

Approved: _____ Date 3/19/97

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Don Myers at 9:00 a.m. on March 13, 1997 in Room 514-S of the Capitol.

All members were present.

Committee staff present: Lynne Holt, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
Mary Shaw, Committee Secretary

Conferees appearing before the committee: Tom Day, Legislative Liaison, Kansas Corporation Commission

Others attending: See attached list

Chairperson Don Myers reminded the Committee that if they want to take the tour to Wolf Creek to please contact the Committee secretary or sign the sign-up sheet.

The Chair mentioned to the Committee that today they would hear testimony on SB 333.

The Chair asked the Committee to look at the minutes of the Committee meetings of March 5, 6 and 7, 1997 that were distributed on Tuesday, March 11, 1997. Representative Stone made a motion to accept the Committee minutes and Representative Johnson seconded the motion. Motion passed.

Hearing on SB 333 - State Corporation Commission assessment of expenses

The Chair recognized Tom Day, Legislative Liaison, Kansas Corporation Commission, Proponent, who spoke in support of SB 333. Mr. Day mentioned that this legislation was requested by the Kansas Corporation Commission and it deals with one of the two assessment statutes the Commission operates under covering public utilities and common carriers. (Attachment#1)

Questions and discussion followed. The Chair recognized Representative Sloan who inquired about the fairness issue and timing in this bill and raised concerns with him.

The Chair mentioned that plans are to work SB 333 on Friday, March 14, 1997.

The Chair recognized a group of students from an English as a Second Language Class, Wyandotte High School in Kansas City, who were present and the Committee welcomed them.

The meeting was adjourned at 9:35 a.m.

The next meeting is scheduled for March 14, 1997.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 13, 1997

NAME	REPRESENTING
Tom Day	KCC
Stacey Boyles	KCC
J.C. Long	UtiliCorp United Inc.
Denny Koch	SW Bell
Mike Scott	SW Bell

Senate Bill 333
BEFORE THE HOUSE UTILITIES COMMITTEE
PRESENTATION OF THE KANSAS CORPORATION COMMISSION
March 13, 1997

Senate Bill 333 was introduced at the request of the Kansas Corporation Commission. K.S.A 66-1502 deals with the assessment of expenses of investigations or appraisals of public utilities and common carriers. The Commission proposed, in the bill as introduced, adding explicit language in KSA 66-1502 that all assessments of expenses of investigations or appraisals of public utilities and common carriers begin at the time of application or the opening of a general investigation, and that the limitation of 3/5 of 1% of the public utility's intrastate gross operating revenues be repealed and actual direct costs be recovered. Finally, the Commission proposes eliminating the costly certified or registered mail requirements of KSA 66-1502. This would only require changing the word "registered" to "United States".

Removing the 3/5 of 1% limitation for expenses incurred during a proceeding allows the Commission to bill for all expenditures in that proceeding. Presently, when one or more companies are involved in a general investigation, and one or more of those companies reaches its expenditure cap, the amount of expenditures incurred thereafter roll into the general quarterly assessment which covers all jurisdictional utilities. If the companies involved in a general investigation are from the telecommunications industry, the Commission does not believe electric, natural gas, water or non-telephone companies should pay for those expenditures incurred in that particular general investigation. When assessing costs for the general quarterly assessments, pursuant to KSA 66-1503, the Commission's assessment during any fiscal year shall not exceed 1/5 of 1%. When determining the amount of money to be collected, "the commission shall deduct (A) all amounts collected under KSA 66-1502.....and (B) the amounts of fees collected during such period of time under the provisions of subsection (b)(1) of KSA 66-1a01...". Many companies, under the jurisdiction of the KCC and those areas subjecting electric cooperatives to the jurisdiction of the agency, reach their limitation during the first or second quarter of each fiscal year and cannot be assessed from that point forward. At that time, the expenditures revert to all the companies left in the pool who have not attained their limit, and distributed for payment from those public utilities and common carriers.

During the 1991 and 1992 Legislatures, the electric cooperative public utilities put forth a proposal to exempt certain coops from the commission's jurisdiction. During the 1992 session this proposal passed, amending KSA 66-104d. However, KSA 66-104b(b) and 66-104d(f) specifically states certain actions by the cooperatives will still remain under the commission's jurisdiction. Among those actions not affected are single certified service territory, charges for transmission services, sales of power for resale, wire stringing and transmission line siting pursuant to KSA 66-131, 66-183, 66-1,170 *et seq.* or 66-1,177 *et seq.* The reason the commission is requesting explicit language is due to the fact one electric cooperative three or four years ago, shortly after exempting themselves from the commission's jurisdiction, believed they

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were not liable for direct assessments from a wire stringing investigation. The commission did not pursue this, at the time, because the cooperative exemption statutes were fairly new. All assessments dealing with wire stringing or any other provision as outlined in KSA 66-104b(b) and 66-104d(f) were implied to pertain to electric cooperatives, but were not explicit.

When general investigations are initiated by the commission, or wire stringing and transmission line siting applications are received, and throughout the entire general investigation or investigation of applications, significant costs are incurred. The Commission does not feel other public utilities should bear the costs of the electric cooperative public utilities for their proportionate share of general investigations or siting applications etc.

During the Senate Utilities committee hearings, three entities--Western Resources, Kansas Telecommunications Association and Kansas Electric Cooperatives--opposed the bill. The objections raised were the removal of the 3/5 of 1% cap for assessing the expenditures of a proceeding, and in addition, the Kansas Electric Cooperatives objected to the original amendatory language explicitly stating the electric cooperatives would be included in all assessments dealing with certificated areas, wire stringing, charges for transmission services, sales of power for resale, and transmission line siting. These items still remain under the jurisdiction of the KCC even though a particular cooperative is exempted from rate regulation. During deliberations of the Senate committee, these two amendments which the Commission requested were deleted and the original statutory language was restored.

There would be no fiscal impact on the agency or other units of government. There would be minimal postage cost savings, in the overall budget, by removing the word "registered" from the statute and replacing with "United States".

Thank you for the opportunity to testify before the House Utilities committee.