

Approved: _____

Date 4/2/97
DM

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Don Myers at 9:00 a.m. on March 19, 1997 in Room 514-S of the Capitol.

All members were present except: Rep. Mayans - excused

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

Conferees appearing before the committee:

Others attending: See attached list

Chairperson Don Myers mentioned that the Committee would be working **SB 212**.

Representative Johnson made a motion to accept the Committee minutes for the meetings of March 11, 12, 13 and 14, 1997. Representative Stone seconded the motion. The Chair acknowledged Representative Sloan who mentioned that there was a correction in the March 13th minutes where in the sixth paragraph the word "raising" should be "raised". The motion passed and the minutes were approved as corrected.

SB 212 - Public utilities and common carriers

The Chair acknowledged Representative Sloan who explained a balloon amendment he had to **SB 212**. Representative Sloan also discussed his retail wheeling bill, **HB 2177**.

Representative Sloan made a motion to amend his balloon amendment into **SB 212**. Representative Stone seconded the motion. (Attachment #1) Motion passed.

Questions and discussion followed. The Chair acknowledged Representative Sloan, who questioned Staff about adding after the words "services and prices" at the bottom of the balloon amendment (Page 3), the language "or if there is a determination that the ratepayers would derive a significant benefit". Discussion followed.

Representative Aurand made a motion to add the language to the balloon amendment after the words "services and prices" at the bottom (page 3) of the amendment with the words "or if the Commission determines that the ratepayers will derive a significant benefit" or language that the Revisor sees fit. Representative Alldritt seconded the motion. Discussion followed. Representative Aurand closed by saying this gives the Kansas Corporation Commission latitude to research areas to benefit consumers and companies alike and he moved his amendment. Motion passed. Further discussion continued on **SB 212**.

Representative Dreher made a motion to amend **HB 2314** into **SB 212**. Representative Humerickhouse seconded the motion. The Chair asked Representative McClure to explain **HB 2314**. She clarified that **HB 2314** is the bill that puts the multiple business lines under the Kansas Universal Service Fund and there was a lot of debate, both in Committee and on the Floor of the House, and it did pass this Committee and the Full House. She indicated that the bill impacts rural Kansas, hospitals, schools, many businesses and felt that it was a good bill and it needs to pass this session. The Chair recognized Representative Samuelson who mentioned that she also concurred with Representative McClure. Motion passed.

Representative Sloan made a motion to amend **HB 2177** into **SB 212**. He explained that **HB 2177** was the bill he submitted to bring about electric retail competition in a modified form. He indicated that he felt it was the safest way to try to bring about benefits of lower electric rates to customers, but at the same time protect them from not having someone want to serve them, and therefore having higher rates. Also, he explained that the bill takes into account the uniqueness of Kansas with its municipal utilities and rural electric cooperatives as generators. There being no second to Representative Sloan's motion, the motion died.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 514-S Statehouse, at 9:00 a.m. on March 19, 1997.

Representative Aurand made a motion to pass **SB 212** as amended favorable for passage. Representative Dreher seconded the motion. Motion passed.

The Chair announced that if it does not work out that the Committee will be meeting Thursday and Friday, March 20 and March 21, 1997, the Committee will be working **SB 207** on Monday, March 24, 1997, after the presentation by UtiliCorp on stranded costs.

The Chair asked Representative Dreher to carry **SB 212** and he accepted.

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

The next meeting is scheduled for March 21, 1997.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 19, 1997

NAME	REPRESENTING
J.C. Long	UtiliCorp United Inc.
Denny Koch	SW Bell
John D. Pinegar	SITA
George Barbee	RTMC
Amy Campbell	R. Rice Law Office
Julie Hein	Hein + Warr

1 ~~return, (3) if hearings are in process before the commission on a proposed~~
 2 ~~change requested by the public utility or common carrier on the last day~~
 3 ~~of such 240-day period, such period shall be extended to the end of such~~
 4 ~~hearings plus 20 days to allow the commission to prepare and issue its~~
 5 ~~final order, (4) rules, regulations and contracts between public utilities~~
 6 ~~required to be filed under chapter 66 of the Kansas Statutes Annotated~~
 7 ~~or any other filing which is not primarily a proposed change in rates,~~
 8 ~~joint rates, tolls, charges or classifications or schedules of charges, are not~~
 9 ~~subject to this subsection, and (5) and, (3) nothing in this subsection shall~~
 10 ~~preclude the public utility or common carrier and the commission from~~
 11 ~~agreeing to a waiver or an extension of the 240-day period.~~

12 ~~(c) (d)~~ Except as provided in subsection ~~(b) [(c)]~~, no change shall be
 13 made in any rate, toll, charge, classification or schedule of charges or joint
 14 rates, or in any rule or regulation or practice pertaining to the service or
 15 rates of any such public utility or common carrier, without the consent
 16 of the commission. Within 30 days after such changes have been author-
 17 ized by the state corporation commission or become effective as provided
 18 in subsection ~~(b) [(c)]~~, copies of all tariffs, schedules and classifications,
 19 and all rules and regulations, except those determined to be confidential
 20 under rules and regulations adopted by the commission, shall be filed in
 21 every station, office or depot of every such public utility and every com-
 22 mon carrier in this state, for public inspection.

23 ~~(d) (e)~~ Upon a showing by a public utility before the state corporation
 24 commission at a public hearing and a finding by the commission that such
 25 utility has invested in projects or systems that can be reasonably expected
 26 (1) to produce energy from a renewable resource other than nuclear for
 27 the use of its customers, (2) to cause the conservation of energy used by
 28 its customers, or (3) to bring about the more efficient use of energy by
 29 its customers, the commission may allow a return on such investment
 30 equal to an increment of from ½% to 2% plus an amount equal to the
 31 rate of return fixed for the utility's other investment in property found
 32 by the commission to be used or required to be used in its services to the
 33 public. The commission may also allow such higher rate of return on
 34 investments by a public utility in experimental projects, such as load man-
 35 agement devices, which it determines after public hearing to be reason-
 36 ably designed to cause more efficient utilization of energy and in energy
 37 conservation programs or measures which it determines after public hear-
 38 ing provides a reduction in energy usage by its customers in a cost-effec-
 39 tive manner.

40 ~~(f) Nothing in these statutes shall preclude the commission from ap-~~
 41 ~~proving, proposing or endorsing an incentive rate mechanism as part of~~
 42 ~~its rate-making process. As used in this section, incentive rates are rates~~
 43 ~~set by means other than a cost of service analysis.~~

~~shall preclude the commission from approving, proposing or endorsing, as
 part of the commission's rate-making process, an incentive rate mechanism
 for setting rates of a utility industry by means other than a cost of service
 analysis if the commission determines that competition effectively exists in
 the industry's services and prices~~

House Utilities
 2-19-97
 Attachment 1