

Approved: JAN. 27, 1998
Date

MINUTES OF THE SENATE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairperson Pat Ranson at 1:30 p.m. on January 15, 1998 in Room 531-N of the Capitol.

All members were present except:
Sen. Hensley was excused

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

Conferees appearing before the committee:
William Wix, Assistant General Counsel, Kansas Corporation Commission

Others attending: See attached list

Sen. Ranson announced the committee will find the following documents distributed to them:
Kansas Corporation Commission staff list (Attachment 1);
Letter addressed to Sen. Ranson from the three Corporation Commissioners, dated January 12, 1998 (Attachment 2).

Sen. Ranson requested Lynne Holt continue her review of 1997 legislation, and Ms. Holt referred to the 1997 Summary of Legislation (Attachment 3) and briefly summarized **SB 147, regarding payments to royalty owners, and HB 2381, relating to regulation of privately owned and operated water utilities**. The committee discussed the information provided to the royalty owner, prescribed in **SB 147**, and the form which it is reported on and stated it would be interesting to the committee to see the form. Sen. Morris indicated he could bring a copy of the form to the committee. The complaint process was also discussed and to whom complaints are made.

Ms. Holt continued her overview on 1997 legislation by returning to gas gathering legislation (also contained in the Summary (Attachment 3) and **SB 333, concerning the corporation commission, relating to assessment of expenses and time to issue orders; and HB 2332 relating to the regulation of natural gas gathering systems**, and on page 741, Section 20 of the 1997 Session Laws (Attachment 4).

Sen. Ranson then introduced Bill Wix, who explained utility issues related to gas gathering. He referred to a memorandum to Lynne Holt (Attachment 5), which includes current filings and exemptions claimed. He distributed copies of a memo from the Attorney General's office regarding regulations, dated September 4, 1997 (Attachment 6) and of the "Gas Gathering Report", (Attachment 7) and also samples of four completed reports (Attachment 8). Mr. Wix also referred to the letter to Sen. Ranson from the three commissioners, dated January 12 (Attachment 2). Mr. Wix explained the information contained in the four examples are confidential and subject to the Open Records Act, which means the information may be obtained by filling out the necessary form to request a copy of a particular report.

Sen. Ranson asked if there were questions from the committee. Sen. Morris stated the problems brought to the attention of the committee regarding irrigators and the ability to deliver gas to them during peak times, and that the bill passed last year contains a deadline of November 1 to notify them of a problem. He recited problems serving irrigators and apparently the commissions' response was that it is an "interruptible service". Glenn Smith, Chief of Natural Gas and Pipeline Safety, responded that because of an administrative oversight, the commission was notified yesterday of the problem in service to the irrigators. Mr. Smith explained the Commission's position is to initiate an investigation and follow that with a recommendation for further action. Sen. Morris responded he was relieved there would be an investigation. Mr. Smith explained the irrigation contracts are to specific customers and are an "interruptible service" because of pressure and other reasons, which may not be controllable. He also discussed contractual obligations and what may be economically viable to ascertain if a producer could provide service, and whether the commission would follow up with an investigation.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON UTILITIES, Room 531- -N, Statehouse, at 1:30 p.m. on January 15, 1998.

Mr. Smith continued by explaining the evolution of contracts where negotiations allowed customers to tap onto the pipeline. Sen. Barone asked for clarification of certificated areas, and Mr. Smith responded the contracts are between the customer and the distribution company and have an obligation to deliver service to a particular certificated area which should be mutually beneficial. Sen. Brownlee and others had further questions regarding the contracts, and Sen. Ranson asked if either party has the right to exit the contract. Mr. Smith stated a further complication where no company has a certificate, with some individuals receiving service on a line extension and that it is a matter of economics. Sen. Ranson stated there could be alternate ways to receive the fuel. Mr. Smith responded the contracts are confidential, but he has reviewed a number of them and offered to summarize some of them to the committee, and Sen. Ranson asked him to do so.

Sen. Clark questioned Mr. Wix regarding the fiscal note and expenses incurred during the first six months of implementation and the number of potential wells the Corporation Commission estimated. Mr. Wix responded that one-half of the wells have been accounted for and that expenses for the first six months have not been totaled. Sen. Clark also discussed the Rules and Regulations covering the implementation of gas gathering legislation and questioned the form being used. Mr. Wix stated the form was sent out in advance of the deadline and that the form can be changed. Sen. Clark also questioned Mr. Wix regarding testimony at the Gas Gathering public hearing on December 10 and if former Commissioner Tim McKee testified. Mr. Wix was not sure, but Sen. Clark referred to Page 99 of the testimony, and it was discussed who the former commissioner represented at the hearing.

Sen. Ranson announced the committee will continue discussing gas gathering next Tuesday.

Meeting adjourned at 2:30.

The next meeting is scheduled for January 20, 1998

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: JAN. 15, 1998

NAME	REPRESENTING
Amy Campbell John Gaches	Midwest Energy McGill Assoc.
SUSAN Lamb	Kearney Law Office
Dave D. Thompson	KCC
Glenn Smith	KCC
Harry Holloway	KCC
Don Schuck	KIDGIA
Tom Bruno	Allent Assoc
M. L. Korphuz	KCC (Conservation Div.)
ED SCHAUB	WESTERN RESOURCES
Susie Hoffmann	Pinegar-Smith
Larrie Ann Brown	KS Gov Consult
Wm Wik	KCC
Nancy Heinz	KCC
Ken Peterson	KS Petroleum Council
Jon Miles	KCC
Dick Carter, Jr.	ENRON
Cindy Deaton	DOB
M. Hoover	Hoover's Capital Report

KANSAS CORPORATION COMMISSION
Key Staff List (01/14/98)

John Wine	Chair	Administrative Services	271-3350
Susan M. Seltsam	Commissioner	Administrative Services	271-3166
Cynthia L. Claus	Commissioner	Administrative Services	271-3350
David Heinemann	Executive Director	Administrative Services	271-3162
Tom Day	Legislative Liaison	Administrative Services	271-3190
	Information Resource Specialist		
Glenda Cafer	General Counsel	Admin. Serv. / Legal	271-3199
Larry Cowger	Asst. General Counsel	Admin. Serv. / Legal	271-3157
	(Electric, natural gas)		
Eric Heath	Asst. General Counsel	Admin. Serv. / Legal	271-3272
	(Electric, natural gas)		
Rosemary Foreman	Director, Public Affairs	Administrative Services	271-3140
	and Consumer Protection		
David Dittmore	Director of Utilities	Utilities Division	271-3221
Larry Holloway	Chief of Electric Rates	Utilities Division	271-3222
Glenn Smith	Chief of Natural Gas and	Utilities Division	271-3171
	Pipeline Safety		
Karen Matson	Chief of Telecommunications	Utilities Division	271-3228
Ann Diggs	Chief of Accounting and	Utilities Division	271-3285
	Financial Analysis		
John Cita	Chief of Economic Policy	Utilities Division	271-3155
	and Planning		
Maurice Korphage	Director of Conservation	Conservation Division	(316) 337-6233
Bill Wix	Assistant General Counsel	Conservation Division	(316) 337-6213
Nancy Heinz	Interagency Coordinator	Conservation Division	(316) 337-6217

Senate Utilities
1-15-98
1-1



Kansas Corporation Commission

Bill Graves, Governor John Wine, Chair Susan M. Seltsam, Commissioner Cynthia L. Claus, Commissioner

January 12, 1998

The Honorable Pat Ranson, Chair
Senate Committee on Utilities
State Capitol - Room 136-N
Topeka, Kansas 66612

Dear Senator Ranson:

At our administrative meeting last week the Commission took action on the proposed regulations implementing the gas gathering statutes. We are aware of your limited time during the legislative session and want you to know at the beginning of the session what action we took. Because it will take some time to revise and adopt the regulations and the reporting form, we are summarizing our decision in this letter.

First, we concluded that the exemption language in the statute is plain and unambiguous. Although some lawmakers indicated that the language does not accurately express legislative intent, it is not lawful for us to ignore the statutory language. Only the Legislature can amend express statutory provisions.

Second, we also concluded that the statutory language describing the reporting requirements is not plain and unambiguous so we must resort to the rules of statutory construction to interpret the meaning of those provisions. Because the first and most important rule is to follow legislative intent, we carefully considered the contradictory comments and concluded that although legislative efforts to require well-by-well reporting did not succeed, some form of "price transparency" was intended. We interpret this to require the filing of meaningful information on gathering prices without imposing unreasonable burdens on industry or resulting in volumes of data impossible to effectively utilize.

Although we directed the staff to make some changes in the proposed regulations (discussed in detail below), changes to the level of detail and format of the information to be reported would be contained in the form. Basically, we think the form now in use (Preliminary Form GG-1) may not provide sufficient information to provide meaningful price transparency. The comments tended to either support the level of detail in the current form or request much more extensive reporting and did not focus on alternative solutions. Therefore, we are giving all interested parties an opportunity to provide additional comments on the following issues:

Attach. 2
Senate Utilities
1-15-98
2-1

The Honorable Pat Ranson
January 12, 1998
Page 2

1. The range of rates without additional data points may not provide sufficient information. Particularly in larger systems, anomalous high or low prices could make range by itself meaningless. Examples of additional data points that, if practicable to produce, might make the high and low points more useful include the median, mean or weighted average. Although we are open to other possibilities, we are not seeking comments that merely repeat old positions.

2. The range, even with modifications discussed above, might not provide meaningful information in larger systems. We are asking for practical methods of providing more localized information. Examples discussed include reporting the information by county, township or some functional segment of the system. Again, we will not decide details until we consider additional comments focused on an appropriate cut-off point (maximum size for single reporting) and methods for segmenting the larger systems.

We also decided that changes to the form should not take effect until July 1, 1998. We made this decision for a combination of reasons. First, we recognize that only the Legislature can accurately determine legislative intent and it may, after learning of our action, choose to provide more specific direction this session. Also, it will take some time for us to obtain and assess the additional comments and then additional time for parties to prepare for complying with the new reporting requirements. Finally, we do not want to burden or confuse parties with three different forms in a six month period. Instead, we will continue with the form now in use until July 1, 1998.

In addition to changes to the form, we will be making the following changes to the proposed regulations:

1. Specify that substantive changes will not be made to the new form without notice, a public hearing and opportunity for comment.
2. Clarify that the map referred to in the complaint portion of the regulations will be limited to gas gathering systems "known" to the complainant.
3. Require the staff to examine the circumstances surrounding any notice of termination filed and recommend, if appropriate, that a formal investigation be commenced.
4. Permit a report containing no changes from the previous report to summarily so indicate without refileing all of the same information.
5. Clarify that delay is not the only form of abuse of the complaint process that is prohibited.

In summary, we are soliciting additional comments and will be adopting a revised form to be effective July 1, 1998. The proposed regulations will be amended as described above, including

The Honorable Pat Ranson
January 12, 1998
Page 3

the requirement that any substantive change to the new form can only be made after notice, hearing and comment.

We will continue to provide these committees with information about the implementation of these statutes. Please let us know if you would like any additional information.

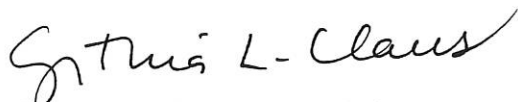
Sincerely,



John Wine, Chair



Susan M. Seltsam, Commissioner

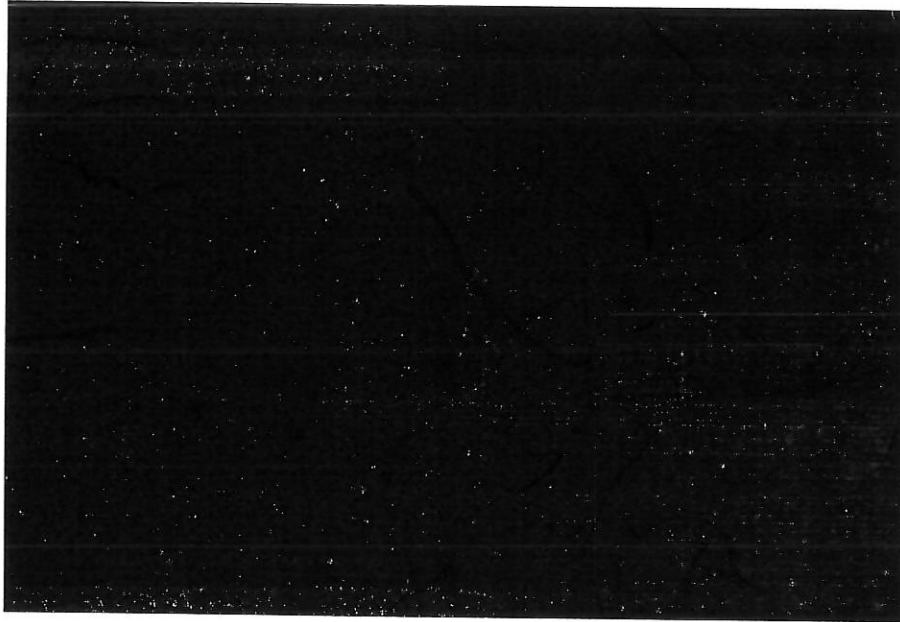


Cynthia L. Claus, Commissioner

JW:SMS:CLC:jp

cc: Members of Senate Committee on Utilities
Chair & Committee Members of House Committee on Utilities
Chair & Committee Members of Joint Committee on Rules & Regulations
Legislative Research Department
Revisor of Statutes

1997 Summary of Legislation



Legislative Research Department

June, 1997

Senate Utilities
1-15-98
3-1

UTILITIES

Changes in Regulatory Authority of Kansas Corporation Commission

S.B. 333 addresses several issues concerning the regulation of the Kansas Corporation Commission (hereafter referred to as the Commission):

- the assessment of expenses incurred by the Commission and the Citizens' Utility Ratepayer Board (CURB);
- the time period allowed the Commission to respond to requests or petitions for reconsideration of an order;
- investigations of various public utilities and common carriers by the Commission;
- exemptions granted to public utilities under certain circumstances from filing tariffs;
- requirements governing the issuance of securities by investor-owned electric public utilities;
- establishment of thermal efficiency standards;
- the time period authorized the Commission for making a determination on the rate requests of public utilities or common carriers; and
- the regulation of gas gathering services.

The explanation below addresses these components of the bill in greater detail. A severability clause is included at the end of the bill.

The Assessment of Expenses Incurred by the Commission and CURB. The bill changes the method to invoke the assessment by the Commission of expenses incurred by the Commission, its staff, or CURB for investigations or property appraisals of public utilities or common carriers. The bill requires that such assessments begin on the date the proceeding is filed or three business days after the Commission gives notice to the public utility or common carrier, whichever is later. Under prior law, the Commission had to wait until the affected utility waived its right to hearing in the entry of appearance.

In addition, the bill expands the pool of eligible businesses from which actual expenses incurred by the Commission and CURB may be recovered for general investigations and property appraisals. These businesses include both jurisdictional utilities and common carriers that have just commenced intrastate operations in Kansas and businesses that are not subject to assessments as public utilities or common carriers but are party to Commission investigations. Jurisdictional public utilities and common carriers which have been deriving revenues from intrastate operations will continue to be assessed at 0.6 percent of their gross operating intrastate revenues.

Furthermore, the bill changes the method of assessing jurisdictional public utilities and common carriers for expenses incurred by the Commission and CURB for salaries and operating expenditures by requiring that the amount assessed on a quarterly basis not exceed during any fiscal year the greater of \$100 or 0.2 percent of a utility's or common carrier's intrastate gross operating revenues. Under prior law, the assessed amount could not exceed 0.2 percent during any fiscal year. Amounts collected from utilities and common carriers will continue to be deducted from this assessment to defray the Commission's and CURB's expenses associated with: (1) general investigations and appraisals; and (2) application and processing fees for certificates authorizing the issuance of stocks or bonds.

Commission Response to Requests or Petitions for Reconsideration. The bill allows the Commission 30 days, instead of 20 days allowed under prior law, to issue an order in response to requests or petitions for reconsideration of a Commission order or decision; such change is likewise reflected in the Kansas Administrative Procedure Act in which the disposition of petitions for reconsideration by the Commission also is addressed.

Investigations by the Commission. The bill amends several statutes concerning investigations of electric, telecommunications, natural gas, and miscellaneous public utilities and common carriers by the Commission at its own initiative or upon complaint. Specifically, the bill clarifies that all complaint-initiated hearings will be subject to provisions of the Kansas Administrative Procedure Act. However, with respect to general investigations, the Commission will not have to adhere to provisions of the Act. Furthermore, the bill authorizes but does not require the Commission to initiate an investigation in response to any complaint about rates and services of a public utility or common carrier. Prior law required the Commission to initiate an investigation.

Exemption from Tariff Filing Requirements. The bill authorizes the Commission to exempt from filing tariffs any jurisdictional public utility or common carrier not subject to price regulation. After a utility or common carrier has been exempted, such utility or common carrier may be required to file tariffs when necessary to protect consumers from fraudulent business practices, practices that are inconsistent with public interest, convenience, and necessity, or any other situation the Commission deems necessary.

Issuance of Securities. The bill amends the law to require any investor-owned electric public utility incorporated in Kansas to receive permission from the Commission prior to issuing securities. Under prior law, only investor-owned electric utilities having a total capitalization in excess of \$1 billion were subject to that requirement. (If electric utilities do not seek approval from the Commission to issue securities, they must seek approval at the federal level.)

Thermal Efficiency Standards. The bill terminates the Commission's statutory jurisdiction over municipal gas and electric utilities and investor-owned utilities in Kansas for purposes of ensuring that such utilities verify compliance or noncompliance with thermal efficiency standards adopted by the Commission for new residential and commercial buildings.

Furthermore, the bill specifies the applicable thermal efficiency standard for new commercial and industrial buildings in Kansas. In addition, the bill requires any person who builds or sells a previously unoccupied new residential building to provide written disclosure to the buyer, on a form prepared and disseminated by the Commission, concerning insulation values, thermal properties for windows and doors, HVAC equipment efficiency levels, and water heating efficiency levels. The disclosure form is included in the bill.

Finally, the bill excludes manufactured housing (trailer homes and mobile homes) from the information requirements governing new residential housing for purposes of disclosure,

provided that the manufactured housing meets specified federal regulations. If this occurs, the builder or seller may instead elect to disclose information specifically applicable to manufactured housing.

Time Period for Commission Determinations of Rate Requests. The bill amends the law concerning the 240-day time period allowed the Commission to approve or disapprove rate requests filed by public utilities or common carriers. Specifically, the bill authorizes a waiver or extension of the 240-day period upon agreement of the affected public utility or common carrier and the Commission. Under prior law, the only exceptions to this deadline resulted from: (1) proposed amendments to applications for rate changes under certain circumstances; and (2) hearings that have not concluded on the last day of the 240-day period. These exceptions are retained in the law.

Regulation of Natural Gas Gathering Services. The bill articulates the state's policy regarding the regulation of natural gas gathering which will be incorporated into Chapter 55 (the statutes pertaining to the protection of surface and groundwater) of the *Kansas Statutes Annotated*. This chapter pertains to the Commission's authority to protect the state's surface and groundwater. A "gas gathering system" is defined statutorily as a natural gas pipeline system used primarily for transporting natural gas from a wellhead, or a metering point for natural gas produced by one or more wells, to a point of entry into a main transmission line. The Commission licenses the operators and contractors of such systems under Chapter 55. In addition, the bill does the following:

- Specifies that gas gathering systems will not be subject to regulation by the Commission as public utilities or common carriers.
- Defines "gas gathering services" and specifies that the definition not include the gathering of natural gas by an owner or operator of gathering facilities, provided that such facilities are not held out for hire on or after July 1, 1997, and the owner or operator does not purchase the gas for resale.
- Requires gas gatherers to file with the Commission: rates paid for natural gas purchased at the wellhead; rates charged for gas gathering services offered by the gas gatherer; data related to the characteristics of the gas purchased or gathered; and such information regarding the terms and duration of the contract as the Commission determines necessary. The Commission is not required to analyze, publish, or disseminate such data unless otherwise required by law.
- Authorizes the Commission to impose an administrative fine not to exceed \$10,000 per day or an aggregate amount of \$250,000 (whichever is less) for failure to satisfy filing requirements.
- Prohibits the Commission from using the filed information to change rates except for purposes of remediating violations of fees, terms, or practices.
- Provides that the statute pertaining to the requirements governing the Commission with respect to trade secrets and confidential commercial information of a corporation will not apply to the information required to be filed with the Commission by gas gatherers.
- Requires a gas gatherer to provide services, engage in practices, and impose fees considered to be just, reasonable, not unjustly discriminatory, and not unduly preferential.

Regulation of Privately-Owned and Operated Water Utilities—KCC

H.B. 2381 authorizes any city to pass an ordinance relinquishing its authority to control and regulate any privately owned and operated water utility located and operated exclusively within the city. After the ordinance is adopted, the city must forward a certified copy of the ordinance to the Kansas Corporation Commission and the affected utility must file with the Commission an application for a certificate of convenience and necessity. The city could resume control of the water utility by passing an ordinance to that end. However, no ordinance to either relinquish or resume control of the utility may occur more often than once within a two-year period.

The bill also eliminates from the definition of “public utility” subject to regulation by the Kansas Corporation Commission any references to: trolley lines; street, electric, or motor railways operating in Kansas counties; and dining car companies.

Information Disclosed to Royalty Owners

S.B. 147 specifies the information to be included with payments to royalty owners from sales of oil and gas: a means of identifying the well or lease; the sale date for which the payment is made; the total volume of oil (in barrels) and wet or dry gas (in mcf); the price of oil or gas sold; the total amount of state severance and production taxes; the interest in the sale (expressed as a decimal) and the royalty owner’s share of the sale both before and after deductions or adjustments; and a point of contact from which additional information may be obtained. In the event that the information outlined above is not included with payments to royalty owners, it must be derivable from the enclosed information.

The bill also requires the person making the payment to submit to the royalty owner a listing and explanation of the amount and purpose of any other deductions and adjustments. This information must be requested by certified mail and a written response must be provided within 60 days of receipt of the request.

pursuant to K.S.A. 79-5101 *et seq.*, and amendments thereto, in 1990, and the amount of such revenue estimated to be received by such taxing subdivision in each year thereafter shall not be used in computing any aggregate limitation under the provisions of this act. On or before June 1 of each year, information necessary to make such computation shall be provided to each taxing subdivision by the appropriate county treasurer.

Sec. 2. K.S.A. 1996 Supp. 79-5036 is hereby amended to read as follows: 79-5036. (a) The governing body of any city may elect, in the manner prescribed by and subject to the limitations of section 5 of article 12 of the Kansas Constitution, to exempt such city from the provisions of K.S.A. 79-5021 to 79-5033, inclusive, or to modify the provisions thereof.

(b) The governing body of any county may elect, in the manner prescribed by and subject to the limitations of K.S.A. 19-101b, and amendments thereto, to exempt such county from the provisions of K.S.A. 79-5021 to 79-5033, inclusive, or to modify the provisions thereof.

(c) The governing body of any other taxing subdivision subject to the provisions of K.S.A. 79-5021 to 79-5033, inclusive, may elect, in the manner prescribed by and subject to the limitations of K.S.A. 19-101b, and amendments thereto, insofar as such section may be made applicable, to exempt such subdivision from the provisions of K.S.A. 79-5021 to 79-5033, inclusive, or to modify the provisions thereof.

(d) *Whenever a charter ordinance or resolution is submitted for approval to the qualified electors pursuant to the provisions of subsection (a), (b) or (c), there shall be printed on the ballot following the proposition a brief nontechnical statement expressing the intent or purpose of the proposition and the effect of a vote for and a vote against the proposition.*

Sec. 3. K.S.A. 1996 Supp. 79-5038 is hereby amended to read as follows: 79-5038. The provisions of K.S.A. 79-5021 to 79-5036, inclusive, and amendments thereto, shall expire on July 1, 1997 1999.

Sec. 4. K.S.A. 1996 Supp. 79-5028, 79-5036 and 79-5038 are hereby repealed.

Sec. 5. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 24, 1997.

CHAPTER 136

SENATE BILL No. 147 •

AN ACT relating to oil and gas; prescribing information to be included with payments to interest owners from sales of oil and gas.

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

Section 1. When a payment is made for proceeds attributable to oil

3-7

12
gas
form
form
identifi
(b)
name
(c)
barrels
payme
(d)
(e)
(f)
(g)
(h)
(i)
major
Sec
wher
ist
Sec
cer
listing
includ
writte
certifi
Sec
uary
App
Be it
Se
clean
wher
Se
(a)
biolo

production, the payment shall be accompanied by the following information, or the following information shall be calculable from the information provided with the payment:

- (a) The lease, property, or well name or any lease, property, or well identification number used to identify the lease, or well;
- (b) the month and year during which the sale occurred for which payment is being made;
- (c) the total volume of oil, attributable to such payment, measured in barrels and the total volume of either wet or dry gas, attributable to such payment, measured in thousand cubic feet;
- (d) the price per barrel of oil or thousand cubic feet of gas sold;
- (e) total amount of state severance and production taxes;
- (f) payee's interest in the sale expressed as a decimal;
- (g) payee's share of the sale before any deductions or adjustments;
- (h) payee's share of the sale after deductions or adjustments;
- (i) an address and telephone number from which additional information may be obtained and any questions answered.

Sec. 2. Nothing contained in this act shall be construed to amend or otherwise affect any contractual obligations or rights which may otherwise exist.

Sec. 3. Upon written request by the payee, submitted to the payor by certified mail, the payor shall provide to the payee in writing a specific listing of the amount and purpose of any other deductions or adjustments, including volumetric deductions, with explanation of such treatment. A written response shall be provided within 60 days of the receipt of such certified mail request.

Sec. 4. This act shall take effect and be in force from and after January 1, 1998, and its publication in the statute book.

Approved April 24, 1997.

CHAPTER 137

SENATE BILL No. 276 *

AN ACT enacting the voluntary cleanup and property redevelopment act; concerning remediation of contaminated property.

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

Section 1. This act shall be known and may be cited as the voluntary cleanup and property redevelopment act and shall apply to real property where environmental cleanup may be needed.

Sec. 2. As used in this act:

- (a) "Contaminant" means such alteration of the physical, chemical or biological properties of any soils and waters of the state as will or is likely

ing at any one time an aggregate of bonds of the municipal university in excess of 2% of the assessed valuation of the taxable tangible property within the taxing district of the municipal university. The bonds shall bear interest at a rate not exceeding the maximum rate of interest prescribed by K.S.A. 10-1009 and amendments thereto and shall mature not later than 30 years from date of issuance.

(b) Provisions for the payment of bonds issued under this section shall be made by the establishment of a sinking fund to be created out of the proceeds derived from the taxes levied each year by the board of regents of such municipal university.

(c) The board of regents is hereby authorized to levy taxes on all taxable tangible property within the taxing district of the municipal university to provide for (1) the sinking fund established under subsection (b); and (2) the construction, reconstruction, or equipping of new or existing buildings; and (3) for any other *capitalized equipment* or permanent improvements. Such taxes shall be in addition to all taxes which may be levied by the board of regents pursuant to K.S.A. 13-13a18 and amendments thereto and shall not exceed 3 mills in any one year.

(d) The proceeds from the tax levy authorized under this section, other than that portion of the proceeds for the sinking fund, may be accumulated from year to year and expended for the construction, reconstruction or equipping of new or existing buildings, *permanent improvements or capitalized equipment* or for any one or more of such purposes, and shall not be subject to the provisions of the budget laws, except that in making the budget of the municipal university the amount so accumulated and the amount expended thereof shall be shown therein for the information of the taxpayers.

Sec. 2. K.S.A. 13-13a23 is hereby repealed.

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

Approved April 10, 1997.

CHAPTER 84

HOUSE BILL No. 2381

AN ACT concerning certain public utilities; relating to jurisdiction to regulate; amending K.S.A. 66-104 and repealing the existing section.

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

Section 1. K.S.A. 66-104 is hereby amended to read as follows: 66-104. The term "public utility," as used in this act, shall be construed to mean every corporation, company, individual, association of persons, their trustees, lessees or receivers, that now or hereafter may own, control,

3-9

operate or manage, except for private use, any equipment, plant or generating machinery, or any part thereof, for the transmission of telephone messages or for the transmission of telegraph messages in or through any part of the state, or the conveyance of oil and gas through pipelines in or through any part of the state, except pipelines less than 15 miles in length and not operated in connection with or for the general commercial supply of gas or oil, ~~or for the operation of any trolley lines, street, electrical or motor railway doing business in any county in the state; also all dining car companies doing business within the state;~~ and all companies for the production, transmission, delivery or furnishing of heat, light, water or power. No cooperative, cooperative society, nonprofit or mutual corporation or association which is engaged solely in furnishing telephone service to subscribers from one telephone line without owning or operating its own separate central office facilities, shall be subject to the jurisdiction and control of the commission as provided herein, except that it shall not construct or extend its facilities across or beyond the territorial boundaries of any telephone company or cooperative without first obtaining approval of the commission. As used herein, the term "transmission of telephone messages" shall include the transmission by wire or other means of any voice, data, signals or facsimile communications, including all such communications now in existence or as may be developed in the future.

The term "public utility" shall also include that portion of every municipally owned or operated electric or gas utility located outside of and more than three miles from the corporate limits of such municipality, but nothing in this act shall apply to a municipally owned or operated utility, or portion thereof, located within the corporate limits of such municipality or located outside of such corporate limits but within three miles thereof except as provided in K.S.A. 66-131a, and amendments thereto.

Except as herein provided, the power and authority to control and regulate all public utilities and common carriers situated and operated wholly or principally within any city or principally operated for the benefit of such city or its people, shall be vested exclusively in such city, subject only to the right to apply for relief to the corporation commission as provided in K.S.A. 66-133, and amendments thereto, and to the provisions of K.S.A. 66-131a and section 2, and amendments thereto. A transit system principally engaged in rendering local transportation service in and between contiguous cities in this and another state by means of street railway, trolley bus and motor bus lines, or any combination thereof, shall be deemed to be a public utility as that term is used in this act and, as such, shall be subject to the jurisdiction of the commission.

The term "public utility" shall not include any activity of an otherwise jurisdictional corporation, company, individual, association of persons, their trustees, lessees or receivers as to the marketing or sale of compressed natural gas for end use as motor vehicle fuel.

New Sec. 2. (a) Any city by ordinance may relinquish to the state corporation commission the city's power and authority under K.S.A. 66-104 and amendments thereto to control and regulate any privately owned and operated water public utility situated and operated wholly or principally within the city or principally operated for the benefit of the city or its people. Subsequently the city by ordinance may reassert the city's power and authority under K.S.A. 66-104 and amendments thereto to control and regulate such utility.

(b) Within five business days after adoption of any ordinance described in subsection (a):

(1) The city clerk shall forward a certified copy of the ordinance to the state corporation commission; and

(2) if the ordinance relinquishes jurisdiction of a privately owned and operated water public utility, such utility shall file with the commission an application for a certificate of convenience and necessity.

(c) Upon receipt of an ordinance relinquishing jurisdiction of a water public utility pursuant to this section, the commission shall assume jurisdiction and control of the privately owned and operated water public utility as provided by law for other water public utilities under the jurisdiction of the commission. The commission shall maintain such jurisdiction and control until the city subsequently adopts and files with the commission an ordinance reasserting the city's power and authority pursuant to K.S.A. 66-104, and amendments thereto.

(d) A city shall not adopt any ordinance described in subsection (a) more often than once every two years.

Sec. 3. K.S.A. 66-104 is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

Approved April 10, 1997.

CHAPTER 85

SENATE BILL No. 302

AN ACT concerning the uniform management of institutional funds act; relating to appropriation of appreciation; amending K.S.A. 58-3602 and repealing the existing section.

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

Section 1. K.S.A. 58-3602 is hereby amended to read as follows: 58-3602. The governing board may appropriate for expenditure for the uses and purposes for which an endowment fund is established so much of the net appreciation realized or unrealized in the fair value of the assets of an endowment fund over the historic dollar value of the fund as is prudent under the standard established by K.S.A. 58-3606 and amend-

conservation programs or measures which it determines after public hearing provides a reduction in energy usage by its customers in a cost-effective manner.

(e) (f) Whenever, after the effective date of this act, an electric public utility, a natural gas public utility or a combination thereof, files tariffs reflecting a surcharge on the utility's bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes. For purposes of this section, such amounts charged to expense on the books and records of the utility may be estimated once the total property tax payment is known. If found necessary by the commission or the utility, the utility shall file tariffs which reflect the change as a revision to the surcharge. Upon a showing that the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in ad valorem tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility, the commission shall approve such tariffs within 30 days of the filing. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods. The establishment of a surcharge under this section shall not be deemed to be a rate increase for purposes of this act. The net effect of any surcharges established under this section shall be included by the commission in the establishment of base rates in any subsequent rate case filed by the utility.

(f) (g) Except as to the time limits prescribed in subsection (b) (c), proceedings under this section shall be conducted in accordance with the provisions of the Kansas administrative procedure act.

Sec. 20. On and after July 1, 1997, K.S.A. 1996 Supp. 55-150 is hereby amended to read as follows: 55-150. As used in this act unless the context requires a different meaning:

- (a) "Commission" means the state corporation commission.
- (b) "Contractor" means any person who acts as agent for an operator as a drilling, plugging, service rig or seismograph contractor in such operator's oil and gas, cathodic protection, gas gathering or underground natural gas storage operations.
- (c) "Fresh water" means water containing not more than 1,000 milligrams per liter, total dissolved solids.
- (d) "Gas gathering system" means a natural gas pipeline system used primarily for transporting natural gas from a wellhead, or a metering point for natural gas produced by one or more wells, to a point of entry into a main transmission line, but shall not mean or include: (1) the gathering of natural gas produced from wells owned and operated by the gatherer

Senate Utilities
1-15-98
4-1

and where the gathering system is used exclusively for its own private purposes; (2) Lead lines from the wellhead to the connection with the gathering system which are owned by the producing entity person; and (3) (2) gathering systems used exclusively for injection and withdrawal from natural gas storage fields under the jurisdiction of the federal energy regulatory commission.

(e) "Operator" means a person who is responsible for the physical operation and control of a well, gas gathering system or underground natural gas storage facility.

(f) "Person" means any natural person, partnership, governmental or political subdivision, firm, association, corporation or other legal entity.

(g) "Rig" means any crane machine used for drilling or plugging wells.

(h) "Usable water" means water containing not more than 10,000 milligrams per liter, total dissolved solids.

(i) "Well" means a hole drilled or recompleted for the purpose of:

- (1) Producing oil or gas;
- (2) injecting fluid, air or gas in the ground in connection with the exploration for or production of oil or gas;
- (3) obtaining geological information in connection with the exploration for or production of oil or gas by taking cores or through seismic operations;
- (4) disposing of fluids produced in connection with the exploration for or production of oil or gas;
- (5) providing cathodic protection to prevent corrosion to lines; or
- (6) injecting or withdrawing natural gas.

— New Sec. 21. On and after July 1, 1997, the term "public utility" as used in K.S.A. 66-104, and amendments thereto, and the term "common carriers" as used in K.S.A. 66-105, and amendments thereto, shall not include any gas gathering system, as defined in K.S.A. 55-150, and amendments thereto.

— New Sec. 22. (a) As used in sections 22 through 30:

(1) "Gas gathering services" means the gathering or preparation of natural gas for transportation, whether such services are performed for hire or in connection with the purchase of natural gas by the person gathering or preparing the gas or a marketer affiliated with the person gathering or preparing the gas. "Gas gathering services" does not include the gathering of natural gas by an owner or operator of gathering facilities who: (A) Does not hold such facilities out for hire on or after the effective date of this act; or (B) does not purchase the gas for resale.

(2) Other terms have the meanings provided by K.S.A. 55-150, and amendments thereto.

(b) The provisions of sections 22 through 30 shall be part of and supplemental to chapter 55 of the Kansas Statutes Annotated.

[Ch. 132

(c) This 1997.

New Sec state shall f gas purchas ices; (2) all son; and (3 or gatherc mation reg: sion deteri lations pre: informatio disseminat wise requir

(b) Up the provisio may impos rate, data c lations of t day the rat gregate arr

(c) Rat be used by proceeding

(d) Ra be subject

(e) Th 1997.

New Se or facilitie: ner that is preferenti.

(b) Pe tices in co. that are ju erential.

(c) Th 1997.

New Se review a f ering serv: Upon suc mine whe. opportuni

MEMORANDUM

To: Lynne Holt
Legislative Research

From: William J. Wix, Assistant General Counsel
Conservation Division, State Corporation Commission

Date: January 14, 1998

Re: Gas Gathering

Chapter 132 of the 1997 session laws became effective July 1, 1997. This enactment directs the Conservation Division of the State Corporation Commission to regulate intrastate gas gathering systems.

I. Notice

Notice of the enactment of this law was served by mail to 900 individual parties assumed to be involved in gas gathering, enclosed in the annual mailing to the approximate 3,000 licensed operators, and enclosed in the gas proration mailing to approximately 230 parties. Press releases were mailed to all counties in the State of Kansas known to have gas production. In addition, notice was given and printed in the newsletters of KIOGA, EKOGA and the Kansas Petroleum Council. Our office contacted the Interstate Oil and Gas Compact Commission and the American Petroleum Institute and were advised that neither of those entities were aware of a trade organization consisting solely of gas gatherers in the United States.

II. Relevant Information Based on Current Filings

69 operators have been licensed as gas gatherers

28 private systems have been declared

71 systems have declared that they gather gas "for hire"

99 total systems have been declared

685 contracts have been declared

10,878 wells have been included in reporting. This constitutes approximately fifty percent (50%) of actual gas wells in the State of Kansas

No complaints filed to date

Senate Utilities
1-15-98
5-1

III. Exemptions Claimed

11 operators claimed to be exempt from the reporting requirements

2 operators filed incomplete forms with no reason given for their failure to complete the forms as required

We are also aware of two new operators who have recently acquired gathering systems and are compiling information, but have not yet completed the requisite forms.

The regulations that have been distributed today have been approved by the Department of Administration and by the office of the Attorney General. Notice was duly published in the Kansas Register and on December 10, 1997, a public hearing was held to receive additional comments. Twenty-three individuals appeared and testified. Additionally, thirty-two parties filed written comments either prior to the hearing or thereafter. An Administrative meeting was held on January 7, 1998, wherein the adoption of the proposed regulations was considered by the Commission.

The Commission determined at that time that certain revisions should be made and that work is in progress as outlined in Chair John Wine's correspondence of January 12, 1998.

cc: John Wine, Chair



State of Kansas

Office of the Attorney General

301 S.W. 10TH AVENUE, TOPEKA 66612-1597

CARLA J. STOVALL
ATTORNEY GENERAL

MAIN PHONE: (913) 296-2215
CONSUMER PROTECTION: 296-3751
FAX: 296-6296

MEMO

To: John McCannon, Assistant General Counsel

From: Guen Easley, Assistant Attorney General *GE*

Subject: Regulations, approval of

Date: September 4, 1997

Enclosed please find approved regulations K.A.R. 82-3-800 through 82-3-804.

I changed K.A.R. 82-3-800 to reflect that it implements K.S.A. 1996 Supp. 55-155 not 55-150 as indicated.

If our office may be of any further assistance, please let us know.

*Senate Utilities
1-15-98
6-1*

K.A.R. 82-3-800. Licensing. Each person operating any gas-gathering system within the state of Kansas shall be licensed by the commission. Any person claiming an exemption from reporting under L. 1997, Ch. 132, § 23 shall be licensed. (Authorized by and implementing K.S.A. 1996 Supp. 55-155 ; effective P-_____.)

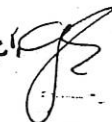
DEPT. OF ADMINISTRATION

SEP 03 1997

APPROVED BY FDL

ATTORNEY GENERAL

SEP 4 - 1997

APPROVED BY 

6-2

SEP 03 1997

K.A.R. 82-3-801. Report furnished by persons offering gas-gathering services; penalty.
APPROVED BY FDI

(a) Each person offering gas-gathering services shall file with the commission the following data on forms prescribed by the commission:

(1) data on rates paid for natural gas purchased at the wellhead on each gas-gathering system if purchased by the gatherer;

(2) data on contract rates charged for gas-gathering services on each gas-gathering system;

(3) any special contract terms relating to the volume and characteristics of the gas that will be purchased or transported by the person offering gas-gathering services;

(4) the number of wells connected to the gas-gathering system;

(5) a legible map showing the location of the gas-gathering system drawn to a scale of .5 inch equals one mile and clearly indicating section, township, and range; and

(6) other related data that may be required by the commission.

(b) The reports shall contain information current as of the first day of January, April, July, and October and shall be filed within sixty days of these dates. Maps shall be filed annually at the time of license renewal. If any due date falls on a legal holiday or weekend, the report shall be due on the next business day.

(c) Any person claiming an exemption pursuant to L. 1997, Ch. 132, § 22 who no longer qualifies for the exemption shall file the necessary gas-gathering report pursuant to K.A.R. 82-3-801 within 10 days from the date on which the exemption expires.

(d) The report filed with the commission shall be subject to the Kansas open records act.

(e) The report filed with the commission shall not be used by the commission to order a change in any rate except in a proceeding pursuant to K.A.R. 82-3-802.

(f) Any person claiming an exemption pursuant to L. 1997, Ch. 132, § 22 shall provide a

ATTORNEY GENERAL

SEP 4 - 1997

APPROVED

6-3

JF

verified, detailed written explanation in support of the exemption.

(g) Failure to materially complete the form shall constitute noncompliance with this regulation, and the operator may be subject to the fine provisions set forth in subsection (h).

(h) Upon notice and opportunity to be heard, a penalty may be imposed by the commission on any person, not to exceed \$10,000.00 per day up to an aggregate maximum amount of \$250,000.00, for failure to file the report required by subsection (a). (Authorized by and implementing L. 1997, Ch. 132, § 23; effective P-_____.)

DEPT. OF ADMINISTRATION

SEP 03 1997

APPROVED BY FDU

ATTORNEY GENERAL

SEP 4 - 1997

APPROVED BY

6-4



SEP 03 1997

K.A.R. 82-3-802. Gas-gathering services and access, complaint, hearing. (a) Each person offering any gas-gathering services or facilities essential to providing these services shall do so in a manner that is just, reasonable, not unjustly discriminatory, and not unduly preferential to persons seeking services or access to facilities.

APPROVED BY FDI

(b) Each person performing gas-gathering services shall engage in practices and charge fees for such services that are just, reasonable, not unjustly discriminatory, and not unduly preferential.

(c) Any consumer of gas-gathering services, any person seeking direct purchase of natural gas at the wellhead, any royalty owner, or any natural gas producer may request that the commission investigate and initiate proceedings to review a fee, term, or practice being used by a person offering gas-gathering services.

(d) As a condition to commission action, the person under subsection (c) requesting the action shall file a complaint that includes the following:

(1) A statement that the complainant has presented the complaint, in writing, to the person offering gas-gathering services and has requested a meeting to discuss the complaint. A copy of this document shall accompany the complaint;

(2) a statement that the requested meeting took place and no resolution was reached or that the person offering gas-gathering services refused to meet;

(3) a detailed factual statement alleging how the fee, term or practice violates subsections (a) or (b);

(4) a statement of the precise remedy being requested that will make the fee, term, or practice consistent with the standards established in this section;

(5) if the complainant is a producer of natural gas, a copy of the analysis of the complainant's gas, including the nitrogen, carbon dioxide, hydrogen sulfide, water and other

ATTORNEY GENERAL

6-5 APPROVED BY JS

SEP 03 1997

K.A.R. 82-3-802

Page 2

APPROVED BY FCL

contaminant content; the volume; the Btu; and the pressure at the wellhead;

(6) if available, a map showing the location of the affected wells and all gas-gathering systems in the area; and

(7) proof of service of the complaint on the gas gatherer.

(e) Upon the filing of a complaint, the parties to the complaint shall be contacted by the commission staff, and resolution of the matter shall be attempted by the commission staff through the use of informal procedures, including one or more of the following:

(1) A meeting with the complainant, the person offering gas-gathering services, and commission staff.

(2) A mediation conference conducted under the following procedures:

(A) Upon the request of any party and acceptance of the other party, the commission shall schedule a mediation conference. The purpose of the mediation shall be to assist the parties in reaching agreement on any disputed issues by the intervention of a third party who has no decision-making authority, is impartial to the issues being discussed, assists the parties in defining the issues in dispute, facilitates communication between the parties, and assists the parties in reaching resolution.

(B) Mediation conferences shall be conducted by mediators appointed by the commission who are qualified as mediators pursuant to the dispute resolution act, K.S.A. 5-501 et seq., and amendments thereto, and any relevant rules of the Kansas supreme court as authorized pursuant to K.S.A. 5-510, and amendments thereto.

ATTORNEY GENERAL

SEP 4 - 1997

6-6

APPROVED BY



SEP 03 1997

K.A.R. 82-3-802

APPROVED BY FDI

Page 3

(C) Persons with final settlement authority for each party shall be present, in person, at the mediation conference.

(D) All mediation conferences shall be conducted by a mediator in accordance with the dispute resolution act.

(E) The confidentiality and privilege provisions of K.S.A. 60-452(a) shall apply to all mediation conferences to assure that all verbal or written information transmitted between any party to a dispute and the mediator shall be treated as confidential information and that no admission, representation, or statement made in the mediation conference shall be admissible as evidence or subject to discovery.

(F) The costs of mediation shall be shared equally among all parties.

(G) The commission shall disseminate information about the mediation conference procedure.

(3) Other informal mediation procedures as may be agreed to by all parties.

(f) The commission may at any time review a fee, term, or practice. Upon notice and opportunity for hearing in accordance with the Kansas administrative procedures act, the authority to order the remediation of any violation of L. 1997, Ch. 132, § 24 shall rest with the commission.

(g) A formal hearing shall be scheduled by the commission if the complaint is not resolved by informal procedures within 60 days of its filing or upon notice that no party wishes to utilize any informal procedure. A scheduling order providing notice to the affected parties of the date of hearing and setting forth any additional conditions as the commission deems appropriate shall be issued by the commission.

ATTORNEY GENERAL

SEP 4 1997

6-7

APPROVED BY



SEP 03 1997

K.A.R. 82-3-802

Page 4

APPROVED BY FDI

(h) The hearing shall be conducted in accordance with the Kansas administrative procedure act, K.S.A. 77-501 et seq., and with the commission's rules of practice and procedure, K.A.R. 82-3-201 et seq.

(i) The costs of a proceeding may be assessed to a party or parties based on the findings of the commission.

(j) In determining whether or not to grant access to a system, factors including the following may be considered by the commission:

- (1) whether or not the natural gas can be reasonably carried by a gatherer;
- (2) whether or not construction of a new system would be feasible;
- (3) whether or not a material extension or expansion of facilities would be required;
- (4) whether or not there is another gatherer of natural gas who is willing to gather or can more conveniently gather gas;
- (5) whether or not the gathering of gas can reasonably be expected to have a materially adverse effect on safety or on service to existing customers or on the operation of or recovery of any processing facility;
- (6) whether or not the gas satisfies minimum standards for quality, energy or recoverable hydrocarbon content consistently applied by the gatherer of that system;
- (7) whether or not the gas gatherer is gathering gas from an affiliated marketer or producer;
- (8) the fiscal impact to all parties; or
- (9) any other matters that the commission determines to be relevant.

(k) In evaluating or establishing a fee, term, or practice for a gathering service, whether or

ATTORNEY GENERAL

6-8

SEP 03 1997

APPROVED BY



SEP 03 1997

K.A.R. 82-3-802

APPROVED BY FDI


Page 5

not the fee, term, or practice is a just, reasonable, not unjustly discriminatory, and not unduly preferential fee that would result from good faith negotiations in a competitive market shall be determined by the commission. In evaluating or establishing a fee, term, or practice, all economically relevant factors including the following may be considered by the commission:

- (1) the fees or terms that the gatherer receives from other shippers;
- (2) the fees or terms charged by other gatherers within a relevant area determined by the commission;
- (3) the financial risks of installing a gathering system;
- (4) the financial risks of operating a gathering system;
- (5) the capital, operating and maintenance costs of a gathering system;
- (6) the existing gas contract or contracts;
- (7) the fiscal impact to all parties;
- (8) the fees, terms, or practices that the gas gatherer offers to an affiliated producer or marketer; or
- (9) other factors that the commission determines to be relevant, provided that a fee shall not be required to be computed on a utility rate-of-return basis. (Authorized by and implementing L. 1997, Ch. 132, § 24 and L. 1997, Ch. 132, § 25; effective P-_____.)

ATTORNEY GENERAL

SEP 1 - 1997

APPROVED BY 

6-9

K.A.R. 82-3-803. Abuse of complaint procedure. No person shall abuse the complaint process so as to cause a delay in the proceedings that may damage a party's ability to pursue or defend the complaint. Any action deemed necessary to protect the rights of a party to a speedy resolution of the complaint may be taken by the commission. (Authorized by and implementing L. 1997, Ch. 132, § 25; effective P-_____.)

DEPT. OF ADMINISTRATION

SEP 03 1997

APPROVED BY FDI

ATTORNEY GENERAL

SEP 10 1997

APPROVED BY *JF*

6-10

K.A.R. 82-3-804. Notice of termination. A public utility providing service from a gas-gathering system shall provide written notice to the executive director of the commission at its Topeka office and to the person receiving service, not later than November 1 preceding the calendar year of service, that it cannot serve the needs of the person receiving service. The utility shall explain in detail any reasons it is unable to perform the service. An investigation may be conducted by the commission upon receipt of the notice. (Authorized by and implementing L. 1997, Ch. 132, § 30; effective P-_____.)

Document Number: 12838

EPT. OF ADMINISTRATION

SEP 03 1997

APPROVED BY FDL

ATTORNEY GENERAL

SEP 24 1997

6-11 APPROVED BY *JS*

Attach. 7

STATE CORPORATION COMMISSION
STATE OF KANSAS
GAS GATHERING REPORT
(See Instructions Below)

1. Operator Name: _____ License No. _____
2. Address: _____

3. Name and title of person completing form: _____
4. Emergency Contact address and phone: _____

5. Beginning location of system: Section _____ Township _____ Range _____ County _____
6. Ending location of system: Section _____ Township _____ Range _____ County _____

7. Attach map of system
Indicate the scale of the attached map of the system: _____

8. Volume Transported (MCF/D) _____
Does line loss exceed 3%? _____ Yes _____ No (Check one)

9. System Capacity (MCF and pressure) _____ MCF at _____ p.s.i.

10. Number of gathering contracts served: _____

11. Range of duration of contracts: (30 days, 1 year, etc) _____

12. Number of active wells connected: _____

13. Range of Rates paid for gas if applicable at wellhead: _____

14. Does system exclusively gather operator's production? _____ Yes _____ No
(If yes, proceed to Item 17)

15. Range of Rates charged for:
Gathering _____
Transportation _____
Compression _____
Stripping/Dehydration _____
Other (Identify) _____

16. Range of Characteristics of Gas:
BTU/cu.ft. (Sat. 60F. 14.73 psia) _____
BTU/cu.ft. (Dry. 60F. 14.73 psia) _____
Percentage Non-Hydrocarbon _____
Methane Content _____
Percentage Moisture _____

17. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct.
Executed on _____ Signature: _____
Title: _____

Instructions

- 1. A separate form must be filed for each system.
- 2. Form(s) must be filed the first of each calendar quarter.
- 3. Attach additional forms as necessary.

(Preliminary Form-GG-1)

Senate Utilities
1-15-98
7-1

Attach. 8
RECEIVED
KANSAS CORPORATION COMMISSION

JUL 16 1997

CONSERVATION DIVISION
WICHITA, KS

STATE CORPORATION COMMISSION
STATE OF KANSAS
GAS GATHERING REPORT
(See Instructions Below)

1. Operator Name: Ellsworth Systems, Inc. License No. 30031
 2. Address: 150 N. Main, Suite 922
Wichita, s 67202
316-265-8844

3. Name and title of person completing form: Ronald S. Schraeder, Vice Pres.
 4. Emergency Contact address and phone: Ronald S. Schraeder, Vice Pres.
212 N. Market, Suite 405; Wichita 67202
316-263-0898

5. Beginning location of system: Section 2 Township 17S Range 9W County Ellsworth
 6. Ending location of system: Section 2 Township 17S Range 9W County Ellsworth

7. Attach map of system (attached)
 Indicate the scale of the attached map of the system: 2 5/8 inches per mile

8. Volume Transported (MCF/D) _____
 Does line loss exceed 3%? Yes No (Check one)

9. System Capacity (MCF and pressure) _____ MCF at _____ p.s.i.

10. Number of gathering contracts served: _____

11. Range of duration of contracts: (30 days, 1 year, etc) _____
 Number of active wells connected: _____

13. Range of Rates paid for gas if applicable at wellhead: _____

14. Does system exclusively gather operator's production? Yes No
 (If yes, proceed to Item 17)

15. Range of Rates charged for:
 Gathering _____
 Transportation _____
 Compression _____
 Stripping/Dehydration _____
 Other (Identify) _____

16. Range of Characteristics of Gas:
 BTU/cu.ft. (Sat. 60F. 14.73 psia) _____
 BTU/cu.ft. (Dry. 60F. 14.73 psia) _____
 Percentage Non-Hydrocarbon _____
 Methane Content _____
 Percentage Moisture _____

17. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct.

Executed on July 16, 1997 Signature: Ronald S. Schraeder
 Ronald S. Schraeder
 Title: Vice President, Operations Manager

Instructions

1. A separate form must be filed for each system.
2. Form(s) must be filed the first of each calendar quarter.
3. Attach additional forms as necessary.

Senate Utilities
1-15-98
8-1

**STATE CORPORATION COMMISSION
STATE OF KANSAS
GAS GATHERING REPORT**
(See Instructions Below)

1. Operator Name: OXY USA INC License No. 5447
2. Address: P. O. Box 300
Tulsa, Oklahoma 74102-0300
(918) 561-3578
3. Name and title of person completing form: David L. Bushnell - Gas Business Coordinator
4. Emergency Contact address and phone: Kenny Andrews (OXY Elkhart) (316) 697-2500
P. O. Drawer K
Elkhart, Kansas 67950-0320
5. Beginning location of system: Section 27 Township 31 Range 39 County Stevens
6. Ending location of system: Section 18 Township 32 Range 39 County Morton
7. Attach map of system
Indicate the scale of the attached map of the system: 13/16" Equals 1 Mile
8. Volume Transported (MCF/D) 10,000
Does line loss exceed 3%? Yes No (Check one)
9. System Capacity (MCF and pressure) 10,000 MCF at 35 p.s.i.g. (Main Station)
10. Number of gathering contracts served: _____
11. Range of duration of contracts: (30 days, 1 year, etc.) _____
12. Number of active wells connected: _____
13. Range of Rates paid for gas if applicable at wellhead: _____
14. Does system exclusively gather operator's production? Yes No
(If yes, proceed to Item 17)
15. Range of Rates charges for:
- | | | |
|-------------------------|-----------------------|-------|
| EXEMPT | Gathering | _____ |
| No Gas Purchased | Transportation | _____ |
| | Compression | _____ |
| | Stripping/Dehydration | _____ |
| | Other (Identify) | _____ |
16. Range of Characteristics of Gas:
- | | |
|---------------------------------|-------|
| BTU/cu.ft (Sat 60F. 14.73 psia) | _____ |
| BTU/cu.ft (Dry 60F. 14.73 psia) | _____ |
| Percentage Non-Hydrocarbon | _____ |
| Methane Content | _____ |
| Percentage Moisture | _____ |
17. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct:
Executed on Aug 21st, 1997 Signature: Dee F. Dufan
Title: Regulatory Manager

Instructions

1. A separate form must be filed for each system.
2. Form(s) must be filed the first of each calendar quarter.
3. Attach additional forms as necessary

**STATE CORPORATION COMMISSION
STATE OF KANSAS
GAS GATHERING REPORT
(See Instructions Below)**

1. Operator Name: WARREN ENERGY RESOURCES, LIMITED PARTNERSHIP License No. 32111
 2. Address: 1000 (5800) LOUISIANA - SUITE 5800
HOUSTON, TEXAS 77002-5050
 (APPLIED FOR ON 5/20/97)

3. Name and title of person completing form: JAMES L. ADAMS - SENIOR REPRESENTATIVE
 4. Emergency Contact address and phone: DANE SELBY (316) 672-9425 OR (316) 546-2453
PO. BOX 26
TUKA, KANSAS 67066

5. Beginning location of system: Section 1 Township 16 S Range 42 W County GREELEY
 6. Ending location of system: Section 14 Township 16 S Range 42 W County GREELEY
 7. Attach map of system (MAP WILL BE PROVIDED IN SEPARATE MAILING)

8. Indicate the scale of the attached map of the system: _____

8. Volume Transported (MCF/D) 250 MCFD

Does line loss exceed 3%? Yes No (Check one)

9. System Capacity (MCF and pressure) 1,000 MCFD MCF at 200 p.s.i.

10. Number of gathering contracts served: _____

11. Range of duration of contracts: (30 days, 1 year, etc) * SEE ATTACHED LETTER

12. Number of active wells connected: _____

13. Range of Rates paid for gas if applicable at wellhead: * SEE ATTACHED LETTER

14. Does system exclusively gather operator's production? Yes No

15. Range of Rates charged for:
 Gathering * - SEE ATTACHED
 Transportation * - SEE ATTACHED
 Compression * - SEE ATTACHED
 Stripping/Dehydration * - SEE ATTACHED
 Other (Identify) * - SEE ATTACHED

16. Range of Characteristics of Gas:		<u>MIN</u>	<u>MAX</u>
BTU/cu.ft. (Sat. 60F. 14.73 psia)		<u>761</u>	<u>1,529</u>
BTU/cu.ft. (Dry. 60F. 14.73 psia)		<u>774</u>	<u>1,556</u>
Percentage Non-Hydrocarbon		<u>N/A</u>	<u>N/A</u>
Methane Content		<u>N/A</u>	<u>N/A</u>
Percentage Moisture		<u>N/A</u>	<u>N/A</u>

17. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct, to the best of my knowledge and based upon business records made and provided by the operator in the ordinary course of business.

Executed on _____ Signature: _____

Title: _____

Instructions

1. A separate form must be filed for each system.
2. Form(s) must be filed the first of each calendar quarter.
3. Attach additional forms as necessary.

RECEIVED
 STATE CORPORATION COMMISSION
 MAY 23 1997
 A 12:59



WARREN ENERGY RESOURCES,
Limited Partnership
An NGC Company

RECEIVED
KANSAS OFFICE
1997 JUL 29 A 12:58

July 22, 1997

Kansas Corporation Commission - Conservation Division
130 S. Market - Room 2078
Wichita, Kansas 67202-6200

Attention: Ms. Sharii Schulte

Gentlemen:

Enclosed is the gas gathering information requested in conjunction with Senate Bill 333, Natural Gas Gathering. The data is supplied on the KCC Preliminary Form GG-1 provided by the KCC. Unfortunately, without more descriptive instructions, we are unable to complete some portions of the form. In particular, questions numbered 11, 13, and 15 request ranges of various contract information, including "Rates" and terms, apparently to identify a value of service or gas.

We have not completed these questions for two primary reasons: (i) the terms used are not defined in the form or any appropriately adopted rules or regulations so as to allow Warren to understand exactly what data is being requested and, therefore, the form is vague and unclear as to what is being requested; and (ii) much of the information which might be responsive to these items is considered by our company to be valuable, confidential and proprietary information, the disclosure of which would hamper our ability to compete effectively with other gatherers. Such commercially sensitive information should not be required to be disclosed except by virtue of rules and regulations duly adopted in conformance with the Kansas Administrative Procedures Act. Additionally, Warren expressly reserves the right to challenge the enforceability of S.B. 333 and regulations promulgated to carry same into effect until it has had notice and an opportunity to comment on such proposed rules.

We note that the form does not define "Rates", "System" and several other crucial terms, nor does it specify over what period of time the data in items 11, 13, and 15 are to be provided; i.e., contracts entered into over the past quarter, year, etc., or contracts in effect over what periods? Without more specificity and a definition of the numerous terms used in the form, we are unable to complete these items.

With regard to our second reason for not completing questions 11, 13 and 15, we hereby reserve our right to object to the required disclosures set forth in this form. To our

8-4

knowledge, no rules or regulations have been adopted to implement Senate Bill 333. We do not read S.B. 333 as self-enabling; i.e. the Commission is clearly empowered to adopt regulations to carry that bill into effect but to our knowledge has not done so. Absent such rulemaking properly enacted in accordance with the Kansas Administrative Procedures Act, Warren should not be compelled to disclose such sensitive information. However, in light of our very constructive and long working relationship with the KCC staff, we have filed the enclosed forms as an accommodation to the staff to allow it the data it needs to start the rulemaking process, with the understanding that such an accommodation should not be construed as a waiver on our part to challenge either S.B. 333 itself or the rules which may be adopted to carry it into effect in the future.

If any additional information is required, please call me at (713) 507-3840.

Sincerely,



James L. Adams
Senior Representative - Projects

cc: Denis Abercrombie - Counsel
Glenn Etienne
Lefty Smith
Steve Marsh
John O'Shea
Len Hesseltine

RECEIVED
KANSAS GOV. COMM
JUL 29 A.D. 83

8-5

STATE CORPORATION COMMISSION
STATE OF KANSAS
GAS GATHERING REPORT
(See Instructions Below)

JUN 30 1997

CONSERVATION DIVISION
WICHITA, KS

License No. 32036

1. Operator Name: * Williams Gas Processing-
2. Address: KS. Hugoton Co.
P.O. Box 3102
Tulsa, OK 74101

3. Name and title of person completing form: Kent Myers, V.P., Williams Field Services
4. Emergency Contact address and phone: manned # 405/652-2250
Jack L. Bolden, 912 N. McCall
Ulysses, KS 67880

5. Beginning location of system: Section _____ Township _____ Range _____ County _____
6. Ending location of system: Section _____ Township _____ Range _____ County _____

7. Attach map of system
Indicate the scale of the attached map of the system: _____

8. Volume Transported (MCF/D) _____
Does line loss exceed 3%? Yes No (Check one)

9. System Capacity (MCF and pressure) _____ MCF at _____ p.s.i.

10. Number of gathering contracts served: _____

11. Range of duration of contracts: (30 days, 1 year, etc) _____

12. Number of active wells connected: _____

13. Range of Rates paid for gas if applicable at wellhead: _____

14. Does system exclusively gather operator's production? Yes No
(If yes, proceed to Item 17)

1. Range of Rates charged for:
Gathering _____
Transportation _____
Compression _____
Stripping/Dehydration _____
Other (Identify) _____

* Williams Gas Processing - KS. Hugoton Co. is not required to file rates and related data under SB No. 333.

16. Range of Characteristics of Gas:
BTU/cu.ft. (Sat. 60F. 14.73 psia) _____
BTU/cu.ft. (Dry. 60F. 14.73 psia) _____
Percentage Non-Hydrocarbon _____
Methane Content _____
Percentage Moisture _____

17. I declare under penalty of perjury under the laws of the state of Kansas that the foregoing is true and correct.

Executed on June 27, 1997 Signature: Kent Myers

Title: Vice President, Marketing & Operations

Instructions

1. A separate form must be filed for each system.
2. Form(s) must be filed the first of each calendar quarter.
3. Attach additional forms as necessary.