

Approved March 31, 1988
Date

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES

The meeting was called to order by Representative Dennis Spaniol at
Chairperson

3:30 ~~xxx~~/p.m. on March 22, 1988 in room 526-S of the Capitol.

All members were present except:

Representative Sifers (excused)

Committee staff present:

Raney Gilliland, Legislative Research
Laura Howard, Legislative Research
Arden Ensley, Revisor
Betty Ellison, Committee Secretary

Conferees appearing before the committee:

Representative Jack Lacey
David Malone, Bond Underwriter, Mid-Continent Investments, Inc.
Patricia Casey, Senior Counsel, Department of Health and Environment
Dennis Murphey, Bureau Manager, Bureau of Waste Management
Department of Health and Environment
Stanley C. Grant, Secretary, Department of Health and Environment
William Bryson, Intergovernmental Coordinator,
Kansas Corporation Commission

The meeting was called to order by Chairman Dennis Spaniol.

House Bill 3077--Public wholesale water supply district authorized to issue refunding general obligation bonds.

Representative Lacey testified as a proponent. He said the bill had been requested by the Public Wholesale Water Supply District No. 4 of Cherryvale, Kansas. He commented that passage of this bill would allow them to pay off their bonds and refinance, saving between \$2.6 million and \$4.7 million, depending on the terms of the new bonds. (Attachment 1) Discussion followed.

David Malone of Mid-Continent Investments in Wichita spoke in favor of the bill. He told the committee that he was one of the two underwriters working with this water supply district in the attempt to refinance their outstanding Farmers Home Administration bonds. Mr. Malone explained that the Big Hill Public Wholesale Water Supply District No. 4 was a consolidation of thirteen governmental entities-- five cities and eight rural water districts. Those entities formed together to create a quality water supply, which presently takes water from the Big Hill Reservoir just east of Cherryvale as their source of water. Mr. Malone provided the committee with reports of savings on the bonds. (Attachment 2) He noted that the thirteen board members had spoken in favor of this proposal. Further discussion followed.

Senate Bill 639--Public water systems; use of lead in construction therof.

Representative Freeman moved, seconded by Representative Acheson, to pass Senate Bill 639 favorably and request that it be placed on the consent calendar. The motion passed.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES

room 526-S, Statehouse, at 3:30 ~~xxx~~/p.m. on March 22, 19 88

Senate Bill 455--Environmental contamination response act; Re Proposal No. 12.

Copies of a letter from the Kansas Corporation Commission, along with signed copies of the Memorandum of Understanding which had previously been distributed, were provided to the committee. (Attachments 3 and 4)

The meeting was opened for discussion and questions of the Department of Health and Environment staff. Copies of the Department's response to the prior requests of Representative Patrick and other committee members were distributed. (Attachment 5) Representative Patrick noted that he had requested a legal brief or memorandum addressing specific questions and this response did not satisfactorily meet his request. The Chairman said that he had indicated to Secretary Grant that the response was not as comprehensive as was anticipated when the request was made. The Secretary had noted that Pat Casey, Senior Counsel for the Department, was present at the meeting and would be available to answer any specific questions, as well as providing a follow-up in writing.

Pat Casey responded to the concerns expressed, explaining that it was thought they were asked what legal authority or powers they were given. The Department felt the bill provided definitions they had not had before. She had highlighted in the the response the authorities that the Secretary would have under Senate Bill 455 that he does not currently have. She went through the response section by section, explaining the rationale for the amendments, except for the amendments which had been made by the Senate.

The Chairman noted that it was his intent that all questions of committee members be answered before action would be taken on Senate Bill 455. He wanted to be fair both to committee members and the Department and asked committee members for any specific requests they had for clarification by the Department.

Representative Grotewiel commented that he would like clarification of the terms "strict," "comparative negligence," etc. He wondered what kind of liability would be imposed in the case of "should" or "should have known" and what "strict liability" would mean if someone were considered "partly responsible" for something. He wanted to talk about the different kinds of liability and how they would specifically affect the cases mentioned earlier by other committee members. Ms. Casey said they would try to develop something to explain the concept to the committee members.

Chairman Spaniol said that since the committee was dealing with the fear of the unknown in Senate Bill 455, the case examples that the Department had alluded to relative to actions that had occurred in the past and how this bill would respond to them would be helpful to the committee. Representative Patrick asked if this information could be provided in writing. Secretary Grant offered to meet directly with Representative Patrick in order to give him a clear understanding of the questions he had.

Dennis Murphy spoke for the Department of Health and Environment, giving the committee examples of actual cases with which they had been involved in the state. He explained how the various standards of who would be a "responsible person" would apply in those cases. He gave an example of sites where there would not be a "responsible person." In that case, it would be the responsibility of the taxpayers through state or federal superfunds to clean up the sites, or these would be examples of sites where nothing would be done because

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES,
room 526-S, Statehouse, at 3:30 ~~xxx~~/p.m. on March 22, 19 88

it would not be a legal responsibility on persons whose actions were involved in a way described by this. He listed criteria which would make a person responsible under this act and gave examples.

During lengthy discussion, Chairman Spaniol asked how this bill would compare with the laws of states surrounding Kansas. Mr. Murphey said that all of the provisions of this bill were taken from other state laws or from the federal superfund. He was not familiar with the laws of the states surrounding Kansas, noting that the state laws used as models for this legislation were primarily those of Wisconsin and Massachusetts. The Chairman requested Mr. Murphey to provide the committee with a written analysis of how this bill compares to all of the federal statutes in the superfund.

Following further discussion, Representative Freeman asked Secretary Grant if he would have any problem with incorporating the Memorandum of Understanding into the statutes. The Secretary replied that he would not. Referring to the rules and regulations governing cleanup of oil and gas related activities currently on page 4 of the agreement, Representative Freeman asked if the Department was able to carry on such cleanup in most cases without this bill. Dr. Grant said they could do that in some cases, but not in most cases. He explained that two distinct issues were involved--whether an active oil and gas operation or an old abandoned site was involved. If it was an old abandoned site and someone could be found to consent to the cleanup, the Department could act, but accessibility to these places was still a legal problem. In some cases it was very difficult and time consuming to develop a normal course of action to get on the property. Representative Freeman requested Secretary Grant to provide the committee with the authority the Department already has under the various federal statutes such as the Clean Air Act and the Drinking Water Act in establishing standards for the state. Dr. Grant agreed to provide those citations.

Representative Barr requested the Secretary to give the committee an estimate of the amount of money the state should have in its superfund for cleanup if Senate Bill 455 and no legislation like it should ever be passed. Dr. Grant said it would be considerable because there are a number of sites under the acts that now exist that the Department would and is moving to clean up. He said it would be difficult to come up with a figure immediately, but considering that one site such as Furley could cost \$20 million, and there are a lot of old refineries, chemical facilities, paint plants and smelters around the state, he guessed it could amount to \$1 billion or more.

Representative Patrick requested Secretary Grant to provide a legal memorandum detailing what federal acts now give the Department authority to do certain things. He also wanted to see legal memorandums the Department has written to waive the codes of confidence if they are not privileged. The Secretary agreed to provide that information.

Representative Shore asked a question regarding problems relative to the Clawson well of Haskell County which had not been settled in five years. Mr. Bryson of the Kansas Corporation Commission gave the history of this problem where polluted water had migrated from the owner's property to adjoining property and entered the groundwater, and the problems involved in dealing with it. He said that Senate Bill 455 would allow the Department to go on the property for clean-up purposes for the good of the public, even though the landowner would not allow them on it.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES,
room 526-S, Statehouse, at 3:30 ~~xxx~~/p.m. on March 22, 19 88

Representative Patrick said that he had a copy of KSA 65171D and would like the Department to explain in writing why they did not have legal authority to go on the ground under that statute. He wondered if any legal action had been commenced by the Department in that case. He felt that if the Department did not have the authority under that statute, Senate Bill 455 would not give it either. Pat Casey explained that the access was part of House Bill 3078. It was inserted in 1953 and it was in the amended version that was adopted in 1986. She told the committee what the Department had tried to do and why they had been unsuccessful.

The minutes of March 15, 16 and 17 were distributed.

Chairman Spaniol announced that final action would be taken on House Bill 3077 on March 23.

The meeting was adjourned at 5:10 p.m.

The next meeting of the House Energy and Natural Resources Committee will be held at 3:30 p.m. on March 23, 1988 in Room 526-S.

Date: March 22, 1988

GUEST REGISTER

HOUSE

COMMITTEE ON ENERGY AND NATURAL RESOURCES

NAME	ORGANIZATION	ADDRESS	PHONE
Robert Anderson	Mid Cont Oil & Gas	Ottawa	354-0589
Walter Dine	EKOGA	Topeka	272-5679
Robin Bruenger	EKOGA	Independence	331-7187
Lou CASTELLUCCI	EKOGA	CAHONVILLE	431-4243
Karl Mueddner	KDHE	Topeka	296-5598
Ron Hammerschmitt	KDHE	Topeka	296-1662
Jim Power	"	Topeka	296-1535
Bill Brady	leg	Topeka	
Comm M. Guinness	KFC	Topeka	272-8740
JEFF RUSSELL	UNITED TEL of KS	TOPEKA	252-3828
Gene McConnell	Ks. Corporation Comm.	Topeka	2347
Shari M. Jett	KCC	Wichita	316 263-3238
John Strickler	Governor's Office	Topeka	2584
Mary Ann Bradford	League of Women Voters	Topeka	354-1646
Bill Bryson	KCC	Topeka	296-5113
James Power	KDHE	"	296-1535
Dennis Murphey	KDHE	"	296-1592
Stanley C. Grant	KDHE	"	296-1522
Leland E. Rolf	DWR-KSBA	"	296-3717
Dave Corliss	Leg of Muni	"	354-9565
TREVA POTTER	PEOPLES NAT. GAS	"	235-5996
Chuck Stokes	KS Bankers Assn.	"	232-3444

STATE OF KANSAS



TOPEKA

HOUSE OF
REPRESENTATIVES

March 22, 1988

JACK LACEY
REPRESENTATIVE, SECOND DISTRICT
CHEROKEE, LABETTE, AND
MONTGOMERY COUNTIES
P.O. BOX 6
OSWEGO, KANSAS 67356

COMMITTEE ASSIGNMENTS
MEMBER: AGRICULTURE AND SMALL BUSINESS
ENERGY AND NATURAL RESOURCES
TRANSPORTATION

Testimony presented to House Energy & Natural Resources Committee
on House Bill 3077.

Requested by Public Wholesale Water Supply District #4, Cherryvale,
Kansas.

Will allow the Water District to refinance at a savings of
between \$2.6 million and \$4.7 million depending on the terms of
the issue.

Will not cause an increase in water rates to the users.

Will give the Water District the same financing authority as
used by the cities and general obligation authority.

There are others here to testify more knowledgeable than myself
in the details of the proposal.

I will stand for questions.

REFINANCING PROPOSAL
TO
BIG HILL PUBLIC WHOLESALE WATER
SUPPLY DISTRICT NO. 4,
LABETTE COUNTY, KANSAS

MID-CONTINENT INVESTMENTS, INC.

COLUMBIAN SECURITIES CORP.

January 26, 1988

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 WATER REVENUE BONDS, SERIES 1985
 DEBT SERVICE SCHEDULE

DATED DATE: 08/01/87
 DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	INTEREST	TOTAL	FISCAL TOTAL
08/01/88			292,918.00	292,918.00	292,918.00
08/01/89	5,000.00	8.625	292,918.00	297,918.00	297,918.00
08/01/90	10,000.00	8.625	292,486.75	302,486.75	302,486.75
08/01/91	10,000.00	8.625	291,624.25	301,624.25	301,624.25
08/01/92	10,000.00	8.625	290,761.75	300,761.75	300,761.75
08/01/93	10,000.00	8.625	289,899.25	299,899.25	299,899.25
08/01/94	10,000.00	8.625	289,036.75	299,036.75	299,036.75
08/01/95	15,000.00	8.625	288,174.25	303,174.25	303,174.25
08/01/96	15,000.00	8.625	286,880.50	301,880.50	301,880.50
08/01/97	15,000.00	8.625	285,586.75	300,586.75	300,586.75
08/01/98	20,000.00	8.625	284,293.00	304,293.00	304,293.00
08/01/99	20,000.00	8.625	282,568.00	302,568.00	302,568.00
08/01/00	25,000.00	8.625	280,843.00	305,843.00	305,843.00
08/01/01	25,000.00	8.625	278,686.75	303,686.75	303,686.75
08/01/02	30,000.00	8.625	276,530.50	306,530.50	306,530.50
08/01/03	35,000.00	8.625	273,943.00	308,943.00	308,943.00
08/01/04	35,000.00	8.625	270,924.25	305,924.25	305,924.25
08/01/05	40,000.00	8.625	267,905.50	307,905.50	307,905.50
08/01/06	45,000.00	8.625	264,455.50	309,455.50	309,455.50
08/01/07	50,000.00	8.625	260,574.25	310,574.25	310,574.25
08/01/08	55,000.00	8.625	256,261.75	311,261.75	311,261.75
08/01/09	65,000.00	8.625	251,518.00	316,518.00	316,518.00
08/01/10	70,000.00	8.625	245,911.75	315,911.75	315,911.75
08/01/11	80,000.00	8.625	239,874.25	319,874.25	319,874.25
08/01/12	90,000.00	8.625	232,974.25	322,974.25	322,974.25
08/01/13	100,000.00	8.625	225,211.75	325,211.75	325,211.75
08/01/14	110,000.00	8.625	216,586.75	326,586.75	326,586.75
08/01/15	125,000.00	8.625	207,099.25	332,099.25	332,099.25
08/01/16	135,000.00	8.625	196,318.00	331,318.00	331,318.00
08/01/17	155,000.00	8.625	184,674.25	339,674.25	339,674.25
08/01/18	170,000.00	8.625	171,305.50	341,305.50	341,305.50
08/01/19	190,000.00	8.625	156,643.00	346,643.00	346,643.00
08/01/20	215,000.00	8.625	140,255.50	355,255.50	355,255.50
08/01/21	240,000.00	8.625	121,711.75	361,711.75	361,711.75
08/01/22	265,000.00	8.625	101,011.75	366,011.75	366,011.75
08/01/23	295,000.00	8.625	78,155.50	373,155.50	373,155.50
08/01/24	330,000.00	8.625	52,711.75	382,711.75	382,711.75
08/01/25	281,150.68	8.625	24,249.25	305,399.93	305,399.93
TOTAL	3,396,150.68		8,743,484.00	12,139,634.68	

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88
 DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	PROPOSED DEBT SERVICE INTEREST	FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
08/01/88	10,000.00	5.500	85,802.50	95,802.50	292,918.00	197,115.50
02/01/89			128,428.75			
08/01/89	65,000.00	5.750	128,428.75	321,857.50	297,918.00 (	23,939.50)
02/01/90			126,560.00			
08/01/90	75,000.00	6.000	126,560.00	328,120.00	302,486.75 (	25,633.25)
02/01/91			124,310.00			
08/01/91	80,000.00	6.200	124,310.00	328,620.00	301,624.25 (	26,995.75)
02/01/92			121,830.00			
08/01/92	90,000.00	6.400	121,830.00	333,660.00	300,761.75 (	32,898.25)
02/01/93			118,950.00			
08/01/93	100,000.00	6.600	118,950.00	337,900.00	299,899.25 (	38,000.75)
02/01/94			115,650.00			
08/01/94	110,000.00	6.700	115,650.00	341,300.00	299,036.75 (	42,263.25)
02/01/95			111,965.00			
08/01/95	120,000.00	6.800	111,965.00	343,930.00	303,174.25 (	40,755.75)
02/01/96			107,885.00			
08/01/96	125,000.00	6.900	107,885.00	340,770.00	301,880.50 (	38,889.50)
02/01/97			103,572.50			
08/01/97	140,000.00	7.000	103,572.50	347,145.00	300,586.75 (	46,558.25)
02/01/98			98,672.50			
08/01/98	150,000.00	7.100	98,672.50	347,345.00	304,293.00 (	43,052.00)
02/01/99			93,347.50			
08/01/99	160,000.00	7.200	93,347.50	346,695.00	302,568.00 (	44,127.00)
02/01/00			87,587.50			
08/01/00	170,000.00	7.300	87,587.50	345,175.00	305,843.00 (	39,332.00)
02/01/01			81,382.50			
08/01/01	185,000.00	7.400	81,382.50	347,765.00	303,686.75 (	44,078.25)
02/01/02			74,537.50			
08/01/02	220,000.00	7.500	74,537.50	369,075.00	306,530.50 (	62,544.50)
02/01/03			66,287.50			
08/01/03	235,000.00	7.600	66,287.50	367,575.00	308,943.00 (	58,632.00)
02/01/04			57,357.50			
08/01/04	250,000.00	7.700	57,357.50	364,715.00	305,924.25 (	58,790.75)
02/01/05			47,732.50			
08/01/05	270,000.00	7.750	47,732.50	365,465.00	307,905.50 (	57,559.50)
02/01/06			37,270.00			
08/01/06	285,000.00	7.800	37,270.00	359,540.00	309,455.50 (	50,084.50)
02/01/07			26,155.00			
08/01/07	320,000.00	7.900	26,155.00	372,310.00	310,574.25 (	61,735.75)
02/01/08			13,515.00			
08/01/08	340,000.00	7.950	13,515.00	367,030.00	311,261.75 (	55,768.25)
08/01/09					316,518.00	316,518.00
08/01/10					315,911.75	315,911.75
08/01/11					319,874.25	319,874.25

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88
 DELIVERY DATE: 04/05/88

DATE	PROPOSED DEBT SERVICE			FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
	PRINCIPAL	RATE	INTEREST			
08/01/12					322,974.25	322,974.25
08/01/13					325,211.75	325,211.75
08/01/14					326,586.75	326,586.75
08/01/15					332,099.25	332,099.25
08/01/16					331,318.00	331,318.00
08/01/17					339,674.25	339,674.25
08/01/18					341,305.50	341,305.50
08/01/19					346,643.00	346,643.00
08/01/20					355,255.50	355,255.50
08/01/21					361,711.75	361,711.75
08/01/22					366,011.75	366,011.75
08/01/23					373,155.50	373,155.50
08/01/24					382,711.75	382,711.75
08/01/25					305,399.93	305,399.93

TOTAL	3,500,000.00		3,571,795.00	7,071,795.00	12,139,634.68	5,067,839.68
ACCRUED			2,860.08	2,860.08		2,860.08

NET COST	3,500,000.00		3,568,934.92	7,068,934.92	12,139,634.68	5,070,699.76

CASH FROM ISSUER						(283,933.99)

NET SAVINGS (COST)						4,786,765.77

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000%

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/88	197,115.50	.9811312799	193,396.18
02/01/89 (	128,428.75)	.9525546406 (	122,335.40)
08/01/89	104,489.25	.9248103307	96,632.74
02/01/90 (	126,560.00)	.8978741075 (	113,634.95)
08/01/90	100,926.75	.8717224345	87,980.11
02/01/91 (	124,310.00)	.8463324606 (	105,207.59)
08/01/91	97,314.25	.8216820006	79,961.37
02/01/92 (	121,830.00)	.7977495152 (	97,189.82)
08/01/92	88,931.75	.7745140924	68,878.89
02/01/93 (	118,950.00)	.7519554295 (	89,445.10)
08/01/93	80,949.25	.7300538151	59,097.31
02/01/94 (	115,650.00)	.7087901117 (	81,971.58)
08/01/94	73,386.75	.6881457395	50,500.78
02/01/95 (	111,965.00)	.6681026597 (	74,804.11)
08/01/95	71,209.25	.6486433590	46,189.41
02/01/96 (	107,885.00)	.6297508339 (	67,940.67)
08/01/96	68,995.50	.6114085766	42,184.44
02/01/97 (	103,572.50)	.5936005598 (	61,480.69)
08/01/97	57,014.25	.5763112231	32,857.95
02/01/98 (	98,672.50)	.5595254594 (	55,209.78)
08/01/98	55,620.50	.5432286013	30,214.65
02/01/99 (	93,347.50)	.5274064091 (	49,232.07)
08/01/99	49,220.50	.5120450573	25,203.11
02/01/00 (	87,587.50)	.4971311236 (	43,542.47)
08/01/00	48,255.50	.4826515763	23,290.59
02/01/01 (	81,382.50)	.4685937634 (	38,135.33)
08/01/01	37,304.25	.4549454014	16,971.40
02/01/02 (	74,537.50)	.4416945645 (	32,922.81)
08/01/02	11,993.00	.4288296742	5,142.95
02/01/03 (	66,287.50)	.4163394895 (	27,598.10)
08/01/03	7,655.50	.4042130966	3,094.45
02/01/04 (	57,357.50)	.3924398997 (	22,509.37)
08/01/04 (	1,433.25)	.3810096113 (	546.08)
02/01/05 (	47,732.50)	.3699122440 (	17,656.84)
08/01/05 (	9,827.00)	.3591381010 (	3,529.25)
02/01/06 (	37,270.00)	.3486777679 (	12,995.22)
08/01/06 (	12,814.50)	.3385221048 (	4,337.99)
02/01/07 (	26,155.00)	.3286622377 (	8,596.16)
08/01/07 (	35,580.75)	.3190895511 (	11,353.45)
02/01/08 (	13,515.00)	.3097956807 (	4,186.89)
08/01/08 (	42,253.25)	.3007225055 (	12,708.62)
08/01/09	316,518.00	.2835069333	89,735.05
08/01/10	315,911.75	.2672324755	84,421.88
08/01/11	319,874.25	.2518922382	80,573.84

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000%

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/12	322,974.25	.2374325933	76,684.61
08/01/13	325,211.75	.2238029911	72,783.36
08/01/14	326,586.75	.2109557839	68,895.36
08/01/15	332,099.25	.1988460589	66,056.63
08/01/16	331,318.00	.1874314817	62,099.42
08/01/17	339,674.25	.1766721479	60,010.98
08/01/18	341,305.50	.1665304438	56,837.76
08/01/19	346,643.00	.1569709151	54,412.87
08/01/20	355,255.50	.1479601424	52,563.65
08/01/21	361,711.75	.1394666250	50,446.72
08/01/22	366,011.75	.1314606702	48,116.15
08/01/23	373,155.50	.1239142899	46,239.30
08/01/24	382,711.75	.1168011027	44,701.15
08/01/25	305,399.93	.1100962416	33,623.38
TOTAL	5,067,839.68		750,708.12
ACCRUED	2,860.08		2,860.08
CASH (	283,933.99)		(283,933.99)
NET TOTAL	4,786,765.77		469,634.21

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88

DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	INTEREST	FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
08/01/88	10,000.00	5.500	88,722.50	98,722.50	292,918.00	194,195.50
02/01/89			132,808.75			
08/01/89	40,000.00	5.750	132,808.75	305,617.50	297,918.00 (	7,699.50)
02/01/90			131,658.75			
08/01/90	45,000.00	6.000	131,658.75	308,317.50	302,486.75 (	5,830.75)
02/01/91			130,308.75			
08/01/91	50,000.00	6.200	130,308.75	310,617.50	301,624.25 (	8,993.25)
02/01/92			128,758.75			
08/01/92	55,000.00	6.400	128,758.75	312,517.50	300,761.75 (	11,755.75)
02/01/93			126,998.75			
08/01/93	60,000.00	6.600	126,998.75	313,997.50	299,899.25 (	14,098.25)
02/01/94			125,018.75			
08/01/94	65,000.00	6.700	125,018.75	315,037.50	299,036.75 (	16,000.75)
02/01/95			122,841.25			
08/01/95	75,000.00	6.800	122,841.25	320,682.50	303,174.25 (	17,508.25)
02/01/96			120,291.25			
08/01/96	75,000.00	6.900	120,291.25	315,582.50	301,880.50 (	13,702.00)
02/01/97			117,703.75			
08/01/97	80,000.00	7.000	117,703.75	315,407.50	300,586.75 (	14,820.75)
02/01/98			114,903.75			
08/01/98	90,000.00	7.100	114,903.75	319,807.50	304,293.00 (	15,514.50)
02/01/99			111,708.75			
08/01/99	100,000.00	7.200	111,708.75	323,417.50	302,568.00 (	20,849.50)
02/01/00			108,108.75			
08/01/00	110,000.00	7.300	108,108.75	326,217.50	305,843.00 (	20,374.50)
02/01/01			104,093.75			
08/01/01	115,000.00	7.400	104,093.75	323,187.50	303,686.75 (	19,500.75)
02/01/02			99,838.75			
08/01/02	130,000.00	7.500	99,838.75	329,677.50	306,530.50 (	23,147.00)
02/01/03			94,963.75			
08/01/03	140,000.00	7.600	94,963.75	329,927.50	308,943.00 (	20,984.50)
02/01/04			89,643.75			
08/01/04	150,000.00	7.700	89,643.75	329,287.50	305,924.25 (	23,363.25)
02/01/05			83,868.75			
08/01/05	165,000.00	7.750	83,868.75	332,737.50	307,905.50 (	24,832.00)
02/01/06			77,475.00			
08/01/06	175,000.00	7.800	77,475.00	329,950.00	309,455.50 (	20,494.50)
02/01/07			70,650.00			
08/01/07	195,000.00	7.900	70,650.00	336,300.00	310,574.25 (	25,725.75)
02/01/08			62,947.50			
08/01/08	210,000.00	7.950	62,947.50	335,895.00	311,261.75 (	24,633.25)
02/01/09			54,600.00			
08/01/09	230,000.00	8.000	54,600.00	339,200.00	316,518.00 (	22,682.00)
02/01/10			45,400.00			

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88

DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	INTEREST	FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
08/01/10	250,000.00	8.000	45,400.00	340,800.00	315,911.75 (	24,888.25)
02/01/11			35,400.00			
08/01/11	270,000.00	8.000	35,400.00	340,800.00	319,874.25 (	20,925.75)
02/01/12			24,600.00			
08/01/12	295,000.00	8.000	24,600.00	344,200.00	322,974.25 (	21,225.75)
02/01/13			12,800.00			
08/01/13	320,000.00	8.000	12,800.00	345,600.00	325,211.75 (	20,388.25)
08/01/14					326,586.75	326,586.75
08/01/15					332,099.25	332,099.25
08/01/16					331,318.00	331,318.00
08/01/17					339,674.25	339,674.25
08/01/18					341,305.50	341,305.50
08/01/19					346,643.00	346,643.00
08/01/20					355,255.50	355,255.50
08/01/21					361,711.75	361,711.75
08/01/22					366,011.75	366,011.75
08/01/23					373,155.50	373,155.50
08/01/24					382,711.75	382,711.75
08/01/25					305,399.93	305,399.93
TOTAL	3,500,000.00		4,743,505.00	8,243,505.00	12,139,634.68	3,896,129.68
ACCRUED			2,957.42	2,957.42		2,957.42
NET COST	3,500,000.00		4,740,547.58	8,240,547.58	12,139,634.68	3,899,087.10
CASH FROM ISSUER						(283,933.99)
NET SAVINGS (COST)						3,615,153.11

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/88	194,195.50	.9811312799	190,531.28
02/01/89 (	132,808.75)	.9525546406 (	126,507.59)
08/01/89	125,109.25	.9248163307	115,702.33
02/01/90 (	131,658.75)	.8978741075 (	118,212.98)
08/01/90	125,828.00	.8717224345	109,687.09
02/01/91 (	130,308.75)	.8463324606 (	110,284.53)
08/01/91	121,315.50	.8216820006	99,682.76
02/01/92 (	128,758.75)	.7977495152 (	102,717.23)
08/01/92	117,003.00	.7745140924	90,620.47
02/01/93 (	126,998.75)	.7519554295 (	95,497.40)
08/01/93	112,900.50	.7300538151	82,423.44
02/01/94 (	125,018.75)	.7087901117 (	88,612.05)
08/01/94	109,018.00	.6881457395	75,020.27
02/01/95 (	122,841.25)	.6681026597 (	82,070.57)
08/01/95	105,333.00	.6486433590	68,323.55
02/01/96 (	120,291.25)	.6297508339 (	75,753.52)
08/01/96	106,589.25	.6114085766	65,169.58
02/01/97 (	117,703.75)	.5936005598 (	69,869.01)
08/01/97	102,883.00	.5763112231	59,292.63
02/01/98 (	114,903.75)	.5595254594 (	64,291.57)
08/01/98	99,389.25	.5432286013	53,991.08
02/01/99 (	111,708.75)	.5274064091 (	58,915.91)
08/01/99	90,859.25	.5120450573	46,524.03
02/01/00 (	108,108.75)	.4971311236 (	53,744.22)
08/01/00	87,734.25	.4826515763	42,345.07
02/01/01 (	104,093.75)	.4685937634 (	48,777.68)
08/01/01	84,593.00	.4549454014	38,485.20
02/01/02 (	99,838.75)	.4416945645 (	44,098.23)
08/01/02	76,691.75	.4288296742	32,887.70
02/01/03 (	94,963.75)	.4163394895 (	39,537.16)
08/01/03	73,979.25	.4042130966	29,903.38
02/01/04 (	89,643.75)	.3924398997 (	35,179.78)
08/01/04	66,280.50	.3810096113	25,253.51
02/01/05 (	83,868.75)	.3699122440 (	31,024.08)
08/01/05	59,036.75	.3591381010	21,202.35
02/01/06 (	77,475.00)	.3486777679 (	27,013.81)
08/01/06	56,980.50	.3385221048	19,289.16
02/01/07 (	70,650.00)	.3286622377 (	23,219.99)
08/01/07	44,924.25	.3190895511	14,334.86
02/01/08 (	62,947.50)	.3097956807 (	19,500.86)
08/01/08	38,314.25	.3007725055	11,523.87
02/01/09 (	54,600.00)	.2920121413 (	15,943.86)
08/01/09	31,918.00	.2835069333	9,048.97
02/01/10 (	45,400.00)	.2752494498 (	12,496.33)

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000%

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/10	20,511.75	.2672324755	5,481.41
02/01/11 (	35,400.00)	.2594490054 (	9,184.49)
08/01/11	14,474.25	.2518922382	3,645.95
02/01/12 (	24,600.00)	.2445555711 (	6,016.07)
08/01/12	3,374.25	.2374325933	801.16
02/01/13 (	12,800.00)	.2305170809 (	2,950.62)
08/01/13 (	7,588.25)	.2238029911 (	1,698.27)
08/01/14	326,586.75	.2109557839	68,895.36
08/01/15	332,099.25	.1988460589	66,036.63
08/01/16	331,318.00	.1874314817	62,099.42
08/01/17	339,674.25	.1766721479	60,010.98
08/01/18	341,305.50	.1665304438	56,837.76
08/01/19	346,643.00	.1569709151	54,412.87
08/01/20	355,255.50	.1479601424	52,563.65
08/01/21	361,711.75	.1394666250	50,446.72
08/01/22	366,011.75	.1314606702	48,116.15
08/01/23	373,155.50	.1239142899	46,239.30
08/01/24	382,711.75	.1168011027	44,701.15
08/01/25	305,399.93	.1100962416	33,623.38

TOTAL	3,896,129.68		592,036.66
ACCRUED	2,957.42		2,957.42
CASH (283,933.99)	(283,933.99)

NET TOTAL	3,615,153.11		311,060.09
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PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88

DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	INTEREST	FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
08/01/88	5,000.00	5.500	90,036.67	95,036.67	292,918.00	197,881.33
02/01/89			134,917.50			
08/01/89	35,000.00	5.750	134,917.50	304,835.00	297,918.00 (	6,917.00)
02/01/90			133,911.25			
08/01/90	40,000.00	6.000	133,911.25	307,822.50	302,486.75 (	5,335.75)
02/01/91			132,711.25			
08/01/91	40,000.00	6.200	132,711.25	305,422.50	301,624.25 (	3,798.25)
02/01/92			131,471.25			
08/01/92	40,000.00	6.400	131,471.25	302,942.50	300,761.75 (	2,180.75)
02/01/93			130,191.25			
08/01/93	40,000.00	6.600	130,191.25	300,382.50	299,899.25 (	483.25)
02/01/94			128,871.25			
08/01/94	45,000.00	6.700	128,871.25	302,742.50	299,036.75 (	3,705.75)
02/01/95			127,363.75			
08/01/95	50,000.00	6.800	127,363.75	304,727.50	303,174.25 (	1,553.25)
02/01/96			125,663.75			
08/01/96	55,000.00	6.900	125,663.75	306,327.50	301,880.50 (	4,447.00)
02/01/97			123,766.25			
08/01/97	55,000.00	7.000	123,766.25	302,532.50	300,586.75 (	1,945.75)
02/01/98			121,841.25			
08/01/98	65,000.00	7.100	121,841.25	308,682.50	304,293.00 (	4,389.50)
02/01/99			119,533.75			
08/01/99	65,000.00	7.200	119,533.75	304,067.50	302,568.00 (	1,499.50)
02/01/00			117,193.75			
08/01/00	75,000.00	7.300	117,193.75	309,387.50	305,843.00 (	3,544.50)
02/01/01			114,456.25			
08/01/01	80,000.00	7.400	114,456.25	308,912.50	303,686.75 (	5,225.75)
02/01/02			111,496.25			
08/01/02	85,000.00	7.500	111,496.25	307,992.50	306,530.50 (	1,462.00)
02/01/03			108,308.75			
08/01/03	95,000.00	7.600	108,308.75	311,617.50	308,943.00 (	2,674.50)
02/01/04			104,698.75			
08/01/04	100,000.00	7.700	104,698.75	309,397.50	305,924.25 (	3,473.25)
02/01/05			100,848.75			
08/01/05	105,000.00	7.750	100,848.75	306,697.50	307,905.50	1,208.00
02/01/06			96,780.00			
08/01/06	120,000.00	7.800	96,780.00	313,560.00	309,455.50 (	4,104.50)
02/01/07			92,100.00			
08/01/07	130,000.00	7.900	92,100.00	314,200.00	310,574.25 (	3,625.75)
02/01/08			86,965.00			
08/01/08	140,000.00	7.950	86,965.00	313,930.00	311,261.75 (	2,668.25)
02/01/09			81,400.00			
08/01/09	155,000.00	8.000	81,400.00	317,800.00	316,518.00 (	1,282.00)
02/01/10			75,200.00			

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 SAVINGS REPORT

DATED DATE: 04/01/88
 DELIVERY DATE: 04/05/88

DATE	PRINCIPAL	RATE	PROPOSED DEBT SERVICE INTEREST	FISCAL TOTAL	PRIOR DEBT SERVICE	FISCAL SAVINGS
08/01/10	165,000.00	8.000	75,200.00	315,400.00	315,911.75	511.75
02/01/11			68,600.00			
08/01/11	185,000.00	8.000	68,600.00	322,200.00	319,874.25 (	2,325.75)
02/01/12			61,200.00			
08/01/12	200,000.00	8.000	61,200.00	322,400.00	322,974.25	574.25
02/01/13			53,200.00			
08/01/13	220,000.00	8.000	53,200.00	326,400.00	325,211.75 (	1,188.25)
02/01/14			44,400.00			
08/01/14	240,000.00	8.000	44,400.00	328,800.00	326,586.75 (	2,213.25)
02/01/15			34,800.00			
08/01/15	265,000.00	8.000	34,800.00	334,600.00	332,099.25 (	2,500.75)
02/01/16			24,200.00			
08/01/16	285,000.00	8.000	24,200.00	333,400.00	331,318.00 (	2,082.00)
02/01/17			12,800.00			
08/01/17	320,000.00	8.000	12,800.00	345,600.00	339,674.25 (	5,925.75)
02/01/18						
08/01/18					341,305.50	341,305.50
08/01/19					346,643.00	346,643.00
08/01/20					355,255.50	355,255.50
08/01/21					361,711.75	361,711.75
08/01/22					366,011.75	366,011.75
08/01/23					373,155.50	373,155.50
08/01/24					382,711.75	382,711.75
08/01/25					305,399.93	305,399.93
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TOTAL	3,500,000.00		5,687,816.67	9,187,816.67	12,139,634.68	2,951,818.01
ACCRUED			3,001.22	3,001.22		3,001.22
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NET COST	3,500,000.00		5,684,815.45	9,184,815.45	12,139,634.68	2,954,819.23
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CASH FROM ISSUER					(283,933.99)
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NET SAVINGS (COST)						2,670,885.24
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PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000%

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/88	197,881.33	.9811312799	194,147.56
02/01/89 (	134,917.50)	.9525546406 (	128,516.29)
08/01/89	128,000.50	.9248103307	118,376.18
02/01/90 (	133,911.25)	.8978741075 (	120,235.44)
08/01/90	128,575.50	.8717224345	112,082.15
02/01/91 (	132,711.25)	.8463324606 (	112,317.84)
08/01/91	128,913.00	.8216820006	105,925.49
02/01/92 (	131,471.25)	.7977495152 (	104,881.13)
08/01/92	129,290.50	.7745140924	100,137.31
02/01/93 (	130,191.25)	.7519554295 (	97,898.02)
08/01/93	129,708.00	.7300538151	94,693.82
02/01/94 (	128,871.25)	.7087901117 (	91,342.67)
08/01/94	125,165.50	.6881457395	86,132.11
02/01/95 (	127,363.75)	.6681026597 (	85,092.06)
08/01/95	125,810.50	.6486433590	81,606.15
02/01/96 (	125,663.75)	.6297508339 (	79,136.85)
08/01/96	121,216.75	.6114085766	74,112.96
02/01/97 (	123,766.25)	.5936005598 (	73,467.72)
08/01/97	121,820.50	.5763112231	70,206.52
02/01/98 (	121,841.25)	.5595254594 (	68,173.28)
08/01/98	117,451.75	.5432286013	63,803.15
02/01/99 (	119,533.75)	.5274064091 (	63,042.87)
08/01/99	118,034.25	.5120450573	60,438.85
02/01/00 (	117,193.75)	.4971311236 (	58,260.66)
08/01/00	113,649.25	.4826515763	54,852.99
02/01/01 (	114,456.25)	.4685937634 (	53,633.48)
08/01/01	109,230.50	.4549454014	49,693.91
02/01/02 (	111,496.25)	.4416945645 (	49,247.29)
08/01/02	110,034.25	.4288296742	47,185.95
02/01/03 (	108,308.75)	.4163394895 (	45,093.21)
08/01/03	105,634.25	.4042130966	42,698.75
02/01/04 (	104,698.75)	.3924398997 (	41,087.97)
08/01/04	101,225.50	.3810096113	38,567.89
02/01/05 (	100,848.75)	.3699122440 (	37,305.19)
08/01/05	102,056.75	.3591381010	36,652.47
02/01/06 (	96,780.00)	.3486777679 (	33,745.03)
08/01/06	92,675.50	.3385221048	31,372.71
02/01/07 (	92,100.00)	.3286622377 (	30,269.79)
08/01/07	88,474.25	.3190895511	28,231.21
02/01/08 (	86,965.00)	.3097956807 (	26,941.38)
08/01/08	84,296.75	.300725055	25,354.14
02/01/09 (	81,400.00)	.2920121413 (	23,769.79)
08/01/09	80,118.00	.2835069333	22,714.01
02/01/10 (	75,200.00)	.2752494498 (	20,698.76)

PUBLIC WHOLESALE WATER SUPPLY DISTRICT NO. 4 OF THE STATE OF KANSAS
 GENERAL OBLIGATION REFUNDING BONDS, SERIES A, 1988
 PRESENT VALUE SAVINGS REPORT

PRESENT VALUE DATE: 04/05/88

ACTUARIAL YIELD: 6.00000000%

DATE	SAVINGS AMOUNT	PV FACTOR	PV AMOUNT
08/01/10	75,711.75	.2672324755	20,232.64
02/01/11	68,600.00	.2594490054	17,798.20
08/01/11	66,274.25	.2518922382	16,693.97
02/01/12	61,200.00	.2445555711	14,966.80
08/01/12	61,774.25	.2374325933	14,667.22
02/01/13	53,200.00	.2305170809	12,263.51
08/01/13	52,011.75	.2238029911	11,640.39
02/01/14	44,400.00	.2172844574	9,647.43
08/01/14	42,186.75	.2109557839	8,899.54
02/01/15	34,800.00	.2048114407	7,127.44
08/01/15	32,299.25	.1988460589	6,422.58
02/01/16	24,200.00	.1930544261	4,671.92
08/01/16	22,118.00	.1874314817	4,145.61
02/01/17	12,800.00	.1819723123	2,329.25
08/01/17	6,874.25	.1766721479	1,214.49
08/01/18	341,305.50	.1665304438	56,837.76
08/01/19	346,643.00	.1569709151	54,412.87
08/01/20	355,255.50	.1479601424	52,563.65
08/01/21	361,711.75	.1394666250	50,446.72
08/01/22	366,011.75	.1314606702	48,116.15
08/01/23	373,155.50	.1239142899	46,239.30
08/01/24	382,711.75	.1168011027	44,701.15
08/01/25	305,399.93	.1100962416	33,623.38
TOTAL	2,951,818.01		496,882.44
ACCRUED	3,001.22		3,001.22
CASH	(283,933.99)		(283,933.99)
NET TOTAL	2,670,885.24		215,949.67



Kansas Corporation Commission

MIKE HAYDEN
KEITH R. HENLEY
RICH KOWALEWSKI
MARGALEE WRIGHT
JUDITH McCONNELL
FRANK A. CARO, JR.

GOVERNOR
CHAIRMAN
COMMISSIONER
COMMISSIONER
EXECUTIVE DIRECTOR
GENERAL COUNSEL

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Ph. 913-296-3355
TOPEKA, KANSAS 66612-1571

MEMORANDUM

TO: Energy and Natural Resources Committee
FROM: Keith R. Henley, Chairman, KCC *Keith*
RE: S.B. 455
DATE: March 22, 1988

Attached is a signed copy of the Memorandum of Understanding between KCC and KDHE. In addition to this joint memorandum, I am including a few remarks about my view as how S.B. 455 affects H.B. 3078, which was enacted by the 1986 Legislature.

H.B. 3078 dissolved the joint KCC/KDHE regulatory program over oil and gas activities which had been created by S.B. 498 passed in 1982. Although H.B. 3078 gave the KCC exclusive jurisdiction over most oil and gas activities, the bill created an area of shared responsibility in prevention and cleanup of pollution from oil and gas activities. H.B. 3078 did not specifically address how cleanup activities were to be shared between KCC and KDHE. However, Section 38 required the two agencies to enter into a Memorandum of Understanding to carry out the provisions of H.B. 3078.

K.S.A. 65-171d, KDHE's authority for prevention of water pollution, was amended in Section 22 of H.B. 3078. The amendments

give the secretary of KDHE the discretion to make rules and regulations (1) for cleanup of pollution resulting from oil and gas activities regulated by the KCC and (2) for protection of Kansas soil and water from pollution resulting from oil and gas activities not regulated by the KCC or underground storage reservoirs of hydrocarbons, natural gas and liquid petroleum gas. K.S.A. 65-171d continues to allow the secretary to establish water quality standards.

H.B. 3078 transferred authority from the KDHE to the KCC in regulating surface ponds. K.S.A. 1987 Supp. 55-171. H.B. 3078 also transferred to the KCC the regulations which had been enforced by KDHE's Bureau of Oilfield and Environmental Geology. Thus, the KCC acquired jurisdiction over the regulation of spills resulting from oil and gas activities.

The Memorandum of Understanding which you received last week and which has now been signed by the Secretary and the Commission outlines the division and sharing of cleanup responsibility between the KCC and the KDHE. Essentially, the agreement gives the KCC exclusive authority to cleanup active oil and gas leases and gives the KDHE exclusive authority to cleanup abandoned oil and gas leases. The two agencies will share cleanup

responsibilities where pollution travels beyond the boundaries of an active lease. As expressed in the agreement, it is our intention to develop a procedural manual for both staffs to utilize in cleanup of pollution resulting from oil and gas activities.

S.B. 455 should complement both H.B. 3078 and the Memorandum of Agreement. Although S.B. 455 is much broader in scope -- addressing soil, air, surface and groundwater and directed at sources of pollution or contamination in addition to the oil and gas industry, it is not inconsistent with H.B. 3078.

H.B. 3078 allows the Secretary to make rules for cleanup of pollution from oil and gas activities regulated by the KCC and for water quality standards. S.B. 455 enables the secretary to fund such cleanup activity and to establish legal responsibility for cleanup. Section 9 of S.B. 455 at lines 533 - 536 seems to indicate that S.B. 455 does not supercede either H.B. 3078 or the Memorandum of Understanding which was promulgated pursuant to H.B. 3078. In other words, the KCC will continue to determine responsibility for cleanup of active oil and gas leases and share responsibility with KDHE when the pollution travels beyond the lease boundaries. Thus, it is my opinion that S.B. 455 does not displace the provisions of H.B. 3078.

MEMORANDUM OF UNDERSTANDING
BETWEEN THE
KANSAS DEPARTMENT OF HEALTH AND ENVIRONMENT
AND THE
KANSAS CORPORATION COMMISSION

LEGISLATIVE AUTHORITY

As a result of the enactment of House Bill 3078 by the 1986 Legislature, the former joint Kansas Corporation Commission/Kansas Department of Health and Environment regulatory program over oil and gas activities was dissolved. House Bill 3078 specifies that the Kansas Corporation Commission (KCC) has exclusive jurisdiction and authority to regulate oil and gas activities. Pursuant to K.S.A. 1987 Supp. 74-623(a), the KCC's jurisdiction includes:

- (1) all practices involved in the exploration for and gathering of oil and gas and the drilling, production, lease storage, treatment, abandonment, and post-abandonment of oil and gas wells, except refining, treating, or storing of oil and gas after transportation of the same; and
- (2) prevention and cleanup of pollution from oil and gas activities, which jurisdiction shall be exercised in cooperation with the department of health and environment.

K.S.A. 1987 Supp. 74-623(b) specifies that the Kansas Department of Health and Environment (KDHE) shall have:

"jurisdiction and authority relating to the cleanup of pollution from oil and gas activities, which jurisdiction shall be exercised in cooperation with the state corporation commission."

KDHE has authority to make rules and regulations necessary to clean up pollution resulting from oil and gas activities regulated by the KCC and to protect Kansas soil and water from pollution resulting from oil and gas activities not regulated by the KCC. K.S.A. 1987 Supp. 65-171d. The Kansas Legislature further granted to KDHE the right of ingress and egress upon lands to clean up pollution resulting from oil and gas activities. Id.

IMPLEMENTATION

Definitions

1. Abandoned lease means the land defined by legal description in an oil and gas lease agreement upon which oil and gas activities had previously been conducted. The oil and gas activities shall be considered terminated and the lease abandoned when all such activities have ceased for a period in excess of 90 days and no application to temporarily abandon has been filed with the KCC pursuant to K.A.R. 82-3-111.
2. Active lease means the land defined by legal description in an oil and gas lease agreement upon which are located oil and

gas wells and auxiliary oilfield equipment and upon which oil and gas activities are currently being conducted.

KCC Responsibility

The KCC shall be responsible for the prevention and cleanup of pollution resulting from oil and gas activities regulated by the KCC on active leases. This responsibility includes planning and supervision of the cleanup operation. Funding for such activities shall be provided by the lease operator.

KDHE Responsibility

The KDHE shall be responsible for the cleanup of pollution resulting from oil and gas activities regulated by the KCC on abandoned leases. This responsibility includes planning, supervision, and funding of the cleanup operation unless such cleanup involves the plugging of abandoned oil and gas wells. Such plugging shall be the responsibility of the KCC pursuant to K.S.A. 1987 Supp. 55-179.

The KDHE has exclusive authority to regulate the protection of Kansas soil and waters from pollution resulting from oil and gas activities not regulated by the KCC and from pollution from sources other than oil and gas activities.

Share Responsibility

In the spirit of cooperation, KDHE and KCC agree to share responsibility for the cleanup of pollution resulting from oil and gas activities regulated by the KCC in those situations where such

pollution travels beyond the boundaries of an active lease. This shared responsibility includes the planning and supervision of cleanup operations. A procedural manual for cleanup shall be developed by the Secretary of KDHE or a designee and the KCC's Conservation Division Director and will be used by both agencies in cleanup activities.

For purposes of this memorandum of understanding, the lead agency for cleanup where responsibility is shared, shall be the agency to which the legislature has made funds available for cleanup. In order to facilitate cooperation, KCC and KDHE shall identify and assign personnel to coordinate the joint responsibilities.

Administration

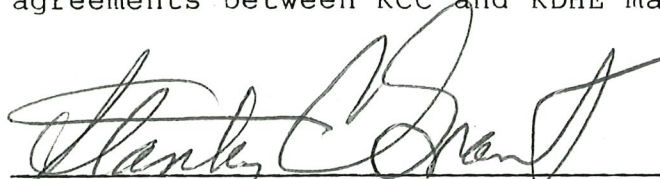
The KDHE shall adopt rules and regulations necessary to cleanup pollution resulting from oil and gas activities regulated by the KCC pursuant to its authority in K.S.A. 1987 Supp. 65-171d. Such rules and regulations shall also cover cleanup of pollution on abandoned leases and where KCC and KDHE share responsibility for cleanup. KDHE shall seek the advice and counsel of KCC in the preparation of these rules and regulations.

The KCC hereby agrees to provide the KDHE with its monthly plugging report and to apprise the KDHE of the start-up and completion of pollution cleanup on active leases. An annual report of such cleanup activity shall also be provided to the

KDHE. The KDHE hereby agrees to apprise the KCC of the start-up and completion of pollution cleanup on abandoned leases where the pollution has its source in oil and gas activities regulated by the KCC.

Term of the MOU

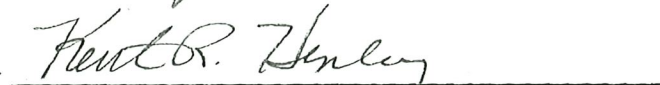
This agreement shall be effective upon signing and shall be in effect until June 30, 1989, unless expressly continued by written agreement between the Secretary of the Department and the Chairman of the Commission. The agreement supercedes any previous agreements between KCC and KDHE made pursuant to H.B. 3078.



Stanley C. Grant, Secretary
Kansas Department of Health
and Environment

03/21/88


Date



Keith R. Henley, Chairman
Kansas Corporation Commission

3-17-88

Date



Rich Kowalewski, Commissioner
Kansas Corporation Commission

3-21-88

Date



Margalee Wright, Commissioner
Kansas Corporation Commission

3-21-88

Date

RESPONSE TO HOUSE COMMITTEE

RE: SB 455

I. Legal authorities given KDHE they do not currently have.

(a) Sec. 1 - Provides definitions currently nonexistent in statute nor case law.

- 1) Cleanup standard
- 2) Contaminent
- 3) Contaminated site
- 4) Owner or operator - restricts definition to protect those entities who become owners of a contaminated site solely by operation of law.
- 5) Release
- 6) Remedial action
- 7) Responsible person

(b) Section 3.

- 1) Authority to restrict or deny entry to contaminate site during remedial action.
- 2) Authority to enter into contracts with 3rd partys to provide (1) necessary investigation, (2) long term operation or maintenance for state or federal remediation, including ground water cleanup.

(b) Section 4.

- 1) Establish prioritizing criteria for sequencing remedial action to be taken.
- 2) Right of entry for department or contractors thereof to take remedial action
Adversely affected person has due process rights if disagree.
- 3) Authority to go to court to enjoin
 - A) Interference with entry or investigation
 - B) Interference with information or document requests
- 4) Authority to enter into agreements with EPA to implement LUST program
- 5) Authority to negotiate settlements and to compromise liability or penalty amount

Sec. 5.

- 1) Establish environmental contamination response fund (hereinafter ecrf).
- 2) Authority to use e.c.r.f. for state match for LUST funds.
- 3) Authority to pay compensation under Sec. 4 (11. 0319-321)
- 4) Establish strict liability for response costs and natural resource damage
Sets out certain exceptions to strict liability

- 5) Establish right of contribution among responsible parties.
- 6) Establish concept of comparative negligence
- 7) Establish triple cost recovery for recalcitrant responsible parties.
- 8) Establish contractor liability based upon negligence standard.
- 9) Establish knowing violation of the Act, regulations or Order is Class E felony

II. A. Explain the meaning of what is contemplated by Lines 45-46

Proposed by Department (in response to Senate Committee request) to enable KDHE to use standards and Health Advisories set by Environmental Protection Agency, Center for Disease Control, Agency for Toxic Substances and Disease Registry of the U. S. Public Health Service, and National Academy of Science.

B. Explain the meaning and what is contemplated by Lines 80-89. Senate Amendment.

C. Explain with hypotheticals the definition of responsible person. (Lines 094-115)

- (1) Landlord/tenant hypothetical posed by Rep. Holmes: First go after person causing contamination, i.e., tenant. Only if landlord knew or should have known that the release, at the time it occurred,

would threaten the environment or public health would he be a responsible person and thereby liable.

- (2) Homeowner/chemical applicator hypothetical posed by Rep. Holmes.

First go after person causing contamination, i.e., chemical applicator. Only if homeowner knew or should have known that the release, at the time it occurred, would threaten the environment or public health would he be a responsible person and thereby liable.

- (3) Landowner/"midnight dumper" hypothetical posed by Rep. Patrick.

Landowner has affirmative defense of Sec 6(b)(lines 442-445) "unilateral act of a third person who is not in any way legally related to landowner

- (D) Explain lines 119-121

Need to be able to examine all available relevant records to determine p.r.p.'s. For example, requesting from a successor corporation its predecessor's records in order to review past and present chemical useage records. In some cases, this is the only way to determine the probable source of contaminants. This will allow the company to do an in-house environmental

audit to determine if chemical is leaking from facility.

- (E) Explain lines 249-253.

Person determined legally responsible for the contamination thereafter has the duty to clean it up and this language sets up the cleanup procedure which will be followed.

- (F) Explain "search and seizure" aspects of lines 285-318 and how it compares with current law regarding obtaining search warrant. See attached relevant SARA amendments.

- (G) Explain the liability standard of lines 431-469.

Strict liability is liability being established without negligence being shown on the liable persons part.

The modern history of this concept may be said to have originated with the doctrine of Ryland v. Fletcher, which is to the effect that a person who brings on his land anything which was not naturally there, and which is likely to do mischief if it escapes, must keep it in at his peril, and if he does not do so, is prima facie liable for all the damage which is the natural consequence of its escape. (74 AmJur 2d Sec. 14, p 632.)

Once the entity is determined to be a responsible party, that entity shall be responsible for response costs, natural resource damage.

- (H) Explain Lines 533-536. Senate Amendment

**THE COMPREHENSIVE ENVIRONMENTAL
RESPONSE, COMPENSATION, AND LIABIL-
ITY ACT OF 1980 (SUPERFUND) (P.L. 96-
510)**

AS AMENDED BY

**THE SUPERFUND AMENDMENTS AND REAU-
THORIZATION ACT OF 1986 (P.L. 99-499)**



DECEMBER 1986

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on Environment and Public Works

U.S. GOVERNMENT PRINTING OFFICE

WASHINGTON : 1987

65 705 O

duly designated officer, employee, or representative of a State, where appropriate, furnish information relating to such substances and permit such person at all reasonable times to have access to, and to copy all records relating to such substances. For the purposes specified in the preceding sentence, such officers, employees, or representatives are authorized—

[(A) to enter at reasonable times any establishment or other place where such hazardous substances are or have been generated, stored, treated, or disposed of, or transported from;

[(B) to inspect and obtain samples from any person of any such substance and samples of any containers or labeling for such substances. Each such inspection shall be commenced and completed with reasonable promptness. If the officer, employee, or representative obtains any samples, prior to leaving the premises, he shall give to the owner, operator, or person in charge a receipt describing the sample obtained and if requested a portion of each such sample equal in volume of weight to the portion retained. If any analysis is made of such samples, a copy of the results of such analysis shall be furnished promptly to the owner, operator, or person in charge.]

(e) INFORMATION GATHERING AND ACCESS.—

(1) ACTION AUTHORIZED.—Any officer, employee, or representative of the President, duly designated by the President, is authorized to take action under paragraph (2), (3), or (4) (or any combination thereof) at a vessel, facility, establishment, place, property, or location or, in the case of paragraph (3) or (4), at any vessel, facility, establishment, place, property, or location which is adjacent to the vessel, facility, establishment, place, property, or location referred to in such paragraph (3) or (4). Any duly designated officer, employee, or representative of a State or political subdivision under a contract or cooperative agreement under subsection (d)(1) is also authorized to take such action. The authority of paragraphs (3) and (4) may be exercised only if there is a reasonable basis to believe there may be a release or threat of release of a hazardous substance or pollutant or contaminant. The authority of this subsection may be exercised only for the purposes of determining the need for response, or choosing or taking any response action under this title, or otherwise enforcing the provisions of this title.

(2) ACCESS TO INFORMATION.—Any officer, employee, or representative described in paragraph (1) may require any person who has or may have information relevant to any of the following to furnish, upon reasonable notice, information or documents relating to such matter:

(A) The identification, nature, and quantity of materials which have been or are generated, treated, stored, or disposed of at a vessel or facility or transported to a vessel or facility.

(B) The nature or extent of a release or threatened release of a hazardous substance or pollutant or contaminant at or from a vessel or facility.

(C) Information relating to the ability of a person to pay for or to perform a cleanup.

In addition, upon reasonable notice, such person either (i) shall grant any such officer, employee, or representative access at all reasonable times to any vessel, facility, establishment, place, property, or location to inspect and copy all documents or records relating to such matters or (ii) shall copy and furnish to the officer, employee, or representative all such documents or records, at the option and expense of such person.

(3) **ENTRY.**—Any officer, employee, or representative described in paragraph (1) is authorized to enter at reasonable times any of the following:

(A) Any vessel, facility, establishment, or other place or property where any hazardous substance or pollutant or contaminant may be or has been generated, stored, treated, disposed of, or transported from.

(B) Any vessel, facility, establishment, or other place or property from which or to which a hazardous substance or pollutant or contaminant has been or may have been released.

(C) Any vessel, facility, establishment, or other place or property where such release is or may be threatened.

(D) Any vessel, facility, establishment, or other place or property where entry is needed to determine the need for response or the appropriate response or to effectuate a response action under this title.

(4) **INSPECTION AND SAMPLES.**—

(A) **AUTHORITY.**—Any officer, employee or representative described in paragraph (1) is authorized to inspect and obtain samples from any vessel, facility, establishment, or other place or property referred to in paragraph (3) or from any location of any suspected hazardous substance or pollutant or contaminant. Any such officer, employee, or representative is authorized to inspect and obtain samples of any containers or labeling for suspected hazardous substances or pollutants or contaminants. Each such inspection shall be completed with reasonable promptness.

(B) **SAMPLES.**—If the officer, employee, or representative obtains any samples, before leaving the premises he shall give to the owner, operator, tenant, or other person in charge of the place from which the samples were obtained a receipt describing the sample obtained and, if requested, a portion of each such sample. A copy of the results of any analysis made of such samples shall be furnished promptly to the owner, operator, tenant, or other person in charge, if such person can be located.

(5) **COMPLIANCE ORDERS.**—

(A) **ISSUANCE.**—If consent is not granted regarding any request made by an officer, employee, or representative under paragraph (2), (3), or (4), the President may issue an order directing compliance with the request. The order may be issued after such notice and opportunity for consultation as is reasonably appropriate under the circumstances.

(B) **COMPLIANCE.**—The President may ask the Attorney General to commence a civil action to compel compliance with a request or order referred to in subparagraph (A).

Where there is a reasonable basis to believe there may be a release or threat of a release of a hazardous substance or pollutant or contaminant, the court shall take the following actions:

(i) In the case of interference with entry or inspection, the court shall enjoin such interference or direct compliance with orders to prohibit interference with entry or inspection unless under the circumstances of the case the demand for entry or inspection is arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law.

(ii) In the case of information or document requests or orders, the court shall enjoin interference with such information or document requests or orders or direct compliance with the requests or orders to provide such information or documents unless under the circumstances of the case the demand for information or documents is arbitrary and capricious, an abuse of discretion, or otherwise not in accordance with law.

The court may assess a civil penalty not to exceed \$25,000 for each day of noncompliance against any person who unreasonably fails to comply with the provisions of paragraph (2), (3), or (4) or an order issued pursuant to subparagraph (A) of this paragraph.

(6) **OTHER AUTHORITY.**—Nothing in this subsection shall preclude the President from securing access or obtaining information in any other lawful manner.

[(2)(A)] (7) **CONFIDENTIALITY OF INFORMATION.**—(A) Any records, reports, or information obtained from any person under this section (including records, reports, or information obtained by representatives of the President) shall be available to the public, except that upon a showing satisfactory to the President (or the State, as the case may be) by any person that records, reports, or information, or particular part thereof (other than health or safety effects data), to which the President (or the State, as the case may be) or any officer, employee, or representative has access under this section if made public would divulge information entitled to protection under section 1905 of title 18 of the United States Code, such information or particular portion thereof shall be considered confidential in accordance with the purposes of that section, except that such record, report, document or information may be disclosed to other officers, employees, or authorized representatives of the United States concerned with carrying out this Act, or when relevant in any proceeding under this Act.

(B) Any person not subject to the provisions of section 1905 of title 18 of the United States Code who knowingly and willfully divulges or discloses any information entitled to protection under this subsection shall, upon conviction, be subject to a fine of not more than \$5,000 or to imprisonment not to exceed one year, or both.

(C) In submitting data under this Act, a person required to provide such data may (i) designate the data which such person believes is entitled to protection under this subsection and (ii)