

Approved: April 11, 1997
Date

MINUTES OF THE SENATE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Pat Ranson at 1:30 p.m. on March 13, 1997 in Room 531-N of the Capitol.

All members were present except:
Sens. Hensley, Lee and Salisbury were excused

Committee staff present: Lynne Holt, Legislative Research Department
Fred Carman, Revisor of Statutes
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:
Rep. John Edmonds
George McKown, Chairman, Great Bend Public Utilities Relations Commission
Larry Holloway, Kansas Corporation Commission

Others attending: See attached list

Chairperson opened the hearing for **HB 2381-concerning certain public utilities; jurisdiction to regulate**. The following appeared as proponents:

Rep. John Edmonds, (Attachment 1);
George McKown, (Attachment 2)
Larry Holloway.

Rep. Edmonds, who is the author of the bill, explained the bill deals with a specific problem in that the water system in Great Bend is privately owned and the city officials are not able to handle operations, nor do they have the expertise to regulate the utility. The bill transfers authority for regulation to the Corporation Commission, with a stipulation the city can reclaim the utility once every two years. Mr. McKown told some of the history regarding the water utility and stated the Corporation Commission has the expertise to regulate, and Great Bend City officials do not. Committee members questioned Mr. McKown regarding water rates, which he stated would not be affected, and sewer problems, which he assured the committee are not related to this water issue.

Mr. Holloway appeared and stated the Corporation Commission has no objections to the bill and will support and work with the City of Great Bend. He also stated it is not unusual, nationwide, for a city to have a private water utility; however, it is in Kansas. Sen. Ranson questioned the requirement of waiting two years before the City could reclaim regulatory authority, and Sen. Steffes asked if the city has considered buying the utility. Mr. McKown replied the city council has passed a Resolution supporting purchasing the utility and at present, the mayor has the authority to negotiate with the private company. In answer to a question from Sen. Barone regarding certified territories, Mr. Holloway stated that water utilities do not have certified territories.

Sen. Ranson stated the Retail Wheeling Task Force has recommended updating the bill by amending it, as follows: beginning on Page 1, Line 26, beginning with the word "or" and striking all words to Line 28 and ending with the word, "state". Sen. Jones made a motion to so amend the bill, and it was seconded by Sen. Barone; the motion passed. Sen. Barone then made a motion the bill be passed as amended, and it was seconded by Sen. Clark. Upon roll call vote, the bill passed unanimously.

Sen. Ranson announced the agenda for the coming week, including the Wolf Creek Tour on Monday, the Joint Committee meeting on Tuesday and gas gathering hearing on Thursday. She set the rules for the hearing on Thursday, which are 30 minutes for proponents, 30 minutes for opponents, and 30 minutes for working the bill.

Meeting adjourned at 2:15.

Next meeting will be March 18.

Attach. 1

STATE OF KANSAS

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AND LEGISLATIVE OPERATIONS

HOUSE OF
REPRESENTATIVES

TESTIMONY BEFORE THE
SENATE COMMITTEE ON UTILITIES
MARCH 13, 1997

Madam Chair and Members of the Committee, thank you for the opportunity to appear before you with regard to House Bill 2381. This bill is intended to address a specific difficulty in connection with the regulation and oversight of privately owned water utilities which serve only a single municipality.

This bill has its origins with a problem which has been noted in Great Bend whereby the operations of Central Kansas Utility, the local water utility, are regulated by the Great Bend City Council. A number of intransigent issues have arisen between CKU and the City which have taxed the ability of the company and the Council to reach amicable settlements. It has become apparent that the Council has neither the time nor the technical expertise to deal effectively with many of these issues. Consequently, the City is desirous of having the option to transfer its regulatory authority to the Kansas Corporation Commission.

The bill is permissive in nature in that it allows, but does not require, the municipality to transfer its regulatory authority to KCC. The bill also permits the municipality to reclaim its regulatory authority should it so desire. A waiting period of two years after the initial transfer of authority to KCC would have to be met before a municipality could reclaim its regulatory authority.

Also presenting testimony today in support of H.B. 2381 is Mr. George McKown, Chairman of the Public Utility Relations Commission, an ad-hoc committee created by the Great Bend City Council. Mr. McKown will describe in more detail the situation which H.B. 2381 is intended to address.

H.B. 2381 is a narrowly focused attempt to address a specific problem. I encourage your consideration and support.

*Senate Utilities
3-13-97
Att. 1*



THE CITY OF GREAT BEND

George F. Drake, Mayor

March 12, 1997

To: Senate Utilities Committee

From: George M. McKown

Reference: HB 2381

The City of Great Bend urges your support of HB 2381, and I appreciate your allowing me to speak on behalf of this legislation. I am the Chairperson of the Great Bend Public Utilities Relations Commission. This is a group appointed by the City to be the City's advocate on utility matters.

Regulating the rates of a private water company is not a traditional role for local government, but the Kansas Corporation Commission does have the responsibility and the experience to be a rate regulator.

In Kansas, most water utilities are owned by the city which they serve. We are one of the few exceptions. In Great Bend, a private utility company owns and operates the water system. The KCC regulated this water company and system until the late 1980's when the utility company separated the water systems in four cities into four different companies. Now, the water company in Great Bend serves only this City. Current statutes do not allow the KCC to have jurisdiction over a private water system operating entirely within one city.

HB 2381 would allow the KCC to assume jurisdiction over a private water system which serves only one city, if that city wants this to happen. It does not force a city to turn over jurisdiction; it allows a city to do so if it wishes. This legislation is not intended to affect any other city which does not want to turn jurisdiction over to the KCC. It simply permits a shift of jurisdiction to the KCC, if a city formally requests this change.

This bill would have no effect on city owned water systems, and it would have no effect on other types of utility service.

When a city owns a water utility the city is able to set the rates, but when a city is dealing with the profits of a private company matters become more complicated. This legislation would allow us to turn back the jurisdiction to the KCC. They have the expertise. They have regulated the utility previously, and we feel the City should have the option to have the KCC regulate them in the future.

Thank you for your time and attention. I urge your support for the passage of HB 2381.

*Senate Utilities
3-13-97
Att. 2*