

Approved: 2/23/95
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES .

The meeting was called to order by Chairperson Ben Vidricksen at 9:00 a.m. on February 22, 1995 in Room 254-E of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Legislative Research Department
Ben Barrett, Legislative Research
Bruce Kinzie, Revisor of Statutes
Martha Ozias, Committee Secretary

Conferees appearing before the committee:

Bill Brown - President, Kansas Power and Light
Robert Johnson - Attorney, Independent Companies, St. Louis, Missouri
Janis Lee - Senator, 36th District

Others attending: See attached list

HB 2050 - RELATING TO PUBLIC UTILITIES; CONCERNING THE APPLICATION OF SURCHARGES RELATING TO PROPERTY TAX INCREASES OR DECREASES

Bill Brown spoke in support of this bill explaining that their property taxes have nearly doubled in the last 9 years and this legislation would allow electric and natural gas public utilities to recover any future increases in their property taxes by adjusting customers' utility bills without filing a formal rate case. (Attachment 1)

Robert Johnson asked to speak in opposition to this bill and requested consumers have access to the rate making progress.

Several questions were raised and there was considerable discussion. The Chairman asked Mr. Johnson to submit written testimony for the Committee to study.

Jack Graves with KN Energy stood in support of this bill and likewise Ed Schaub with Western Resources.

The Committee will discuss this bill at a later time.

HB 2117 - CONCERNING LICENSE PLATES FOR RECIPIENTS OF THE PURPLE HEART

Senator Janis Lee appeared on behalf of this bill which would allow for the issuance of more than one distinctive license plate to recipients of the purple heart medal who own one or more passenger vehicles.

No action was taken.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES, Room 254 E Statehouse, at 9:00 a.m. on February 22, 1995.

SB 259 - DRIVERS' LICENSES; REQUIREMENTS FOR LICENSURE

The Committee reviewed this bill which was heard at the previous meeting. Senator Rock suggested that the drivers training and test be expanded to make it more comprehensive to include more extensive training in alcohol and drug education.

The Revisor reiterated that this legislation would apply only to an original license, as opposed to a renewal, and the word "Kansas" would be removed so as not to affect new applicants from other states.

Senator Brady suggested that the Chairman write a letter to the State Board of Education and suggest that they expand their Driver's Education program to include alcohol and drug education in their curriculum. The Chairman stated that he would do that.

SB 272 - REGULATING TRAFFIC; CONCERNING BRAKES

Attention was turned to SB 272. Senator Rock made a motion to pass this bill favorably. A second was made by Senator Papay. Motion carried.

A motion was then made by Senator Jones to approve the minutes of the February 21st meeting. Senator Rock seconded this. Motion carried.

The meeting was then adjourned by the Chairman.

The next meeting is scheduled for February 23, 1995.

**SENATE TRANSPORTATION AND UTILITIES
COMMITTEE GUEST LIST**

DATE: February 27, 1995

NAME	REPRESENTING
J. C. Long	UtiliCorp United
Betty McBride	KDOR - MVD
Rick Scheiber	KDOR - MVD
Tom Whitaker	Ks Motor Carriers Assn
Robert C. Johnson	Kansas Industrials
Jack Graves	KN Energy
Jim Ludwig	Western Resources, Inc.
Bill Brown	Western Resources
TERRY MAPLE	KHP
Penny Bane	Penney Hill Foundation
Depe Johnson	Ks Alliance on Alcohol + Drugs
Dennis fast	A.G. office
Patrick Hurley	Kansas City Power & Light Co
J. C. BOTTENBERG	WESTERN RESOURCES
ED SCHAUB	WESTERN RESOURCES
DENNY KOCH	SW Bell
Martin Hauser	Hauser's Capital Report

TESTIMONY BEFORE THE
SENATE TRANSPORTATION AND UTILITIES COMMITTEE

by Bill Brown

WESTERN RESOURCES, INC.

February 22, 1995

Mr. Chairman and Members of the Committee:

I am Bill Brown, President and Chief Executive Officer of KPL, a Western Resources Company. Western Resources, through its operating companies KPL, KG&E, and Gas Service, provides natural gas to approximately 637,000 customers in Kansas and northeastern Oklahoma, and electric service to 585,000 customers in eastern and central Kansas. We are headquartered in Topeka. I am here today for Western Resources in support of HB 2050. We pay far more Kansas property tax than anyone else. It's not a distinction we want, but we don't foresee escaping it because we have practically no control over increases in our taxes.

Our Kansas property taxes - KPL, KG&E and Gas Service combined - have grown from \$45 million in 1985 to \$89.7 million in 1994, nearly doubling in 9 years. Attached is a bar graph showing this growth. Our growing property tax burden is the reason we are asking you to support HB 2050.

After the bill was introduced, other utilities and the Kansas Corporation Commission (KCC) reviewed it and commented to us. Their requests for changes better distinguished the appropriate prerogatives of both the KCC and utilities. The House committee amended the bill to comport to their requests.

HB 2050 would allow electric and natural gas public utilities to recover any future increases in their property taxes by adjusting customers' utility bills without filing a formal rate case. It would similarly allow the Kansas Corporation Commission (KCC) to require utilities to reduce existing adjustments to reflect any future decreases in property taxes. It allows the KCC to make sure increases (or decreases) are spread fairly among customers. The bill would not allow recovery of any past increases, only ones incurred after the effective date of this act.

If we had recovered our 1994 tax increase of \$6.7 million under HB 2050, a residential electric customer's bill would have increased on average about 6 cents a month. A natural gas residential customer's bill would have increased on average about 56 cents a month. These are only estimates; the KCC retains authority to allocate the increases (or decreases) as it deems fair. We have used 1994 as an example; this bill would only allow us to recover future increases. Future rate adjustments would be based on our actual property taxes.

Although our property taxes vary from year to year, we do not see property tax relief in our future. Each session we face a few dozen bills and several concurrent resolutions which would increase our taxes. Not all of them pass, but the upward trend is set. We are also facing escalating mill levies at local and county levels. To name a few major causes of our rising property taxes:

- . The USD general fund levy is likely to increase every two years, as it did by 2 mills in 1994.
- . More school districts will find it necessary to exercise their local option budget (LOB) authority to make ends meet.

. Public demands for better protection and safety, more exemptions from mill levy lids, and funding for our state universities and community colleges are all likely to drive property taxes up.

We have absorbed property tax increases in the past. But we can no longer offset future increases by trimming other costs or by revenue gains through increased sales.

Without this bill, our only recourse is time-consuming, expensive rate cases. We do not believe rate cases should be prerequisite to recovering costs we cannot control and which we have incurred to help fund government-approved programs and policies.

This bill changes some of the same sections of KSA chapter 66 as have been amended by other bills this session; the committee revisor has a technical amendment to reconcile these bills. We ask you to support HB 2050, with the revisor's amendment.

Western Resources, Inc. Kansas Property Taxes

