  
ON REPORT TO THE LEGISLATURE UNDER SENATE BILL NO. 881,  
SECTION TO SENATE TRANSPORTATION AND UTILITIES COMMITTEE  
February 14, 1986

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The Commission is happy to provide the legislature with any information you might desire and hopes that these SB 881 reports are useful.

State of Kansas



JOHN CARLIN  
MICHAEL LENNEN  
MARGALEE WRIGHT  
KEITH R. HENLEY  
JUDITH A. McCONNELL  
BRIAN J. MOLINE

*Governor  
Chairman  
Commissioner  
Commissioner  
Executive Secretary  
General Counsel*

*State Corporation Commission*

Fourth Floor, State Office Bldg.  
Ph. 913 296-3355  
TOPEKA, KANSAS 66612-1571

February 1, 1986

The Honorable Mike Hayden, Speaker  
Kansas House of Representatives  
and  
The Honorable Robert Talkington, President  
Kansas Senate

Gentlemen:

This report is submitted pursuant to the provisions of Senate Bill 881,  
Section 5 of the 1980 Legislative Session.

We hope that you will find it useful.

Sincerely,

A handwritten signature in cursive script that reads "Michael Lennen".

Michael Lennen  
Chairman

ML:SB:rh

REPORT OF THE STATE CORPORATION COMMISSION  
TO THE KANSAS LEGISLATURE  
FOR 1986

THE STATE CORPORATION COMMISSION SUBMITS THIS REPORT IN COMPLIANCE WITH THE REQUIREMENTS OF SENATE BILL NO. 881, SECTION 5 OF THE 1980 LEGISLATIVE SESSION.

SENATE BILL 881, SECTION 5, REQUIRES THE STATE CORPORATION COMMISSION TO MONITOR AND REPORT ANNUALLY TO THE LEGISLATURE ANY CHANGED RATE, JOINT RATE, TOLL CHARGE OR CLASSIFICATION OR SCHEDULE OF CHARGES OR ANY RULE OR REGULATION OR PRACTICES PERTAINING TO PUBLIC UTILITIES OR COMMON CARRIERS THAT HAD \$10,000,000 OR MORE ANNUAL OPERATING REVENUES IN THE PREVIOUS CALENDAR YEAR AND APPROVED BY THE COMMISSION IN THE PRECEDING FISCAL YEAR.

THE PERIOD COVERED IN THIS REPORT IS FISCAL YEAR JULY 1, 1984 THROUGH JUNE 30, 1985. A LISTING OF APPLICABLE COMPANIES FOLLOWS.

Jurisdictional Companies with \$10,000,000  
Or More Annual Operating Revenues for the period  
January 1, 1984 through December 31, 1984

Telephone Companies

AT&T Communications of the Southwest  
Continental Telephone Company of Kansas, Inc.  
Southwestern Bell Telephone Company  
United Telephone Company of Kansas, Inc.

Electric Companies

Centel Corporation  
Kansas City Power & Light Company  
Kansas Electric Power Cooperative, Inc. (KEPCo)  
Kansas Gas and Electric Company  
Kansas Municipal Energy Agency  
The Kansas Power and Light Company  
Midwest Energy, Inc.  
Pioneer Electric Cooperative Association, Inc.  
Sunflower Electric Cooperative, Inc.  
Western Cooperative Electric Association, Inc.  
Wheatland Electric Cooperative, Inc.

Gas Companies

Anadarko Production Company  
Arkla, Inc.  
The Gas Service Company  
Getty Gas Gathering, Inc. (Texaco, Inc.)  
Greeley Gas Co.  
Kansas Gas Supply Corporation  
K-N Energy, Inc.  
The Kansas Power and Light Company  
Northwest Central Pipeline Corporation  
People's Natural Gas Company, Division of InterNorth, Inc.  
Producer's Gas Equities, Inc.  
Union Gas System, Inc.

Common Carriers

Atchison, Topeka and Santa Fe Railway Company  
Union Pacific Railroad Company

## ELECTRIC COMPANIES

CENDEL CORPORATION  
KANSAS CITY POWER & LIGHT COMPANY  
KANSAS ELECTRIC POWER COOPERATIVE, INC. (KEPCO)  
KANSAS GAS AND ELECTRIC COMPANY  
KANSAS MUNICIPAL ENERGY AGENCY  
THE KANSAS POWER AND LIGHT COMPANY  
MIDWEST ENERGY, INC.  
PIONEER ELECTRIC COOPERATIVE ASSOCIATION, INC.  
SUNFLOWER ELECTRIC COOPERATIVE, INC.  
WESTERN COOPERATIVE ELECTRIC ASSOCIATION, INC.  
WHEATLAND ELECTRIC COOPERATIVE, INC.

## GAS COMPANIES

ANADARKO PRODUCTION COMPANY  
ARKLA, INC.  
THE GAS SERVICE COMPANY  
GETTY GAS GATHERING, INC. (TEXACO, INC.)  
GREELEY GAS CO.  
KANSAS GAS SUPPLY CORPORATION  
K-N ENERGY, INC.  
THE KANSAS POWER AND LIGHT COMPANY  
NORTHWEST CENTRAL PIPELINE CORPORATION  
PEOPLE'S NATURAL GAS COMPANY, DIVISION OF INTERNORTH, INC.  
PRODUCER'S GAS EQUITIES, INC.  
UNION GAS SYSTEM, INC.

RATE ACTIONS

ELECTRIC

Rate actions acted upon by the Commission during Fiscal Year July 1, 1984, through June 30, 1985, involving public utilities with ten million dollars or more annual operating revenues in 1984.

Docket No.	Company Name	Application Filed	Number of Customers December 31, 1984		Annual Revenue Increase		Hearings		Date of Approval
			Residential	Commercial	Requested	Granted	Commenced	Concluded	
136,381-U	The Kansas Power & Light Company <sup>1</sup>	10/17/84	249,803	33,352	73,418,189	54,900,000	12/11/84	12/11/84	1/17/85
136,389-U	Centel Corporation <sup>1</sup>	10/26/84	51,782	13,009	8,499,722	6,200,000	12/18/84	12/18/84	1/17/85
142,094-U	KEPCo <sup>2</sup>	5/16/84	-----	-----	1,309,467	1,001,117	10/2/84	10/2/84	1/11/85
143,069-U	Sunflower Electric Cooperative, Inc. <sup>3</sup>	9/5/84	-----	-----	17,070,175	7,380,470	1/15/85	1/18/85	4/2/85

<sup>1</sup>To make permanent interim rates granted in May, 1983.

<sup>2</sup>KEPCo customers are its 25 member cooperatives.

<sup>3</sup>Sunflower customers are its 8 member cooperatives.

RATE ACTIONS

GAS

Rate actions acted upon by the Commission during Fiscal Year July 1, 1984, through June 30, 1985, involving public utilities with ten million dollars or more annual operating revenues in 1984.

Docket No.	Company Name	Application Filed	Number of Customers December 31, 1984		Annual Revenue Increase		Hearings		Date of Approval
			Residential	Commercial	Requested	Granted	Commenced	Concluded	
139,898-U	Union Gas System, Inc.	12/2/83	51,178	4,024	2,074,180	1,591,691	5/14/84	5/16/84	7/20/84
140,015-U	The Kansas Power & Light Company	12/16/83	118,757	15,392	13,769,243	11,487,241	6/26/84	6/26/84	8/10/84
140,396-U	Producers Gas Equities	1/26/84	593	-----	536,461 <sup>1</sup>	399,565	4/10/84	4/10/84	7/13/84
143,848-U	Producers Gas Equities	11/5/84	593	-----	133,421	<26,157>	1/23/85	1/23/85	4/2/85

<sup>1</sup>Also requested a one-time surcharge of \$354,485.

ELECTRIC INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
8/22/84	84-KGE-330-RR	KG&E	Approved	Sedgwick County Board of County Commissioners resolution to remove 48 street lamps pursuant to KG&E's applicable street lighting tariff.
8/22/84	84-KGE-331-RR	KG&E	Approved	Sedgwick County Board of County Commissioners resolution to remove one street lamp pursuant to KG&E's applicable street lighting tariff.
10/03/84	84-KG&E-280-TAR	KG&E	N & F	General conditions for interconnection of customer-owned generation with the KG&E system.
12/19/84	84-MDWE-562-CON	MIDWEST	Approved	Electrical Interconnection agreement between Midwest Energy and the City of Oakley.
12/7/84	84-MDWE-531-CON	MIDWEST	Approved	Resolution Nos. 530 and 531 to existing interconnection agreement between Midwest Energy, Inc. and the City of Colby, Kansas.
11/7/84	84-KG&E-483-RR	KG&E	Approved	Sedgwick County Board of Commissioners street lighting resolutions to add three (3) - 27,000 lumen high pressure sodium street lights.
11/7/84	84-KCPE-485-TAR	KCPL	N & F	Revised residential demand service schedules, 2-RDS and 4-RDS. (To establish billing rate for customers taking initial service during the winter season.)
11/7/84	84-KCPE-484-TAR	KCPL	N & F	Original lighting schedules, 2-SV and 4-SV (offering high pressure sodium vapor lamps).
1/20/85	85-KG&E-75-CON	KG&E	Approved	Second amendment for electric service between KG&E and Vulcan Materials Company.



ELECTRIC INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

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Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
5/7/85	85-WHLE-114-TAR	WHEATLAND	N & F	Interim rate schedule, 85-GSL-MPI Interim.
5/7/85	85-WHLE-115-TAR	WHEATLAND	Approved	Special agreement for electric service with Mid-America Processing, Inc.
4/22/85	85-CNTE-186-RR	CENDEL	N & F	Change in Sheet 5 of 19, of Schedule 83 - Rules & Regulations - General Electric.
6/3/85	85-KG&E-241-CON	KG&E	Approved	Street Lighting Resolution with Board of County Commissioners of Sedgwick County.
6/28/85	85-KG&E-262-RR	KG&E	N & F	Line Extension Policy.

GAS INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
8/3/84	84-UNIG-207-TAR	Union	Approve	Revised schedule of customer advance for construction.
8/3/84	84-GSCC-282-CON	Gas Service	Approve	Contract for transportation of industrial gas between The Gas Service Company and National By-Products, Inc.
8/3/84	84-GSCC-283-CON	Gas Service	Approve	Amendment to gas transportation agreement between The Gas Service Company and the City of Wichita.
8/3/84	84-228-ECA	KN Energy	N & F	First revised master tariff replacing original master tariff (\$.0035/mcf) refund adjustment. Natural Gas Company and Centel Corporation. and company service lines.
11/7/84	84-UNIG-335-RR	Union	N & F	Revised schedule of customer advances for construction of mains
11/7/84	84-UNIG-490-RR	Union	Approve	Revisions to Maintenance of Service Installations.
12/7/84	84-GSCG-529-CON	Gas Service	Approve	Contract for transportation of Industrial gas with Frito Lay, Inc.
12/11/84	84-PNTG-530-CON	Peoples	Conditional Approval	Contract Amendment No. 2 to Gas Purchase and Sales Agreement with Getty Oil Company.
1/8/85	84-NWCG-577-MIS	NW Central	N & F	Variance from standard PGA procedure to allow for recent reductions in purchased gas cost.
1/8/85	84-NWCG-578-CON	NW Central	Approve	Contract for field sale of interruptible gas with Cities Service Helix, Inc.
1/25/85	85-KPLG-27-TAR	KPL	N & F	Interruptible gas transport tariff.

GAS INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
1/25/85	85-KPLG-28-TAR	KPL	N & F	Tariff filing to provide as-available gas sales.
1/25/85	85-KPLG-29-CON	KPL	Approve	Gas sales agreement with Sabine Gas Transmission Company.
1/25/85	85-KPLG-34-CON	KPL	Approve	Interruptible Transportation contracts with Delhi Gas Pipeline Corporation and with Delhi and Natural Gas Pipeline Company of America.
3/7/85	85-PNT-116-RC	Peoples	Approved	Large Volume Service Agreement with Hydro-Carbon Transportation, Inc.
3/8/85	85-KNNG-101-RR	KN Energy	N & F	Revisions to reflect the Commission's 11/8/84 Cold Weather Rule.
4/9/85	85-PNTG-113-TAR	Peoples	Approved	Revised transportation tariff.
4/9/85	85-PNTG-136-RC	Peoples	Approve	Interruptible gas sales contract with the City of Anthony, Kansas.
4/18/85	85-UNIG-194-TAR	Union	N & F	Revised schedule of customer advance for construction.
5/7/85	85-AKAG-200-TAR	Arkla	N & F	1985 tax adjustment surcharge.
5/7/85	85-KPLG-217-CON	KPL	Conditional Approval	Gas purchase/sales contract with Michigan Consolidated Gas Company.
5/7/85	85-PNTG-221-CON	Peoples	Approved	Large Volume Service Agreement between Peoples Natural Gas Company and Hydrocarbon Transportation, Inc.
6/3/85	85-PNTG-237-RC	Peoples	Approved	Gas transportation agreement with Peoples Service, Inc.

GAS INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

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Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
6/3/85	85-PNTG-238-RC	Peoples	Approved	Amendment No. 1 to contract dated April 6, 1983 between Peoples Natural Gas Company and Centel Corporation.
6/3/85	85-PNTG-248-RC	Peoples	Approved	Service agreement for "LVCS" rate schedule between Peoples Natural Gas Company and Northern Natural Gas Company.

## SIGNIFICANT DEVELOPMENTS

Much of the Commission's time and efforts regarding utility matters were spent on the Wolf Creek rate cases. Although various hearings in those cases were held in fiscal year 1985, with the main hearings occurring in May through July of 1985, the Commission decisions were not issued until after the fiscal year and therefore not included in this report. Other significant developments include the following:

### **Electric**

The Commission decided rate cases for two generation and transmission coops, allowing \$7.3 million of a requested \$17 million for Sunflower Electric Cooperative in April of 1985 and \$1 million of a requested \$1.3 million for KEPCo. In addition, both KPL and Centel Corporation were allowed to make permanent most of the interim rates previously granted for commercial operation of Jeffrey Energy Center No. 3 with portions to remain subject to refund. Neither company will file a general rate case prior to mid 1986.

### **Gas**

In light of changes occurring in the gas industry both in Kansas and nationally, the Commission initiated and held hearings in a general investigation on the matter. Subject to formal issuance of an order, the Commission has decided to allow more competition among suppliers to local distribution companies and to require companies which transport gas for any one customer to make such service available to all on a nondiscriminatory basis. In related matters, certificates of necessity and convenience were granted to two new pipelines, Kansas Pipeline Company and Phenix Pipeline Company. The Commission also decided rate cases filed by Union Gas Company and KPL-Gas, allowing \$1.6 million and \$11.5 million respectively of the requested \$2 million and \$13.8 million.

TELEPHONE COMPANIES

AT&T COMMUNICATIONS OF THE SOUTHWEST

CONTINENTAL TELEPHONE COMPANY OF KANSAS, INC.

SOUTHWESTERN BELL TELEPHONE COMPANY

UNITED TELEPHONE COMPANY OF KANSAS, INC.

RATE ACTIONS

TELEPHONE

Rate actions acted upon by the Commission during Fiscal Year July 1, 1984, through June 30, 1985, involving public utilities with ten million dollars or more annual operating revenues in 1984.

Docket No.	Company Name	Application Filed	Exchanges Involved	Total Number Main Stations 12-31-83	Annual Revenue Increase		Hearings		Date of Approval
					Requested	Granted	Commenced	Concluded	
137,534-U	Southwestern Bell Telephone Company <sup>1</sup>	7/25/84	All Exchanges	950,430	96,722,000	96,722,000 <sup>2</sup>	11/13/84	11/14/84	1/17/85
143,565-U	Continental Telephone of Kansas, Inc.	10/15/84	All Exchanges	44,471	2,995,685	1,906,009	4/9/85	4/11/85	6/13/85

<sup>1</sup>To make permanent interim rates granted in December, 1983.

<sup>2</sup>With amounts subject to court proceedings remaining subject to refund.

TELEPHONE INFORMALS

Informal Applications Involving Revisions in Services, Rates, Rules and Regulations  
July 1, 1984 thru June 30, 1985

Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
7/11/84	84-CNLT-266-TAR	Continental	N & F	Upgrade of Coyville to rural one-party. Annual revenue increase \$8,822.00
7/18/84	84-CNLT-281-TAR	Continental	N & F	To remove reference to Caldwell exchange.
7/18/84	84-SWBT-231-RR	SWB	N & F	Establish a 90 day promotional for touch tone service. Increased revenue \$40,840.
7/18/84	84-SWBT-247-TAR	SWB	N & F	Introduction of weather proof cords for movable premises. Increased revenue \$435.
8/1/84	84-SWBT-256-RR	SWB	N & F	Consumer information request for resellers of LDMS & WATS April 30, 1984 to comply with 127,140-U.
8/1/84	84-SWBT-288-TAR	SWB	N & F	Introduction of B911, C911 and D911 services.
8/22/84	84-UTDT-269-RR	United	N & F	Provide for suspension for no-pay of intrastate and interstate toll.
8/22/84	84-AT&T-302-TAR	AT&T	N & F	Remove CSU from tariffs, correct error and withdraw 2 tariff sheets
8/22/84	84-SWBT-316-TCM	SWB	N & F	Transfer area from Wichtia Zone to Jackson Zone.
8/22/84	84-SWBT-317	SWB	N & F	Extend Derby suburban service area. Annual revenue decrease \$2,042.00.
8/22/84	84-SWBT-320-TCM	SWB	N & F	Extend Hoxie Base Rate Area. Annual revenue decrease 41,035.00



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8/28/84	84-SWBT-257-TAR	SWB	N & F	Introduction of Bellboy Personal Signaling Service (Paging).
9/5/84	84-SWBT-342-TCM	SWB	N & F	Extend Colby base rate and suburban service area. Annual revenue decrease \$2,428.00.
9/5/84	84-CNLT-344-TAR	Continental	N & F	Upgrade Sylvania to rural one-party. Annual revenue increase \$13,002.00.
9/5/84	84-SWBT-345-TCM	SWB	N & F	Extend Goodland base rate and suburban service area. Annual revenue decrease \$1,642.00
9/5/84	84-SWBT-351-TCM	SWB	N & F	Extend Emporia base rate area. Annual revenue decrease \$1,587.00.
9/5/84	84-CNLT-356-RR	Continental	N & F	Correct a footnote reference.
9/5/84	84-SWBT-358-TAR	SWB	N & F	Establish rates and procedures for suspension and resotation o WATS.
9/4/84	84-SWBT-364-TCM	SWB	N & F	Extend Ottawa base rate reas. Annual revenue decrease \$1,600.00.
9/26/84	84-AT&T-343-TAR	AT&T	N & F	Introduction of allnet and baseline.
10/3/84	84-CNLT-387-TAR	Continental	N & F	Upgraade of LaFontaine to rural one-party. Annual revenue increase \$9,186.00.
10/15/84	84-UTAT-258-FA	United	Withdrawn	Revised Interstate Access Service Tariffs. Estimated annual increase \$86,571.00.

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10/24/84	84-CNLT-419-RR	Continental	N & F	Implement program to transfer key and PABXC and mobile set to customers.
10/24/84	84-SWBT-440-RR	SWB	N & F	Include TDD only and TDD and voice before telephone numbers of deaf service.
10/14/84	84-CNLT-441-TTAR	Contiental	N & F	Upgrade of Saffordville to rural one-party. Annual revenue increase \$8,129.00.
10/24/84	84-SWBT-461-	SWB	N & F	Transfer area from Lecompton Zone to Tecumseh Zone.
10/24/84	84-SWBT-462-TCM	SWB	N & F	Extend Lake Waltonna locality rate area in Goddard Zone. Annual revenue decrease \$483.00.
12/7/84	84-SWBT-489-TAR	SWB	N & F	Introduction of MegaLink III <sup>SM</sup> Wideland Digital Service. 1,544 MBPS annual revenue increase \$295,000.
12/7/84	84-CNLT-524-TAR	Continental	N & F	Upgrade of Qunicy to rural one-party. Annual revenue increase \$3,411.00.
12/7/84	84-AT&T-535-RR	AT&T	N & F	WATS clarification.
1/9/85	84-CNLT-449-TAR	Continental	N & F	Reclassify Edgerton, Gardner and Wellsville.
1/11/85	84-SWBT-539-TAR	SWB	N & F	Include speed calling - 30 code cap. in all custom pack. offerings. No revenue effect.
1/11/85	84-CNLT-564-TAR	Continental	N & F	Upgrade of Inman to rural one-party. Annual revenue increase \$47,410.00.

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Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
1/11/85	84-CNLT-565-TAR	Continental	N & F	Upgrade of Mariden to rural one-party. Annual revenue increase \$27,766.00.
1/14/85	84-UTDT-409-TAR	United	N & F	Local Measured Service on experimental basis. \$18,956.00.
2/6/85	85-SWBT-33-TAR	SWB	N & F	Add and delete specific USOC's due to reassignment of assets with ATTIS.
2/6/85	85-SWBT-41-RR	SWB	N & F	Establish order of precedence for mobile telephone service.
2/6/85	85-SWBT-59-TAR	SWB	N & F	Introduction of KITS and KOTS toll plans. Annual revenue increase \$1,000,000.
2/25/85	84-SWBT-381-RR	SWB	N & F	Estimated point of minimum penetration and introduce time sensitive charge.
2/20/85	84-AT&T-386-	AT&T	N & F	Introduction of REACH OUT KANSAS.
2/20/85	84-AT&T-396	AT&T	N & F	Reduction in overtime minimum charges, increase operating service charge and implement DA charge. Annual increase \$4,000.
2/20/85	84-SWBT-567-TAR	SWB	N & F	Introduction of MegaLink I <sup>SM</sup> standard digital service. Increase \$131,642.
2/20/85	85-SWBT-39-TAR	SWB	N & F	Introduce volume control products for seim-public service. Increase \$700.

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2/25/85	84-SWBT-388-TAR	SWB	N & F	Offering of new 242 type cable for interim period.
3/8/85	85-SWBT-50-RR	SWB	N & F	Include reference to minimum protection criteria for connection of CPE to party line and semi-public. Annual revenue increase.
3/8/85	85-SWBT-70-TAR	SWB	N & F	Incorporate carried call waiting.
3/20/85	85-SWBT-115-TCM	SWB	N & F	Extension of Eudora base rate area. Annual revenue decrease \$1,545.60.
3/20/85	85-SWBT-126-TCM	SWB	N & F	Extension of Kechi and Sherwood base rate areas. Annual Revenue decrease \$4,008.40.
4/9/85	85-UTAT-37-TAR	United	N & F	Establish Miscellaneous Common Carrier section.
4/9/85	85-SWBT-147-TCM	SWB	N & F	Transfer area from Stanley Zone to Melrose Zone.
4/19/85	85-SWBT-403-TAR	SWB	N & F	Provide alternatives for customer with high calling volumes or announcement services. Decrease \$37.80.
4/22/85	85-SWBT-40-TAR	SWB	N & F	Introduce USOC's for hotel-motel terminal previously omitted. Increase \$178,093.
4/22/85	85-SWBT-51-TAR	SWB	Withdrawn	Parity with common carrier line rate in NECA FCC #1 tariff.
4/22/85	85-SWBT-102-CON	SWB	Approved	Services agreement with Anchor Savings.
4/22/85	85-SWBT-140-TAR	SWB	N & F	New service offering for courier service.

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Commission Action Date	Filing No.	Filing Utility	Action Taken	Explanation
4/22/85	85-SWBT-152-RR	SWB	N & F	Revision to reflect billing and recording limitations.
4/22/85	85-SWBT-154-CON	SWB	Approved	Communication placement and sale contract - Joe Self Chev.
4/22/85	85-SWBT-157-CON	SWB	Approved	Services agreement with Bradmark.
4/22/85	85-SWBT-171-TAR	SWB	N & F	Introduction of toll restriction for ESSX-30.
4/22/85	85-UTDT-177-RR	United	N & T	Provide for promotional periods for custom calling and U-touch.
4/22/85	85-SWBT-183-TCM	SWB	N & F	Extension of Mt. Hope base rate. Annual revenue decrease \$552.00.
4/22/85	85-SWBT-184-TCM	SWB	N & F	Extension of Andale base rate area. Annual revenue decrease \$317.40.
4/23/85 5/7/85	85-SWBT-572-TAR	SWB	N & F	Introduction of ESSX-400 and ESSX custom service.
5/7/85	85-SWBT-141-RR	SWB	N & F	Allowing recording equipment to be directly acoustically or inductively connected. Annual revenue decrease \$4,008.40.
5/7/85	85-SWBT-204-CON	SWB	Approve	Miscellaneous construction work and maintenance service construction with S&T Telephone Coop. Assn.
5/21/85	85-AT&T-153-TAR	AT&T	N & F	Introduction of PRO* KANSAS

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6/26/85	84-SWBT-480-RR	SWB	N & F	Clarification on application of business and residential local exchange access charges. Annual revenue increase \$30,000.
6/18/85	84-CNLT-566-TAR	Continental	N & F	Depreciation of customer premises inside wire.
6/19/85	85-SWBT-236-RR	SWB	N & F	Add Topeka to where public response calling is available.
6/19/85	85-SWBT-243-TAR	SWB	N & F	Update availability of message one-party and hotel-motel trunk service.
6/19/85	85-SWBT-246-RR	SWB	N & F	Delete 4-wire service access arrangement.
6/28/85	85-AT&T-250-TAR	AT&T	N & F	Add M-44 multiplexing as secondary service to Account T 1.5.

## Telecommunications

During the reporting period, the Commission was required to devote considerable effort to monitoring the continuing changes in the telecommunications industry. In June, 1985, the Commission allowed Continental Telephone Company to increase revenues by \$1,906,009, instead of the requested \$2,995,685. Given Continental's already high rates, the Commission expressed concern over the rapid pace of Continental's upgrade and modernization program. It therefore approved a staff monitoring process to provide information for future cases about company construction programs.

On July 3, 1985, the Commission granted Elkhart Telephone Company a revenue increase of \$108,559. In February, 1985, the Commission had authorized an interim increase in revenues of \$122,243 based on clear need shown by the company. The difference between the interim and permanent grants has been refunded to customers.

In December, 1985, the Commission issued two separate orders regarding resale of local telephone service, and connection of privately owned coin phones. Both orders set out tentative conclusions from prior hearings, and then set out further issues which were sufficiently unclear that other hearings were warranted. Regarding resale of local service, the Commission found that resale to the public generally is not permitted, transient resale (such as in a hospital situation) shall continue on the same basis as presently exists, and further hearings shall be held for the presentation of evidence to permit a determination whether local service resale in a landlord-tenant situation is publically detrimental. Regarding connection of privately owned coin phones, the Commission determined that such phones would be allowed to be connected for the purpose of placing intrastate calls, and set a hearing to determine rates to be charged a private coin phone owner, the service standards for such phones, and the degree of regulation for such phone service. Final orders on both local resale and private coin service were issued in August, 1985.

The Commission was asked to consider revisions to the method for charging long distance companies for their use of local telephone company facilities, or "access charges". The Commission, in a series of orders, directed the local exchange companies to develop an intrastate access charge plan, to be filed in February, 1986.

In February, 1985, the Commission acted on a Southwestern Bell filing to make its interim rates, put into effect at divestiture, permanent. The Commission made the full amount of the interim grant permanent, and recognized that SWB had a revenue deficiency but declined to specify an exact amount. The Commission also approved the concept of a study of service costs and pricing. The Commission also addressed certain points regarding the established procedure for review of SWB's construction budget.

In June, 1985, the Commission acted in its telephone general investigation to specify the manner of regulation of AT&T and other long distant providers. The issue of whether or not intra-LATA competition should be permitted was also addressed. Generally, the order provided that AT&T be given some flexibility in raising or reducing intraLATA toll rates, that OCC's previously operating under interim certificates (MCI, Sprint, Western Union) be granted permanent certificates, and that the prohibition on intraLATA competition continue. In order to compensate the toll revenue "pool" shared by all local exchange companies for the loss of intraLATA traffic carried by a reseller contrary to Commission policy, the Commission found that revenues derived from such service with an offset for reasonable expenses shall be submitted to the "pool".

The Commission in January, 1985, approved a rate restructure plan submitted by AT&T for its interLATA services. In general, the restructure passed-through access charges to foreign exchange customers, implemented a directory assistance charging plan, increased some operator service charges, and reduced long distance rates.

The Commission also acted on a variety of tariff filings that have significant impact as an expression of Commission policy. In January, 1985, the Commission approved an experimental local measured service option for United Telephone Company, with the objective of gathering different data from different locations than the existing SWB measured service experiment. In January, 1985, the Commission approved, after a hearing, an optional long distance plan called Reach Out Kansas filed by AT&T. In May, 1985, the Commission approved tariffs filed by SWB to permit pricing flexibility for "Centrex" service, renamed as ESSX-400 and ESSX-Custom. Also in May, 1985, the Commission approved tariffs filed by SWB to offer new long distance services called Kansas Inward Toll Service and Kansas Outward Toll Service (KITS/KOTS).



RAILROAD COMPANIES

ATCHISON, TOPEKA AND SANTA FE RAILWAY COMPANY

UNION PACIFIC RAILROAD COMPANY

SERVICE CHANGES - RAILROADS--1985

DISCONTINUANCE OF THE SERVICES OF A RAILWAY AGENT OR THE CLOSING OF A RAILROAD STATION PURSUANT TO K.S.A. 66-112 BY A RAILROAD WITH INTRASTATE REVENUES IN EXCESS OF TEN MILLION DOLLARS.

Docket No.	Company	Application Filed	Decision	Date	Explanation
137,173-R	Union Pacific	11- 5-1984	Grant	1-24-85	Union Pacific stations at Kanopolis, Ellsworth, Wilson, Russell, Gorham, Hays, Ellis, Black Wolf, Dorrance, Bunker Hill, Balta, Walker, Victoria, Toulon, Yocemento and Riga will be served by the Salina regional agency on a request of patron basis.
141,611-R	Union Pacific	6- 5-1985	Grant	7-25-85	Union Pacific stations at St. Marys, Kiro, Silver Lake, Rossville, Belvue and Wamego will be served by the Topeka agency on a request of patron basis.
145,720-R	Santa Fe	3-28-1985	Grant	9- 6-85	Santa Fe station at Winfield will be served by the regional freight office at Arkansas City.
137,173-R	Union Pacific	6-18-1985	Grant	10-3-85	Union Pacific stations at Abilene, Stoney, Chapman, Detroit, Plainville, Codell, Natoma, Paradise, Waldo, Luray and Lucas will be served by the Salina Regional agency on a request of patron basis.