

Approved

Date 3/31/92

MINUTES OF THE HOUSE COMMITTEE ON ENERGY & NATURAL RESOURCES

The meeting was called to order by Representative Ken Grotewiel at
Chairperson

3:40 ~~am~~ p.m. on March 23, 1992 in room 526-S of the Capitol.

All members were present except:

Representative Charlton, excused

Committee staff present:

Raney Gilliland, Principal Analyst, Legislative Research Department

Pat Mah, Legislative Research Department

Mary Torrence, Revisor of Statutes Office

Lenore Olson, Committee Secretary

Conferees appearing before the committee:

Karl Mueldener - Director, Bureau of Water, KDHE

Dennis Schwartz - Kansas Rural Water Association

Eileen Koutelas - Water District No. 1 of Johnson County

Dick Pelton - Kansas Section, American Water Works Association

Judith McConnell - Executive Director, Kansas Corporation Commission

The Chair opened the hearing on HB 3167.

HB 3167 - An act concerning the public water supply regulatory program of the department of health and environment; prescribing a system of fees therefor; amending KSA 1991 Supp. 65-163 and repealing the existing section.

Karl Mueldener, Bureau of Water, KDHE, testified in support of HB 3167, stating that the department requested this bill to fund an expansion of the State's public water supply program. He also said that they believe the State, and especially small systems, will both benefit from this fee-funded expansion. (Attachment 1) Mr. Mueldener responded to several questions from the Committee.

Dennis Schwartz, Kansas Rural Water Association, testified in support of HB 3167. He said that public water systems want the State of Kansas, through KDHE, to retain primacy for all the regulations mandated under the federal Safe Drinking Water Act. Mr. Schwartz requested several amendments as shown on (Attachment 2).

Eileen Koutelas, Water District No. 1 of Johnson County, testified in support of HB 3167, stating that the State should attempt to retain primacy for all the federal regulatory mandates; and that those who benefit from KDHE regulations should pay for those services. She also requested several changes to the bill as shown on (Attachment 3).

Dick Pelton, Kansas Section American Water Works Association, testified in support of HB 3167. He said it is important for the State to retain primacy so local conditions can be addressed. He also said that they support KDHE's need for additional funding to implement additional regulations. (Attachment 4)

Chairperson Grotewiel closed the hearing on HB 3167.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY & NATURAL RESOURCES,
room 526-S, Statehouse, at 3:40 ~~xxx~~ p.m. on March 23, 19⁹²

The Chair opened the hearing on HB 3180.

HB 3180 - An act relating to the state corporation commission; concerning the collection of certain assessments; amending KSA 1991 Supp. 66-1502 and 66-1503 and repealing the existing sections.

Judith McConnell, Executive Director, KCC, testified in support of HB 3180. She said that this bill allows for more accurate and equitable quarterly assessments to the public utility and common carrier, and it would have no fiscal impact to the normal operations of the Corporation Commission. (Attachment 5)

Chairperson Grotewiel closed the hearing on HB 3180.

The Chair announced that there would be discussion and possible action on previously heard bills.

A motion was made by Representative Shore, seconded by Representative Glasscock, to pass favorably HB 3180 and to put it on the Consent Calendar. The motion carried.

A motion was made by Representative Lawrence, seconded by Representative Hendrix, to pass favorably SB 558. The motion carried.

A motion was made by Representative Holmes, seconded by Representative Shore, to amend SB 593 as shown on (Attachment 6). No vote was taken on the motion and action was held until a later date.

A motion was made by Representative Holmes, seconded by Representative McClure, to adopt Sub. SB 594. (Attachment 7). The motion carried.

A motion was made by Representative Holmes, seconded by Representative Mollenkamp, to pass favorably Sub. SB 594. The motion carried.

A motion was made by Representative Holmes, seconded by Representative Shore, to amend SB 675 by striking on page 7 in line 1 the words "insofar as practicable" and in line 3 the words "whenever possible." The motion carried.

A motion was made by Representative Corbin, seconded by Representative Correll, to pass SB 675 favorably as amended. The motion carried.

The Committee reviewed the minutes of March 17, 18, and 19, 1992.

A motion was made by Representative Lloyd, seconded by Representative Rezac, to approve the March 17, 18, and 19, 1992, minutes. The motion carried.

The meeting adjourned at 4:40 p.m.

GUEST LIST

COMMITTEE: ENERGY & NATURAL RESOURCES

DATE: 3/23/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Eileen Koutelas	MISSION, KS.	W.D. #1 - Op. Co.
TREVA POTTER	TOPEKA	PEOPLES NAT. GAS
Byron W Johnson	MISSION Ks	W.D. #1 OJT Co
ELMER RONNEBAUM	SENECA, KS	KANSAS RURAL WATER ASSOC
Dennis Schwartz	Tecumseh Ks	Ks Rural Water Assoc
DAVID F. WALDO	TOPEKA	KDHE
R.E. "Dick" Polta	Topoka	Ks Section AWWA
CHARLES JONES	TOPEKA	KDHE
KARL MUELDENER	TOPEKA	KDHE
Ken Peterson	Topoka	KS Petroleum Council
Dan Haas	Overland Park	KCPK
George Barbee	Topoka	KS Cons Eng'g
Jim Ludwig	TOPEKA	KPL
BRUCE GRAHAM	Topoka	KEDCo
Curt Carpenter	Great Bend	West Plains
Rebecca Rier	Topoka	Peoples
John McConnell	Topoka	Ks. Corporation Comm
Melvin Anderson	Topoka	KCC
Tom Day	TOPEKA	KCC
Nannah Brazee	Lawrence	Topoka Metro News
Michelle Guster	Topoka	Ks Governmental Consult



Department of Health and Environment

Azzie Young, Ph.D., Secretary

Reply to:

Testimony presented to

House Energy and Natural Resources Committee

by

The Kansas Department of Health and Environment

House Bill 3167

The Department of Health and Environment requests this bill to fund an expansion of the State's public water supply program. This request is consistent with efforts of cabinet level agencies and appropriations committees to develop fees to support State programs.

Funds generated by these fees would reimburse the general fund for the cost of expanding the water supply program. Specifically, the fees would cover the salary and operating expenses for five FTEs in the Bureau of Water for a program to detect and regulate lead, copper, and pesticides in drinking water. The new personnel would provide technical training and assistance to water suppliers on the new federal rules, develop waiver criteria, grant waiver requests, develop monitoring schedules, evaluate compliance with the rules, and provide technical guidance to supplies in corrosion control, treatment technology, and solving supply problems.

The rural nature of our State is clearly reflected by the size of our public water systems. Of approximately 1,150 systems, 92% serve a population of less than 3,300; and 53% of the systems serve less than 500 people. Small systems are less able to keep up with growing managerial and regulatory demands. Small systems, usually cities and rural water districts, are often unaware of state and federal regulation impacting their operation. KDHE routinely assists local operators and managers on water supply issues. Systems will violate regs or standards simply due to not knowing better. Supplies struggle to properly disinfect in order to control viruses and bacteria, yet must minimize formation of carcinogenic by-products (THMs). Over the last five years, we have closed approximately 50 supply wells after detection of volatile organic chemicals (VOCs). Obviously, this causes concern since we all consume the product. Economic and management viability of water systems are issues now being examined. Water systems are largely responsible for advancing this country's public health. The rural flavor of our state, with over 90% of our water supplies serving less than 3,300 people, indicates help is needed by small utilities in meeting today's challenges.

House E+NR

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Attachment 1

We believe expansion of KDHE's public water supply program is desirable and necessary. Desirable since the expanded program would provide technical assistance to Kansas water supplies in meeting the public's expectations for assuring excellent quality drinking water. Necessary because it allows the State to continue primacy for the federal program. The proposed program allows Kansas to meet this growing challenge while providing technical assistance to water utilities. The technical assistance is in the advice and assistance KDHE could provide utilities, particularly those with contamination problems.

This program expansion is primarily aimed at monitoring and controlling pesticides, lead and copper. Health impacts of pesticides in our drinking water is an issue of long-term or chronic risk. The risk protection levels for drinking water contaminants are very stringent and sometimes controversial. Regardless of debate over long-term health impacts, we believe increased monitoring provides valuable base-line data for future generations and builds public confidence in the integrity of Kansas water utilities.

Lead in our tap water is a potentially more serious public health concern than organics, especially as lead mostly impacts infants and children. Food and tap water are the largest contributor of lead to the general public. Water suppliers tend to be frustrated with the issue of lead in tap water, as lead is usually introduced by home plumbing not necessarily under the immediate control of the utility. The lead sampling program will assist utilities in identifying and responding to health concerns with lead, as well as complying with the tough new federal requirements.

A major driving force is the Safe Drinking Water Act and subsequent regulations. Kansas, through KDHE primacy, has responsibility for implementation of the federal public water supply program. Regardless of the above-stated public health or technical assistance reasons, Kansas needs more resources to implement the new federal requirements. The federal program is here and will not go away. We believe there is support for continued State primacy. This fee-funded expansion allows for continued primacy, expansion of technical assistance programs, and assist Kansas suppliers in meeting tough new federal standards. We believe the State, and especially small systems, will both benefit. Establishment of a public water supply fee will generate the revenue necessary to pay for this expansion without placing an additional demand on the State General Fund.

A very significant and valuable service often taken for granted is the accessibility and high quality laboratory services provided utilities by KDHE. This proposal would be accompanied by expanded laboratory services to address more pesticides and lead and copper at greater sampling frequencies. Because safe drinking water is a major public health priority, KDHE provides quality state-of-the-art laboratory analysis for water supplies at the actual cost of service.

We anticipate developing a fee regulation based on recovering at least \$200,000 annually. We would propose an annual fee based on retail water

sales. A fee of 0.2 cents per 1,000 gallon would yield roughly \$200,000. We believe the fee per 1,000 gallon is fair as each customer would be equally charged based on use. Large systems with more customers would pay a larger fee, but the charge per customer is uniform statewide based on usage. Raising \$200,000 using the 0.2 cents/1,000 gallon fee would cost a typical house two cents per month (assumes three people per house and 100 gallon per person per day).

Testimony presented by: Karl W. Mueldener
Director, Bureau of Water
March 23, 1992

FISCAL IMPACT

WATER SUPPLY FEE

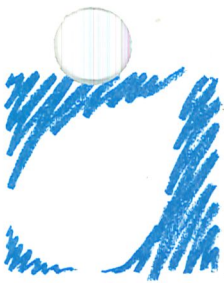
SAMPLE UTILITY		UTILITY PAYS ANNUALLY		
POPULATION	METERS	@ 10 CENTS/PERSON	@ 32 CENTS/METER	@ 0.2 CENTS/M WATER SALES
100	31	\$ 10	\$ 10	\$ 11
500	156	50	50	55
1,000	313	100	100	110
3,000	938	300	300	330
5,000	1,563	500	500	550
10,000	3,125	1,000	1,000	1,100
50,000	15,625	5,000	5,000	5,500
142,000	46,000	14,200	14,720	15,550 (20,317*)
289,000	96,000	28,900	30,720	31,646 (35,000*)

* Based on actual use not 150 gpcd.

Assumptions: Recover \$200,000, 2 million on systems, 3.2 people per meter or 675,000 meters statewide, 150 gpcd average
 JO Co. serves 289,000 people on 96,000 meters
 Topeka serves 142,000 people on 46,000 meters

Kansas Dept. of Health & Environment
 Karl W. Mueldener
 3/21/92

1-4



KANSAS
RURAL
WATER
association

Quality water, quality life

P.O. Box 226 • Seneca, KS 66538 • 913/336-3760 • FAX 913/336-2751

**TESTIMONY ON HOUSE BILL 3167
BEFORE THE HOUSE ENERGY & NATURAL RESOURCES COMMITTEE
March 23, 1992**

Mr. Chairman and Members of the Committee, thank you for the opportunity to present testimony on House Bill 3167.

My name is Dennis Schwartz; I am President of the Board of Directors of the Kansas Rural Water Association. The KRWA provides training and on-site technical assistance to cities and rural water districts, mobile home parks and other community water systems. I speak today on behalf of our active membership of 100 cities and more than 260 rural water districts. KRWA has provided assistance to 217 individual water districts and 245 individual cities in 1991. As a result of the Association's regular and on-going contact with municipal and rural water systems across the State, we are extremely familiar with the respective operations -- the people and often the politics -- of the majority of the water utilities. The position that the KRWA is taking on this bill today has been publicized to all cities and water districts in Kansas. My purpose in mentioning that is to emphasize the confidence I have in our position on this bill.

First and foremost, public water systems want the State of Kansas, through the Kansas Department of Health & Environment, to retain primacy for all the regulations mandated under the federal Safe Drinking Water Act. Public water systems understand that the 1974 Safe Drinking Water Act is in fact the law of the land; we support it as a guarantee that any person drinking water from any public system in America can be assured of consistent quality standards. Public water systems also generally recognize that the new regulations require additional resources. As members of the waterworks industry, we also try to be proactive in ensuring that regulations are reasonable.

House Bill 3167 would authorize a user fee from public water supplies to supplement funding of the State's drinking water primacy program. According to the National Rural Water Association, over 30 states have implemented various versions of similar fees to maintain primacy and to provide additional on-site technical assistance to public water systems.

The Kansas Rural Water Association supports the concepts of such a user fee in Kansas. We however, ask that this legislation be amended to provide the following:

- That this user fee be limited to no more than 1 cent per thousand gallons of water sold at retail;
- That such fees be remitted on a quarterly basis; water systems are accustomed to this payment procedure;
- That the full amount of any such fees should be deposited in a fund dedicated for the purposes of maintaining SDWA primacy and improved compliance;
- That no less than 10% of the fees collected be required to be used to provide expanded on-site technical assistance contracted through a qualified organization(s);
- That an advisory panel be established to recommend the amount of the fee and services to be provided by the fee; we suggest this panel include one representative each from the Kansas Section American WaterWorks Association, Kansas Rural Water Association, Kansas Water Pollution Control Association, the Kansas Department of Health & Environment and the Kansas Water Office.

The Kansas Rural Water Association supports this bill with these amendments.

Respectfully submitted,

Dennis F. Schwartz
President, Board of Directors, Kansas Rural Water Association

3/23/92
House E+NR
Attachment 2

WATER DISTRICT NO. 1 OF JOHNSON COUNTY



5930 Beverly — Mission, Kansas 66202
Mailing Address: P.O. Box 2921, Mission, Kansas 66201

Tel. (913) 722-3000
FAX (913) 262-0375

TESTIMONY PRESENTED TO HOUSE ENERGY AND NATURAL RESOURCES COMMITTEE BY WATER DISTRICT NO. 1 OF JOHNSON COUNTY

HOUSE BILL 3167

Good afternoon, Mr. Chairman and members of the Committee. My name is Eileen Koutelas and I am the Director of Community and Customer Relations at Water District No. 1 of Johnson County. Our utility serves 15 cities and approximately 290,000 individuals throughout Johnson County.

The Water District agrees that the State should attempt to retain primacy for all the federal regulatory mandates and also agrees that those benefiting from the State Health and Environment regulations should pay for those services. However, the language in HB 3167 is much too broad and open-ended to accomplish this purpose. If this Bill is approved as worded, it would be the equivalent of your committee signing our water utility's name to a blank check. The language in HB 3167 does not limit what these assessments can be used for, there is no limitation on the amount of the assessments or how much these fees could be increased in the future.

The Water District therefore urges you to make several changes in this language to specify the intent behind this grant of administrative power.

1. The Bill should specify precisely what programs the assessments will be funding.
2. There should be a cap placed upon the amount of money which may be assessed annually.

*3/23/92
House E+NR
Attachment 3*

3. There should be specific limitations and guidelines on future increases of these assessments.

4. There should be a separate fund established rather than paying this money into the state general fund, to assure that this money is used for the purpose for which it is levied.

Finally, the Water District urges you to add language to this provision which would limit the assessment of this user fee to the proportion of services actually rendered. Under the regulations as proposed by KDHE, Water District No. 1 of Johnson County would be paying nearly 20% of the total fees assessed, but would only receive a very small proportion of the technical assistance which is being funded. This method of funding is an unfair subsidy of smaller utilities by the larger utilities. KDHE constantly advocates the advantages of regional water suppliers, but its proposed method of assessing these user fees penalizes larger, regional water utilities. Therefore, any user fees assessed should only be allowed an amount that is proportionate to the services which are received.

Thank you for the opportunity to appear here today.

Submitted by Eileen Koutelas on March 23, 1992

HOUSE BILL 3167

Chairman Grotewiel and committee members, thank you for the opportunity to present information on House Bill 3167.

I am Dick Pelton, chairman of the Water Utility Council of the Kansas Section American Water Works Association.

Currently the State of Kansas is providing primacy for the administration and enforcement of the state's safe drinking water regulation through the Kansas Department of Health and Environment. To continue providing primacy, the Kansas Department of Health and Environment has identified a need for additional personnel and equipment to administer and enforce the lead and copper and Phase II (SOC/IOC) rules.

The Kansas Section feels it is imperative for the State to retain primacy so local conditions can be addressed.

Further, we recognize with additional regulations additional funds are required.

The proposed revisions to HB 3167 would authorize the secretary to establish user fees by rule and regulations to be remitted to the state's general fund.

The Kansas Section feels funding for enforcement of drinking water regulations should continue to be provided by the federal government and state's general fund. But recognizing the federal deficit and funding cutbacks and the State's tight budget conditions, the state will need to develop temporary alternate funding sources. The Kansas Section recommends if water consumers are to pay for the cost of the state administering and enforcing procedures on their water bills, the fees they pay should be placed in a dedicated fund and not be intermingled with other state general funds. Further, we recommend the amount of the fee and service provided by the state from this funding source be identified with input from a technical advisory committee composed of Kansas Department of Health and Environment and water utility personnel and water consumers.

In closing, the Kansas Section American Water Works Association encourages the state to retain primacy over drinking water regulations. We support the Kansas Department of Health and Environment's need for additional funding to implement additional regulations. Further, we recommend if water consumers are to provide the additional funding, they need to be assured their funding will go only for this one particular application.

Thank you.

*3/23/92
House E+NR
Attachment 4*

House Committee on Energy and Natural Resources

March 23, 1992

Testimony of

~~Tom Day~~
Director of Administrative Services
Kansas Corporation Commission

Judith McConnell
Exec. Dir.

The Kansas Corporation Commission appreciates the opportunity to testify before the Committee on Energy and Natural Resources in support of HB 3180.

House Bill 3180 was introduced at the request of the Commission to make technical amendments to K.S.A. 66-1502 and K.S.A. 66-1503. The Commission filed its request originally with the House Appropriations subcommittee charged with a review of its budget; it was described by Commission staff as "technical" because the bill makes no substantive change to its assessment procedures. The amendatory language is to clarify the procedures the KCC uses in making direct and indirect assessments to public utilities and common carriers, thereby allowing the commission to utilize the most current and accurate information on file for assessment purposes.

HB 3180 would amend K.S.A. 66-1502 and K.S.A. 66-1503 by delaying for one quarter the gross intrastate revenue used as the basis for assessments. This would give the Corporation Commission additional time to review annual reports filed with the Corporation Commission pursuant to K.S.A. 66-123. Some of the utilities and common carriers now provide preliminary or estimated gross intrastate revenue amounts so the Commission can assess the fourth quarter costs as set forth in K.S.A. 66-1503. This bill provides consistent revenue figures used for reimbursable expenditures under K.S.A. 66-1502.

Presently, the commission assesses costs to all public utilities, pursuant to K.S.A. 66-1503, on a quarterly basis. Public utilities are assessed based on their intrastate gross operating revenues, which are found in the annual reports sent to the Commission pursuant to K.S.A. 66-123. These reports are based on the preceding calendar year, while the Commission works on a fiscal year. House Bill 3180 will allow the Commission to assess a true quarterly assessment. Amendments to K.S.A. 66-1502 are to parallel the amendments to K.S.A. 66-1503, allowing assessments on a monthly basis, where applicable, on all direct costs associated with investigations or appraisals of public utilities and common carriers.

In summary, the annual reports are filed on a calendar year basis. House Bill 3180 would allow assessing both the reimbursable and non-reimbursable costs on a state fiscal year.

HB 3180 would have no fiscal impact to the normal operations of the Corporation Commission.

HB 3180 allows for more accurate and equitable quarterly assessments to the public utility and common carrier.

3/23/92
House E+NR
Attachment 5

SENATE BILL No. 593

By Committee on Transportation and Utilities

2-6

8 AN ACT relating to gas pipeline safety; concerning certain rules and
9 regulations; amending K.S.A. 66-1,150 and repealing the existing
10 section.

11 Be it enacted by the Legislature of the State of Kansas: (a)

12 Section 1. K.S.A. 66-1,150 is hereby amended to read as follows:

13 66-1,150. The state corporation commission is hereby authorized to
14 adopt such rules and regulations as may be necessary to be in con-
15 formance with the natural gas pipeline safety act of 1968 (49 USCA
16 1671 et seq.), as amended. For the purpose of gas pipeline safety
17 such rules and regulations shall be applicable to all public utilities,
18 corporations, other business entities and all municipal corporations
19 or quasi-municipal corporations transporting natural gas or rendering
20 gas utility service, the exemption provisions of K.S.A. 66-104, and
21 amendments thereto, 66-131, and amendments thereto, and related
22 statutes notwithstanding. Nothing in this section shall be construed
23 as invalidating any present rules or regulations of the state corpo-
24 ration commission, concerning the regulation of pipelines and pipe-
25 line companies.

26 Sec. 2. K.S.A. 66-1,150 is hereby repealed.

27 Sec. 3. This act shall take effect and be in force from and after
28 its publication in the statute book.

and
¶ (c)

Such rules and regulations shall not apply to that portion of service lines or yard lines which: (1) Are in class 1 locations, as defined in title 49 C.F.R. 192.5; (2) provide natural gas to residences or other buildings or to industrial equipment not contained in a building; and (3) are more than 220 yards from a habitable residence or other regularly used building.

(b)

3/23/92
House Ex NR
Attachment 6

PROPOSED HOUSE Substitute for SENATE BILL NO. 594

By Committee on Energy and Natural Resources

AN ACT concerning the state corporation commission concerning supervision and inspection of pipelines; amending K.S.A. 66-1,223 and repealing the existing section.

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

Section 1. K.S.A. 66-1,223 is hereby amended to read as follows: 66-1,223. (a) The commission shall have general supervision of all common carriers doing business in this state and shall inquire into any neglect or violations of the laws of this state by any common carrier or by the officers, agents or employees thereof. From time to time, the commission shall carefully examine and inspect the condition of each common carrier, its equipment, the manner of its conduct and its management with reference to the public safety and convenience. The commission's duty extends to all common carriers except pipelines transporting hazardous liquids as defined in the hazardous liquid pipeline safety act of 1979 (49 U.S.C. 2001 et. seq.), as amended.

(b) Nothing in this section shall be construed as relieving any common carrier from its responsibility or liability for damage to person or property.

Sec. 2. K.S.A. 66-1,223 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

3/23/92
House E+NR
Attachment 7