

Approved: Carl Dean Holmes  
Date 3-9-99

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl Holmes at 9:10 a.m. on February 24, 1999 in Room 522-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department  
Mary Torrence, Revisor of Statutes  
Jo Cook-Whitmore, Committee Secretary

Conferees appearing before the committee:

Others attending: See Attached List

**Continuation of debate on HB 2045 - Underground storage of natural gas**

Rep. Loyd moved that the language proposed for deletion on page 3, lines 23 through 26 be moved to page 1 as a new subsection 3 under section 2(a) (Attachment 1). Seconded by Rep. Johnson. Motion carried.

Rep. Loyd moved that, on subsection 2 as the amendment by Rep. Kuether indicates, the commission may conduct an independent study, that that become subsection (c) and a new subsection (d) be added. This includes language from his proposed amendment (Attachment 2) regarding commission orders being filed with the register of deeds of each county in which attested storage areas are located and that the other subsections that are on the existing bill should be renumbered accordingly. Seconded by Rep. Johnson. Motion carried.

Rep. Kuether moved that HB 2045 be passed out favorably as amended. Seconded by Rep. Klein. Motion carried on a vote of 9 to 7.

Rep. Klein will carry the bill.

Rep. Sloan, having voted on the prevailing side to recommend passage of the bill favorably, moved to reconsider HB 2495. Seconded by Rep. Alldritt. Motion carried.

Rep. Sloan moved to change the language to designate that the Senate members on the Retail Wheeling Task Force will be the chairperson, vice-chairperson and the ranking minority member of the Senate Utilities Committee. Motion was seconded by Rep. Myers. Motion carried.

Rep. Sloan moved that the committee recommend HB 2495 as amended favorable for passage. Rep. Alldritt seconded the motion. Motion carried.

Rep. Laura McClure will continue to carry the bill.

Lynne Holt distributed copies of the Regional Capability Building-Utility Restructuring Survey from the Jim Ploger of the Kansas Energy Office (Attachment 3). Lynne also distributed copies of an Executive Summary on Deregulation from Pinnacle Technology, Inc. (Attachment 4).

Rep. Alldritt requested that the Chair request from the LCC an interim committee to study the formation of a state energy commission. Chairman Holmes asked the committee to consider possible suggestions for interim committee study topics. He also stated he would be recommending that the standing Utilities Committee remain intact as the interim committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 522-S Statehouse, at 9:10 a.m. on February 24, 1999.

The Chair announced the committee would not meet Monday or Tuesday of next week. The following week he intends to take up **SB 290**. Lynne Holt announced that the Senate Subcommittee will be meeting Tuesday and Wednesday and possibly Thursday on **SB 290**.

Meeting adjourned at 9:30 a.m.

Next meeting is Wednesday, March 3.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 24, 1999

NAME	REPRESENTING
Joe Dick	BPUKCK
John L. Pingree	SITA
JC Long	UCU
Tom Gleason	Independent Telecom. Group
Doug Smith	SWKROA
John Hein	Hein and Weir, Chkd.
David Hattigan	Western Resources
Jack Graves	Rube H. X-ray
John Frederick	Boeing
Diana Johnson	Pinnacle
Jim Blong	KCC
George Barber	Barber & Assoc's
Sandy Braden	McMill, Saches & Assoc.
Doug Lawrence	KEC
Rich F. Rohlf	Western Resources

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: \_\_\_\_\_

NAME	REPRESENTING
Larry Hollaway	KCC
Whitney Damron	KS Gas Service
R. Gables	McGill, Gables! Assn.
WALKER HENDRIX	CURB
Kim Gully	LKIM

WARD

# HOUSE BILL No. 2045

By Committee on Utilities

1-19

9 AN ACT concerning underground storage of natural gas; amending  
10 K.S.A. 55-1201, 55-1204, 55-1205 and 55-1210 and repealing the ex-  
11 isting sections.

12  
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 55-1201 is hereby amended to read as follows: 55-  
15 1201. As used in this act:

16 (a) "Underground storage" ~~shall mean~~ means storage in a subsurface  
17 stratum or formation of the earth;

18 (b) "Natural gas" ~~shall mean~~ means gas either while in its original  
19 state or after the same has been processed by removal therefrom of com-  
20 ponent parts not essential to its use for light and fuel;

21 (c) "Native gas" ~~shall mean~~ gas which has not been previously with-  
22 drawn from the earth;

23 (d) "Natural gas public utility" ~~shall mean~~ means any person, firm or  
24 corporation authorized to do business in this state and engaged in the  
25 business of transporting or distributing natural gas by means of pipelines  
26 into, within or through this state for ultimate public use;

27 (e) (d) "Commission" ~~shall mean~~ means the state corporation  
28 commission.

29 (e) "Suitable for the underground storage of natural gas" means ~~for~~  
30 ~~separate and distinct stratum or formation from which natural gas cannot~~  
31 ~~migrate to another stratum or formation~~

32 Sec. 2. K.S.A. 55-1204 is hereby amended to read as follows: 55-  
33 1204. (a) Any natural gas public utility desiring to exercise the right of  
34 eminent domain as to any property for use for underground storage of  
35 natural gas shall, as a condition precedent to the filing of its petition in  
36 the district court, shall obtain from the commission a certificate setting  
37 out findings of the commission:

38 (1) That the underground stratum or formation sought to be acquired  
39 is suitable for the underground storage of natural gas and that its use for  
40 such purposes is in the public interest; ~~and~~

(2) regarding the amount of recoverable oil and native natural gas, if  
any, remaining therein in place in the stratum or formation.

(b) The commission shall issue no such certificate under this section

strata or formations which, based on tests recognized by the  
commission, are deemed by the commission to prevent or  
substantially minimize the potential for natural gas to migrate to other  
strata or formations

; and

(3) if the proposal is to wash out a salt cavern for storage,  
those measures that the utility must take to protect the lease

HOUSE UTILITIES

DATE: 2-24-99

ATTACHMENT 1

1 until after public hearing is had on application and upon reasonable notice  
 2 to interested parties. ~~(1) The commission causes an independent study to~~  
 3 ~~be made to assist the commission in making the findings required by~~  
 4 ~~subsection (a), and (2) notice as provided by law is given to all interested~~  
 5 ~~parties and a public hearing on the application is held in accordance with~~  
 6 ~~the provisions of the Kansas administrative procedure act.~~

7 (c) Subject to the provisions of K.S.A. 55-143 and amendments  
 8 thereto, the applicant shall be assessed an amount equal to all or any part  
 9 of the costs of ~~such any study and any proceedings conducted pursuant~~  
 10 ~~to this section and the applicant shall pay the amount so assessed before~~  
 11 ~~the commission issues a certificate under this section.~~

12 (d) All provisions of K.S.A. 66-106, 66-118a, 66-118b, 66-118c,  
 13 66-118d, 66-118e, 66-118j and 66-118k ~~or any, and~~ amendments thereto,  
 14 shall be applicable to all proceedings of the commission under K.S.A. 55-  
 15 1201 to 55-1206, inclusive, ~~and acts amendatory thereof or supplemental~~  
 16 ~~through 55-1206, and amendments~~ thereto.

17 (e) The state corporation commission shall remit all moneys re-  
 18 ceived by or for it for costs assessed under this section to the state trea-  
 19 surer at least monthly. Upon receipt of each such remittance, the state  
 20 treasurer shall deposit the entire amount thereof in the state treasury and  
 21 ~~the same shall be credited credit it~~ to the conservation fee fund created  
 22 by K.S.A. 55-143 and amendments thereto.

23 Sec. 3. K.S.A. 55-1205 is hereby amended to read as follows: 55-  
 24 1205. ~~Any~~ (a) After obtaining a certificate from the commission as pro-  
 25 vided by K.S.A. 55-1204, and amendments thereto, a natural gas public  
 26 utility, having first obtained a certificate from the commission as here-  
 27 inbefore provided, desiring to exercise the right of eminent domain for  
 28 the purpose of acquiring property for the underground storage of natural  
 29 gas shall do so in the manner provided in K.S.A. 26-501 to 26-516, inclu-  
 30 sive. The petitioner shall file the certificate of the commission as a part  
 31 of its petition and no order by the court granting said petition shall be  
 32 entered without such certificate being filed therewith. The appraisers in  
 33 awarding damages hereunder shall also take into consideration the emi-  
 34 nent domain procedure act (K.S.A. 26-501 et seq. and amendments  
 35 thereto), except as otherwise provided by this section.

36 (b) If eminent domain proceedings are brought pursuant to this sec-  
 37 tion to condemn property located in two or more counties, the proceedings  
 38 shall be brought in the county where the greatest portion of the property  
 39 is located ~~and the appraisers shall be appointed from among the disinter-~~  
 40 ~~ested householders of all counties where the property is located.~~

41 ~~(c) The interest condemned in a proceeding pursuant to this section~~  
 42 ~~shall be a leasehold interest for which the award shall be: (1) Damages in~~  
 43 ~~an amount equal to the value of the amounts of recoverable oil and native~~

The commission, if it determines appropriate or necessary, may require an independent study to be conducted to assist the commission in determining whether a stratum or formation is suitable for underground storage of natural gas.

A copy of the order of the commission certifying a stratum or formation as suitable for underground storage of natural gas, and delineating the area comprising the same, shall be filed in the office of the register of deeds of each county where any portion of the storage area is located. The costs of such filing shall be assessed as a cost of the proceeding.

(c) If the interest condemned in a proceeding pursuant to this section is a leasehold interest, the term of the leasehold shall continue until the underground storage facility is abandoned pursuant to K.S.A. 55-1208 and amendments thereto.

(d) In ascertaining the amount of compensation and damages to be awarded in an eminent domain proceeding brought pursuant to this section, the court, in addition to the factors specified by K.S.A. 26-513 and amendments thereto, shall consider: (1) The

1-3

1 gas remaining natural gas in place in the property sought to be appro-  
 2 priated and for such purposes, for which purpose the appraisers shall  
 3 receive as prima facie evidence of such amounts evidence the findings of  
 4 the commission with reference thereto to those amounts and evidence  
 5 based on professional engineering studies and presented by any interested  
 6 party; (2) royalties for any oil produced or other minerals recovered from  
 7 the premises, to be paid to the owners of the mineral rights; (3) annual  
 8 payments based on the annual leased value of the property for under-  
 9 ground storage of natural gas (the leased value of the storage formation);  
 10 (4) the value of pipeline and utility easements; (5) the value of surface  
 11 easements for pads or well site areas to be used for extraction, injection  
 12 and monitoring wells and other purposes; (6) the value of any surface  
 13 area used for roadways; (7) if fresh water is taken, the value of the water  
 14 rights taken, and (8) any damages incurred by the property owners from  
 15 the use of their property. The appraisers shall assign the fair market value  
 16 of all rights taken.

the value of

; (3) if the interest condemned is a leasehold interest,

and

(e)

, which shall be included in the award

(f)

17 ~~(d)~~ If there has been an uncompensated and unauthorized prior use  
 18 of the property by the petitioner for underground storage of natural gas,  
 19 the appraisers shall assign a value to such prior use based on the fair  
 20 rental value of the storage space.

21 ~~(e)~~ The court, in its order granting a petition for the purposes of this  
 22 act, shall specify the amount of surface area covered by any dominant  
 23 easement being taken and shall describe the location of such easement. ~~If~~  
 24 ~~the proposal of the petitioner is to wash out a salt cavern for storage, the~~  
 25 ~~order of the court shall include those measures that the petitioner must~~  
 26 ~~take to protect fresh water.~~

27 ~~(f) The court shall not grant a petition to exercise the right of eminent~~  
 28 ~~domain for the purposes provided by this act unless: (1) The certificate~~  
 29 ~~of the commission issued under K.S.A. 26-1204 and amendments thereto~~  
 30 ~~is filed with the petition; and (2) the court determines that the petitioner~~  
 31 ~~has compensated the property owner for the value assigned by the ap-~~  
 32 ~~praisers to the petitioner's prior uncompensated and unauthorized use of~~  
 33 ~~the property for underground storage of natural gas or that the award~~  
 34 ~~will include such compensation.~~

35 Sec. 4. K.S.A. 55-1210 is hereby amended to read as follows: 55-  
 36 1210. (a) All natural gas which has previously been reduced to possession,  
 37 and which is subsequently injected into underground storage fields, sands,  
 38 reservoirs and facilities, whether such storage rights were acquired by  
 39 eminent domain or otherwise, shall at all times be the property of the  
 40 injector, such injector's heirs, successors or assigns, whether owned by  
 41 the injector or stored under contract.

42 (b) In no event shall such gas be subject to the right of the owner of  
 43 the surface of such lands or of any mineral interest therein, under which

1-4

1 such gas storage fields, sands, reservoirs and facilities lie, or of any person,  
 2 other than the injector, such injector's heirs, successors and assigns, to  
 3 produce, take, reduce to possession, either by means of the law of capture  
 4 or otherwise, waste, or otherwise interfere with or exercise any control  
 5 over such gas. Nothing in this subsection shall be deemed to affect the  
 6 right of the owner of the surface of such lands or of any mineral interest,  
 7 therein to drill or bore through the underground storage fields, sands,  
 8 reservoirs and facilities in such a manner as will protect such fields, sand,  
 9 reservoirs and facilities against pollution and the escape of the natural gas  
 10 being stored.

11 (c) With regard to natural gas that has migrated to adjoining property  
 12 or to a stratum, or portion thereof, which has not been condemned as  
 13 allowed by law or otherwise purchased:

14 (1) The injector, such injector's heirs, successors and assigns shall not  
 15 lose title to or possession of such gas if such injector, such injector's heirs,  
 16 successors or assigns can prove by a preponderance of the evidence that  
 17 such gas was originally injected into the underground storage.

18 (2) The injector, such injector's heirs, successors and assigns, shall  
 19 have the right to conduct such tests on any existing wells on adjoining  
 20 property, at such injector's sole risk and expense including, but not limited  
 21 to, the value of any lost production of other than the injector's gas, as  
 22 may be reasonable to determine ownership of such gas. ~~owner of the~~  
 23 ~~adjoining property or stratum or portion thereof, shall have title and~~  
 24 ~~possession of such gas in place at the time of condemnation or purchase.~~

25 (3) (2) The ~~owner of the stratum and the owner of the surface~~ shall  
 26 be entitled to such compensation, including compensation for use of or  
 27 damage to the surface or substratum, as is provided by law, compensation  
 28 for the use of and damages to the surface and substratum and shall be  
 29 entitled to recovery of all costs and expenses, including reasonable attor-  
 30 ney fees, if litigation is necessary to enforce any rights under this subsec-  
 31 tion (c) and the injector does not prevail.

32 (d) The injector, such injector's heirs, successors and assigns shall  
 33 have the right to compel compliance with this section by injunction or  
 34 other appropriate relief by application to a court of competent  
 35 jurisdiction.

36 Sec. 5. K.S.A. 55-1201, 55-1204, 55-1205 and 55-1210 are hereby  
 37 repealed.

38 Sec. 6. This act shall take effect and be in force from and after its  
 39 publication in the statute book.

injector, such injector's heirs, successors and assigns shall not lose title to or possession of such gas if such injector, such injector's heirs, successors or assigns can prove by a preponderance of the evidence that such gas was originally injected into the underground storage.

(2) The injector, such injector's heirs, successors and assigns, shall have the right to conduct such tests on any existing wells on adjoining property, at such injector's sole risk and expense including, but not limited to, the value of any lost production of other than the injector's gas, as may be reasonable to determine ownership of such gas. Advance notice of such tests shall be given to the owners of property rights comprising the adjoining property in accordance with rules and regulations adopted by the commission and the tests shall be conducted on such terms and conditions as established by rules and regulations adopted by the commission.

owners of property rights comprising the adjoining property

and the injector does not prevail



A RWIE

# HOUSE BILL No. 2045

By Committee on Utilities

1-19

9 AN ACT concerning underground storage of natural gas; amending  
10 K.S.A. 55-1201, 55-1204, 55-1205 and 55-1210 and repealing the ex-  
11 isting sections.  
12

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

14 Section 1. K.S.A. 55-1201 is hereby amended to read as follows: 55-  
15 1201. As used in this act:

16 (a) "Underground storage" ~~shall mean~~ means storage in a subsurface  
17 stratum or formation of the earth;

18 (b) "Natural gas" ~~shall mean~~ means gas either while in its original  
19 state or after the same has been processed by removal therefrom of com-  
20 ponent parts not essential to its use for light and fuel;

21 (c) "Native gas" ~~shall mean~~ gas which has not been previously with-  
22 drawn from the earth;

23 (d) "Natural gas public utility" ~~shall mean~~ means any person, firm or  
24 corporation authorized to do business in this state and engaged in the  
25 business of transporting or distributing natural gas by means of pipelines  
26 into, within or through this state for ultimate public use;

27 (e) (d) "Commission" ~~shall mean~~ means the state corporation  
28 commission.

29 (e) "Suitable for the underground storage of natural gas" means ~~a~~  
30 ~~separate and distinct stratum or formation from which natural gas cannot~~  
31 ~~migrate to another stratum or formation.~~

32 Sec. 2. K.S.A. 55-1204 is hereby amended to read as follows: 55-  
33 1204. (a) Any natural gas public utility desiring to exercise the right of  
34 eminent domain as to any property for use for underground storage of  
35 natural gas shall, as a condition precedent to the filing of its petition in  
36 the district court, shall obtain from the commission a certificate setting  
37 out findings of the commission:

38 (1) That the underground stratum or formation sought to be acquired  
39 is suitable for the underground storage of natural gas and that its use for  
40 such purposes is in the public interest; and

41 (2) regarding the amount of recoverable oil and native natural gas, if  
42 any, remaining therein in place in the stratum or formation.

43 (b) The commission shall issue no such certificate under this section

strata or formations which, based on tests approved by the commission, are found by the commission to be capable of preventing or substantially minimizing the potential for natural gas to migrate to other strata or formations

The commission, if it determines appropriate or necessary, may require an independent study to be conducted to assist the commission in determining whether a stratum or formation is suitable for the underground storage of natural gas.

HOUSE UTILITIES  
DATE: 2-24-99  
ATTACHMENT 2

N-2

1 until after public hearing is had on application and upon reasonable notice  
 2 to interested parties. ~~(1) The commission causes an independent study to~~  
 3 ~~be made to assist the commission in making the findings required by~~  
 4 ~~subsection (a), and (2) notice as provided by law is given to all interested~~  
 5 ~~parties and a public hearing on the application is held in accordance with~~  
 6 the provisions of the Kansas administrative procedure act.

7 (c) Subject to the provisions of K.S.A. 55-143 and amendments  
 8 thereto, the applicant shall be assessed an amount equal to all or any part  
 9 of the costs of ~~such any study and any proceedings conducted pursuant~~  
 10 ~~to this section and the applicant shall pay the amount so assessed before~~  
 11 ~~the commission issues a certificate under this section.~~

12 ~~(e) (d) All provisions of K.S.A. 66-106, 66-118a, 66-118b, 66-118c,~~  
 13 ~~66-118d, 66-118e, 66-118j and 66-118k or any, and amendments thereto,~~  
 14 ~~shall be applicable to all proceedings of the commission under K.S.A. 55-~~  
 15 ~~1201 to 55-1206, inclusive, and acts amendatory thereof or supplemental~~  
 16 ~~through 55-1206, and amendments thereto.~~

17 ~~(e) (e) The state corporation commission shall remit all moneys re-~~  
 18 ~~ceived by or for it for costs assessed under this section to the state trea-~~  
 19 ~~surer at least monthly. Upon receipt of each such remittance, the state~~  
 20 ~~treasurer shall deposit the entire amount thereof in the state treasury and~~  
 21 ~~the same shall be credited credit it to the conservation fee fund created~~  
 22 ~~by K.S.A. 55-143 and amendments thereto.~~

23 Sec 3. K.S.A. 55-1205 is hereby amended to read as follows: 55-  
 24 1205. ~~Any (a) After obtaining a certificate from the commission as pro-~~  
 25 ~~vided by K.S.A. 55-1204, and amendments thereto, a natural gas public~~  
 26 ~~utility, having first obtained a certificate from the commission as here-~~  
 27 ~~before provided, desiring to exercise the right of eminent domain for~~  
 28 ~~the purpose of acquiring property for the underground storage of natural~~  
 29 ~~gas shall do so in the manner provided in K.S.A. 26-501 to 26-516, inclu-~~  
 30 ~~sive. The petitioner shall file the certificate of the commission as a part~~  
 31 ~~of its petition and no order by the court granting said petition shall be~~  
 32 ~~entered without such certificate being filed therewith. The appraisers in~~  
 33 ~~awarding damages hereunder shall also take into consideration the emi-~~  
 34 ~~nent domain procedure act (K.S.A. 26-501 et seq. and amendments~~  
 35 ~~thereto), except as otherwise provided by this section.~~

36 (b) ~~If eminent domain proceedings are brought pursuant to this sec-~~  
 37 ~~tion to condemn property located in two or more counties, the proceedings~~  
 38 ~~shall be brought in the county where the greatest portion of the property~~  
 39 ~~is located and the appraisers shall be appointed from among the disinter-~~  
 40 ~~ested householders of all counties where the property is located.~~

41 (c) ~~The interest condemned in a proceeding pursuant to this section~~  
 42 ~~shall be a leasehold interest for which the award shall be: (1) Damages in~~  
 43 ~~an amount equal to the value of the amounts of recoverable oil and native~~

Unless the condemnee otherwise agrees, the interest condemned in a proceeding pursuant to this section shall be a leasehold interest for natural gas storage purposes which shall include a defined subsurface strata or formation, royalties on liquids extracted from such strata or formation and the use of so much of the surface as reasonably necessary to permit natural gas storage operations. The award shall provide for annual rental payments for the use of such acquired interests with directions for the payment of damages which might result from the use thereof. The term of the leasehold shall continue until the underground storage facility is abandoned pursuant to K.S.A. 55-1208 and amendments thereto.

(d) In ascertaining the amount of compensation and damages to be awarded in an eminent domain proceeding brought pursuant to this section, the court, in addition to the <sup>FURTHER</sup> specified by K.S.A. 26-513 and amendments thereto, shall consider: (1) The

32

1 gas remaining natural gas in place in the property sought to be appro-  
 2 priated and for such purposes, for which purpose the appraisers shall  
 3 receive as prima facie evidence of such amounts evidence the findings of  
 4 the commission with reference thereto to those amounts and evidence  
 5 based on professional engineering studies and presented by any interested  
 6 party; (2) royalties for any oil produced or other minerals recovered from the value of  
 7 the premises to be paid to the owners of the mineral rights; (3) annual  
 8 payments based on the annual leased value of the property for under-  
 9 ground storage of natural gas (the leased value of the storage formation);  
 10 (4) the value of pipeline and utility easements; (5) the value of surface  
 11 easements for pads or well site areas to be used for extraction, injection  
 12 and monitoring wells and other purposes; (6) the value of any surface and  
 13 area used for roadways; (7) if fresh water is taken, the value of the water  
 14 rights taken; and (8) any damages incurred by the property owners from  
 15 the use of their property. The appraisers shall assign the fair market value  
 16 of all rights taken. (e)  
 17 (d) If there has been an uncompensated and unauthorized prior use (e)  
 18 of the property by the petitioner for underground storage of natural gas,  
 19 the appraisers shall assign a value to such prior use based on the fair  
 20 rental value of the storage space, which shall be included in the award  
 21 (e) (f)  
 22 (e) The court, in its order granting a petition for the purposes of this  
 23 act, shall specify the amount of surface area covered by any dominant  
 24 easement being taken and shall describe the location of such easement. If (f)  
 25 the proposal of the petitioner is to wash out a salt cavern for storage, the  
 26 order of the court shall include those measures that the petitioner must  
 27 take to protect fresh water.  
 28 ~~(f) The court shall not grant a petition to exercise the right of eminent~~  
 29 ~~domain for the purposes provided by this act unless: (1) The certificate~~  
 30 ~~of the commission issued under K.S.A. 26-1204 and amendments thereto~~  
 31 ~~is filed with the petition; and (2) the court determines that the petitioner~~  
 32 ~~has compensated the property owner for the value assigned by the ap-~~  
 33 ~~praisers to the petitioner's prior uncompensated and unauthorized use of~~  
 34 ~~the property for underground storage of natural gas or that the award~~  
 35 ~~will include such compensation.~~  
 36 Sec. 4. K.S.A. 55-1210 is hereby amended to read as follows: 55-  
 37 1210. (a) All natural gas which has previously been reduced to possession,  
 38 and which is subsequently injected into underground storage fields, sands,  
 39 reservoirs and facilities, whether such storage rights were acquired by  
 40 eminent domain or otherwise, shall at all times be the property of the  
 41 injector, such injector's heirs, successors or assigns, whether owned by  
 42 the injector or stored under contract.  
 43 (b) In no event shall such gas be subject to the right of the owner of  
 the surface of such lands or of any mineral interest therein, under which

1-2

1 such gas storage fields, sands, reservoirs and facilities lie, or of any person,  
2 other than the injector, such injector's heirs, successors and assigns, to  
3 produce, take, reduce to possession, either by means of the law of capture  
4 or otherwise, waste, or otherwise interfere with or exercise any control  
5 over such gas. Nothing in this subsection shall be deemed to affect the  
6 right of the owner of the surface of such lands or of any mineral interest  
7 therein to drill or bore through the underground storage fields, sands,  
8 reservoirs and facilities in such a manner as will protect such fields, sand,  
9 reservoirs and facilities against pollution and the escape of the natural gas  
10 being stored.

11 (c) With regard to natural gas that has migrated to adjoining property  
12 or to a stratum, or portion thereof, which has not been condemned as  
13 allowed by law or otherwise purchased:

14 (1) The injector, such injector's heirs, successors and assigns shall not  
15 lose title to or possession of such gas if such injector, such injector's heirs,  
16 successors or assigns can prove by a preponderance of the evidence that  
17 such gas was originally injected into the underground storage.

18 (2) The injector, such injector's heirs, successors and assigns, shall  
19 have the right to conduct such tests on any existing wells on adjoining  
20 property, at such injector's sole risk and expense including, but not limited  
21 to, the value of any lost production of other than the injector's gas, as  
22 may be reasonable to determine ownership of such gas. ~~owner of the~~  
23 ~~adjoining property or stratum or portion thereof, shall have title and~~  
24 ~~possession of such gas in place at the time of condemnation or purchase.~~

25 ~~(3) (2) The owner of the stratum and the owner of the surface shall~~  
26 ~~be entitled to such compensation, including compensation for use of or~~  
27 ~~damage to the surface or substratum, as is provided by law, compensation~~  
28 ~~for the use of and damages to the surface and substratum and shall be~~  
29 ~~entitled to recovery of all costs and expenses, including reasonable attor-~~  
30 ~~ney fees, if litigation is necessary to enforce any rights under this subsec-~~  
31 ~~tion (c) and the injector does not prevail.~~

32 (d) The injector, such injector's heirs, successors and assigns shall  
33 have the right to compel compliance with this section by injunction or  
34 other appropriate relief by application to a court of competent  
35 jurisdiction.

36 Sec. 5. K.S.A. 55-1201, 55-1204, 55-1205 and 55-1210 are hereby  
37 repealed.

38 Sec. 6. This act shall take effect and be in force from and after its  
39 publication in the statute book.

injector, such injector's heirs, successors and assigns shall not lose title to  
or possession of such gas if such injector, such injector's heirs, successors  
or assigns can prove by a preponderance of the evidence that such gas was  
originally injected into the underground storage.

(2) The injector, such injector's heirs, successors and assigns, shall  
have the right to conduct such tests on any existing wells on adjoining  
property, at such injector's sole risk and expense including, but not limited  
to, the value of any lost production of other than the injector's gas, as may  
be reasonable to determine ownership of such gas. Advance notice of such  
tests shall be given to the owners of property rights comprising the  
adjoining property in accordance with rules and regulations adopted by the  
commission and the tests shall be conducted on such terms and conditions  
as established by rules and regulations adopted by the commission.

(3) The owners of property rights comprising the adjoining  
property

New Sec. 5. (a) A person whose stratum or formation is acquired  
for use for underground storage of natural gas and the owners of  
property rights comprising property adjoining any such stratum or  
formation shall be entitled to recovery of all costs and expenses,  
including reasonable attorney fees, if litigation is necessary to enforce  
any rights under K.S.A. 55,1203, 55-1204, 55-1205, 55-1208 or 55-  
1210, and amendments thereto, and the injector does not prevail.

6

7

**REGIONAL CAPABILITY BUILDING-UTILITY RESTRUCTURING SURVEY**

**DATA REPORT  
PROJECT PRKS #1340  
FEBRUARY 1999**

Survey Conducted by  
Social and Economic Sciences Research Center  
P.O. Box 64401  
Pullman, WA 99164-4014  
509.335.1511

John Tarnai, Ph.D., SESRC Principal Investigator  
Ashley Grosse, M.A., Study Director

**SURVEY RESULTS FOR  
KANSAS**

**Data Report 98-49 of the Social and Economic Sciences Research Center**

*HOUSE UTILITIES*

DATE: 2-24-99

ATTACHMENT 3

## SESRC PROJECT PROFILE

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**Title:** REGIONAL CAPABILITY BUILDING-UTILITY RESTRUCTURING SURVEY

**Abstract:** Funded in part by the Kansas State Energy Office, this survey solicited opinions regarding utility restructuring. CATI interviews were conducted with 400 individuals in the state of Kansas.

**Objectives** Complete 400 telephone interviews with Kansas households regarding opinions about electric utility restructuring and factors affecting consumer choice in the selection of utility providers after deregulation.

**Methods:** Telephone interviews with Kansas households were selected by random digit dialing (RDD). Adult respondents were selected on the basis of most recent birthday. Telephone interviews averaged 13 minutes each.

**Results:** 1374 telephone numbers released; 400 interviews completed, yielding a cooperation rate of 62.15 % and a completion rate of 44.84 % with sampling error of  $\pm 5\%$  at the 95% confidence level for total sample.

**Time frame:** January-February, 1999

**Contract with:** **Jim Ploger**  
Energy Program Manager  
KCC Energy Programs  
1500 S.W. Arrowhead Road  
Topeka, Kansas 66604-4027  
Tel. 785.271.3349

**Contract amount:** \$8,000

**Principal Investigator:** John Tarnai, Ph.D.  
**Study Director:** Ashley Grosse, M.A.

**SESRC Acronym:** KANS  
**SESRC Subacronym:** PRKS  
**SESRC Number:** 1340  
**Data Book Number:** 98-49  
**WSU-OGRD:** 3247  
**Deliverables:** Telephone questionnaire, SAS data sets, and data report.

**TABLE 3: COMPARISON OF KANSAS DEMOGRAPHICS AND SAMPLE RESPONDENTS**

<b>DEMOGRAPHICS</b>	<b>Kansas N</b>	<b>n</b>
<b>Sex</b>		
Male	49.23	47.00
Female	50.76	53.00
<b>Respondent Age</b>		
18-24	13.22	9.20
25-34	18.66	16.00
35-44	22.18	27.20
45-54	16.64	19.10
55-64	10.84	13.20
65 and older	18.43	15.30
<b>Household Income</b>		
Median income	\$34,902	\$35,000
<b>Education</b>		
	25 years plus	
Less than 9th grade	7.83	5.03
high school graduate	36.70	27.59
some college, no degree	27.50	19.63
associate degree	6.15	9.28
bachelor's degree	14.94	23.87
graduate & prof. degree	6.88	14.58

**N=POPULATION, n=SAMPLE**

\*Population information on all demographic variables (with the exception of education, based on the 1990 Census data) is based on the 1997 US Census Estimates. Survey percentages listed here are based on unweighted frequencies.

\*\*Population percentages are based on total population, including all ages. Survey percentages are based on adult ages only, because respondents must have been at least 18 years old to be interviewed.

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

OPINIONS ABOUT RESTRUCTURING ELECTRIC PROVIDERS

EFFECT OF GOVT DEREGULATION ON CUSTOMERS

Q1	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	46	.	.	.
VERY POSITIVE	52	14.7	52	14.7
SOMEWHAT POSITIVE	183	51.7	235	66.4
SOMEWHAT NEGATIVE	90	25.4	325	91.8
VERY NEGATIVE	29	8.2	354	100.0

Frequency Missing = 46

VIEW ON RESTRUCTURING ELECTRIC PROVIDERS

Q2	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	11	.	.	.
REFUSE	2	.	.	.
STRONGLY FAVOR	150	38.8	150	38.8
SOMEWHAT FAVOR	127	32.8	277	71.6
SOMEWHAT OPPOSE	60	15.5	337	87.1
STRONGLY OPPOSE	50	12.9	387	100.0

Frequency Missing = 13

EFFECT OF RESTRUCTURING ON ENERGY PRICES

Q3	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	19	.	.	.
REFUSE	1	.	.	.
MUCH HIGHER	27	7.1	27	7.1
SOMEWHAT HIGHER	82	21.6	109	28.7
SOMEWHAT LOWER	189	49.7	298	78.4
MUCH LOWER	24	6.3	322	84.7
NO CHANGE	58	15.3	380	100.0

Frequency Missing = 20



REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

REASONS FOR CHOOSING ELECTRIC PROVIDER

REASON: PRICE OF ELECTRICITY

Q4A	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	1	.	.	.
VERY IMPORTANT	267	66.9	267	66.9
SOMEWHAT IMPORTANT	122	30.6	389	97.5
SOMEWHAT UNIMPORTANT	8	2.0	397	99.5
VERY UNIMPORTANT	2	0.5	399	100.0

Frequency Missing = 1

REASON: TYPE OF FUEL USED

Q4B	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	6	.	.	.
VERY IMPORTANT	133	33.8	133	33.8
SOMEWHAT IMPORTANT	175	44.4	308	78.2
SOMEWHAT UNIMPORTANT	51	12.9	359	91.1
VERY UNIMPORTANT	35	8.9	394	100.0

Frequency Missing = 6

REASON: ENVIRONMENTAL EFFECTS

Q4C	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	3	.	.	.
VERY IMPORTANT	213	53.7	213	53.7
SOMEWHAT IMPORTANT	149	37.5	362	91.2
SOMEWHAT UNIMPORTANT	27	6.8	389	98.0
VERY UNIMPORTANT	8	2.0	397	100.0

Frequency Missing = 3

REASON: CUSTOMER SERVICE

Q4D	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	1	.	.	.
VERY IMPORTANT	308	77.2	308	77.2
SOMEWHAT IMPORTANT	84	21.1	392	98.2
SOMEWHAT UNIMPORTANT	6	1.5	398	99.7
VERY UNIMPORTANT	1	0.3	399	100.0

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

REASONS FOR CHOOSING ELECTRIC PROVIDER

Frequency Missing = 1

REASON: REPUTATION OF COMPANY

Q4E	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	4	.	.	.
VERY IMPORTANT	215	54.3	215	54.3
SOMEWHAT IMPORTANT	144	36.4	359	90.7
SOMEWHAT UNIMPORTANT	26	6.6	385	97.2
VERY UNIMPORTANT	11	2.8	396	100.0

Frequency Missing = 4

REASON: COMPANY LOCATION

Q4F	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	4	.	.	.
VERY IMPORTANT	138	34.8	138	34.8
SOMEWHAT IMPORTANT	124	31.3	262	66.2
SOMEWHAT UNIMPORTANT	84	21.2	346	87.4
VERY UNIMPORTANT	50	12.6	396	100.0

Frequency Missing = 4

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

UTILITIES SHOULD USE THE FOLLOWING RENEWABLE ENERGY SOURCES

UTILITIES SHOULD USE: SOLAR CELLS

Q5A	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	17	.	.	.
REFUSE	3	.	.	.
STRONGLY AGREE	169	44.5	169	44.5
SOMEWHAT AGREE	168	44.2	337	88.7
SOMEWHAT DISAGREE	31	8.2	368	96.8
STRONGLY DISAGREE	12	3.2	380	100.0

Frequency Missing = 20

UTILITIES SHOULD USE: WIND POWER

Q5B	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	15	.	.	.
REFUSE	1	.	.	.
STRONGLY AGREE	177	46.1	177	46.1
SOMEWHAT AGREE	152	39.6	329	85.7
SOMEWHAT DISAGREE	36	9.4	365	95.1
STRONGLY DISAGREE	19	4.9	384	100.0

Frequency Missing = 16

UTILITIES SHOULD USE: FOREST/AG WASTE

Q5C	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	17	.	.	.
REFUSE	3	.	.	.
STRONGLY AGREE	73	19.2	73	19.2
SOMEWHAT AGREE	151	39.7	224	58.9
SOMEWHAT DISAGREE	85	22.4	309	81.3
STRONGLY DISAGREE	71	18.7	380	100.0

Frequency Missing = 20

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

UTILITIES SHOULD USE THE FOLLOWING RENEWABLE ENERGY SOURCES

UTILITIES SHOULD USE: MUN SOLID WASTE

Q5D	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	18	.	.	.
REFUSE	3	.	.	.
STRONGLY AGREE	76	20.1	76	20.1
SOMEWHAT AGREE	153	40.4	229	60.4
SOMEWHAT DISAGREE	86	22.7	315	83.1
STRONGLY DISAGREE	64	16.9	379	100.0

Frequency Missing = 21

UTILITIES SHOULD USE: GEOTHERMAL POWER

Q5E	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	41	.	.	.
REFUSE	4	.	.	.
STRONGLY AGREE	116	32.7	116	32.7
SOMEWHAT AGREE	165	46.5	281	79.2
SOMEWHAT DISAGREE	47	13.2	328	92.4
STRONGLY DISAGREE	27	7.6	355	100.0

Frequency Missing = 45

UTILITIES SHOULD USE: HYDROELECTRIC POWR

Q5F	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	8	.	.	.
REFUSE	2	.	.	.
STRONGLY AGREE	189	48.5	189	48.5
SOMEWHAT AGREE	160	41.0	349	89.5
SOMEWHAT DISAGREE	30	7.7	379	97.2
STRONGLY DISAGREE	11	2.8	390	100.0

Frequency Missing = 10

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
FREQUENCY LISTING

UTILITIES SHOULD USE THE FOLLOWING RENEWABLE ENERGY SOURCES

UTILITIES SHOULD USE: LANDFILL GAS

Q5G	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	29	.	.	.
REFUSE	3	.	.	.
STRONGLY AGREE	89	24.2	89	24.2
SOMEWHAT AGREE	148	40.2	237	64.4
SOMEWHAT DISAGREE	79	21.5	316	85.9
STRONGLY DISAGREE	52	14.1	368	100.0

Frequency Missing = 32

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
FREQUENCY LISTING

THE USE OF RENEWABLE ENERGY SOURCES

OPINION ON MORE USE OF RENEWABLE SOURCES

Q6	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	10	.	.	.
REFUSE	3	.	.	.
STRONGLY FAVOR	145	37.5	145	37.5
SOMEWHAT FAVOR	197	50.9	342	88.4
SOMEWHAT OPPOSE	32	8.3	374	96.6
STRONGLY OPPOSE	13	3.4	387	100.0

Frequency Missing = 13

HOW TO PAY FOR MORE USE OF RENEWABLES

Q7	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	25	.	.	.
REFUSE	2	.	.	.
INCREASE EVERYONE'S ELECTRIC RATES	111	29.8	111	29.8
HAVE FEDERAL GOVERNMENT PAY ADDITIONAL COSTS	75	20.1	186	49.9
INCREASE RATES ONLY THOSE WHO USE RENEWABLES	106	28.4	292	78.3
SOME OTHER WAY	81	21.7	373	100.0

Frequency Missing = 27

WILLING TO PAY MORE FOR USE OF RENEWABLE

Q8	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	3	.	.	.
REFUSE	1	.	.	.
VERY WILLING	41	10.4	41	10.4
SOMEWHAT WILLING	223	56.3	264	66.7
SOMEWHAT UNWILLING	79	19.9	343	86.6
VERY UNWILLING	53	13.4	396	100.0

Frequency Missing = 4

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

THE USE OF RENEWABLE ENERGY SOURCES

MAXIMUM WILLING TO PAY FOR RENEWABLES

Q9	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	7	.	.	.
REFUSE	2	.	.	.
SKIPPED	136	.	.	.
\$1 MORE PER MONTH	10	3.9	10	3.9
\$2 MORE	6	2.4	16	6.3
\$3 MORE	21	8.2	37	14.5
\$4 MORE	11	4.3	48	18.8
\$5 MORE PER MONTH	76	29.8	124	48.6
\$6 MORE	4	1.6	128	50.2
\$7 MORE	8	3.1	136	53.3
\$8 MORE	4	1.6	140	54.9
\$9 MORE	2	0.8	142	55.7
\$10 MORE PER MONTH	74	29.0	216	84.7
MORE THAN \$10	39	15.3	255	100.0

Frequency Missing = 145

ENVRN PROBLEMS RELATED TO ENERGY USE

Q12	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	15	.	.	.
STRONGLY RELATED	89	23.1	89	23.1
SOMEWHAT RELATED	214	55.6	303	78.7
SLIGHTLY RELATED	64	16.6	367	95.3
NOT RELATED	18	4.7	385	100.0

Frequency Missing = 15

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

RESPONDENTS UTILITY CO. AND ELECTRICITY

MAKES NO DIF HOW COMPANY GENERATES POWR

Q13A	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	6	.	.	.
STRONGLY AGREE	35	8.9	35	8.9
SOMEWHAT AGREE	92	23.4	127	32.2
SOMEWHAT DISAGREE	157	39.8	284	72.1
STRONGLY DISAGREE	110	27.9	394	100.0

Frequency Missing = 6

DON'T HAVE ENOUGH CHOICE IN SERVICE

Q13B	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	11	.	.	.
STRONGLY AGREE	177	45.5	177	45.5
SOMEWHAT AGREE	135	34.7	312	80.2
SOMEWHAT DISAGREE	52	13.4	364	93.6
STRONGLY DISAGREE	25	6.4	389	100.0

Frequency Missing = 11

OVERALL, SATISFIED WITH THE SERVICE

Q13C	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	2	.	.	.
STRONGLY AGREE	193	48.5	193	48.5
SOMEWHAT AGREE	157	39.4	350	87.9
SOMEWHAT DISAGREE	28	7.0	378	95.0
STRONGLY DISAGREE	20	5.0	398	100.0

Frequency Missing = 2



REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

RESPONDENTS UTILITY CO. AND ELECTRICITY

UTILITY CO. RESPONSIBLE FOR RENEWABLES

Q13D	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	49	.	.	.
REFUSE	1	.	.	.
STRONGLY AGREE	135	38.6	135	38.6
SOMEWHAT AGREE	143	40.9	278	79.4
SOMEWHAT DISAGREE	48	13.7	326	93.1
STRONGLY DISAGREE	24	6.9	350	100.0

Frequency Missing = 50

WANT ONLY RELIABLE POWER AT LOWEST RATE

Q13E	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	1	.	.	.
STRONGLY AGREE	199	49.9	199	49.9
SOMEWHAT AGREE	116	29.1	315	78.9
SOMEWHAT DISAGREE	64	16.0	379	95.0
STRONGLY DISAGREE	20	5.0	399	100.0

Frequency Missing = 1

UTILITY CO. CONCERNED ABOUT ENVIRONMENT

Q13F	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	40	.	.	.
REFUSE	1	.	.	.
STRONGLY AGREE	89	24.8	89	24.8
SOMEWHAT AGREE	180	50.1	269	74.9
SOMEWHAT DISAGREE	62	17.3	331	92.2
STRONGLY DISAGREE	28	7.8	359	100.0

Frequency Missing = 41

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

STATE GOVERNMENTS ROLE IN ENERGY

STATE SHLD DO MORE TO DEVELOP RENEWABLES

Q14	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	4	.	.	.
STRONGLY AGREE	193	48.7	193	48.7
SOMEWHAT AGREE	151	38.1	344	86.9
SOMEWHAT DISAGREE	32	8.1	376	94.9
STRONGLY DISAGREE	20	5.1	396	100.0

Frequency Missing = 4

STATE SHLD REGULATE TO CONTROL POLLUTION

Q15	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	4	.	.	.
REFUSE	1	.	.	.
STRONGLY AGREE	189	47.8	189	47.8
SOMEWHAT AGREE	162	41.0	351	88.9
SOMEWHAT DISAGREE	26	6.6	377	95.4
STRONGLY DISAGREE	18	4.6	395	100.0

Frequency Missing = 5

STATE REQUIRE HOME/BLDG USE LESS ELECT

Q16	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	9	.	.	.
REFUSE	2	.	.	.
STRONGLY AGREE	118	30.3	118	30.3
SOMEWHAT AGREE	137	35.2	255	65.6
SOMEWHAT DISAGREE	79	20.3	334	85.9
STRONGLY DISAGREE	55	14.1	389	100.0

Frequency Missing = 11

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
FREQUENCY LISTING

STATE GOVERNMENTS ROLE IN ENERGY

STATE KEEP RATES LOW FOR LOW INCOME HH

Q18	Frequency	Percent	Cumulative Frequency	Cumulative Percent
DON'T KNOW	10	.	.	.
REFUSE	1	.	.	.
STRONGLY AGREE	173	44.5	173	44.5
SOMEWHAT AGREE	123	31.6	296	76.1
SOMEWHAT DISAGREE	68	17.5	364	93.6
STRONGLY DISAGREE	25	6.4	389	100.0

Frequency Missing = 11

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

BASIC DEMOGRAPHIC VARIABLES

GENDER

Q19	Frequency	Percent	Cumulative Frequency	Cumulative Percent
MALE	188	47.0	188	47.0
FEMALE	212	53.0	400	100.0

HIGHEST LEVEL OF EDUCATION COMPLETED

Q20	Frequency	Percent	Cumulative Frequency	Cumulative Percent
REFUSE	2	.	.	.
GRADE SCHOOL	19	4.8	19	4.8
HIGH SCHOOL GRADUATE	100	25.1	119	29.9
GED CERTIFICATE	4	1.0	123	30.9
TRADE/VOCATIONAL SCHOOL GRAD	21	5.3	144	36.2
SOME COLLEGE	74	18.6	218	54.8
TWO-YEAR COLLEGE DEGREE	35	8.8	253	63.6
FOUR-YEAR COLLEGE DEGREE	90	22.6	343	86.2
MASTER'S DEGREE	38	9.5	381	95.7
PH.D. DEGREE	8	2.0	389	97.7
PROFESSIONAL DEGREE	8	2.0	397	99.7
OTHER DEGREE	1	0.3	398	100.0

Frequency Missing = 2

RACIAL OR ETHNIC GROUP: AFRICAN AMERICAN

Q21A	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	378	.	.	.
AFRICAN AMERICAN	22	100.0	22	100.0

Frequency Missing = 378

RACIAL OR ETHNIC GROUP: ASIAN

Q21B	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	399	.	.	.
ASIAN	1	100.0	1	100.0

Frequency Missing = 399

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
 FREQUENCY LISTING

BASIC DEMOGRAPHIC VARIABLES

RACIAL OR ETHNIC GROUP: NATIVE AMERICAN

Q21C	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	395	.	.	.
NATIVE AMERICAN	5	100.0	5	100.0

Frequency Missing = 395

RACIAL OR ETHNIC GROUP: HISPANIC

Q21D	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	384	.	.	.
HISPANIC OR LATINO	16	100.0	16	100.0

Frequency Missing = 384

RACIAL OR ETHNIC GROUP: WHITE

Q21E	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	59	.	.	.
WHITE	341	100.0	341	100.0

Frequency Missing = 59

RACIAL OR ETHNIC GROUP: OTHER

Q21F	Frequency	Percent	Cumulative Frequency	Cumulative Percent
SKIPPED	391	.	.	.
ANOTHER RACE	9	100.0	9	100.0

Frequency Missing = 391

REGIONAL CAPABILITY BUILDING - UTILITY RESTRUCTURING PROJECT FOR KANSAS  
FREQUENCY LISTING

BASIC DEMOGRAPHIC VARIABLES

RACIAL OR ETHNIC GROUP: COMBINED

RACE	Frequency	Percent	Cumulative Frequency	Cumulative Percent
MISSING	8	.	.	.
AFRICAN AMERICAN	21	5.4	21	5.4
ASIAN	1	0.3	22	5.6
NATIVE AMERICAN	4	1.0	26	6.6
HISPANIC OR LATINO	15	3.8	41	10.5
WHITE	340	86.7	381	97.2
ANOTHER RACE	9	2.3	390	99.5
MULTIPLE RACE	2	0.5	392	100.0

Frequency Missing = 8

### Utility Restructuring Survey

#### Begin

Hello, this is \_\_\_\_\_, and I am calling from Washington State University. We have been asked by the Iowa State Energy Office to gather information about opinions on utility deregulation. I need to talk with the person currently living in your household who is 18 years of age or older and who has had the MOST RECENT BIRTHDAY. Would that be you or someone else?

- 1 Yes ----->SKIP TO MENT
- 2 No, someone else ---> May I speak to that person? ----->SKIP TO ELSE
- 3 No, that person not available ---> Ask for a good time to call back
- 4 Refusals by R ----->SKIP TO F10
- 5 Disconnect/Missing phone number/Business
- 6 Non Contact/Callback
- 7 Communication Barrier
- 8 Other Terminates
- 9 No one over 18

#### MENT

The information provided will help the state energy office set policies regarding the improvement and delivery of electricity in your state.

- 1 Yes, continue
- 2 Not available at this time
- 3 Refuse

#### ELSE

Hello, this is \_\_\_\_\_, from Washington State University. We have been asked by the Iowa State Energy Office to gather information about opinions on utility deregulation.

- 1 Yes, continue
- 2 Not available at this time
- 3 Refuse

F10

We understand your time is valuable. However, your opinion will help state energy offices determine reasons affecting people's choice in electric providers. (This survey will only take 10 minutes to complete.)

- 1 Yes, will continue with survey
- 2 No, still refuses

CONSE

This interview is completely voluntary and has been approved by Washington State University. While portions of this interview may be monitored by a supervisor, all of the information you provide will be kept strictly confidential. If I come to any question you prefer not to answer, just let me know and I'll skip over it. Okay? (BLOCK SCREEN)

- 1 Yes
- 2 No, not a convenient time.=>When would be a good time to call you back?
- 3 No ----->F10 (REFUSAL PREVENTION)

Q1. In the past, the government has deregulated several industries, such as the airline companies and the telephone companies. In general would you say for the customer this kind of deregulation has been . . .

- 1 VERY POSITIVE
- 2 SOMEWHAT POSITIVE
- 3 SOMEWHAT NEGATIVE
- 4 OR VERY NEGATIVE FOR CUSTOMERS
- D DON'T KNOW
- R Refuse

Q2. In the future, customers may be able to choose their electric provider in the same way they choose their long distance telephone providers. How much would you favor or oppose the idea of restructuring electric providers and giving customers a choice? Would you say. . .

- 1 STRONGLY FAVOR
- 2 SOMEWHAT FAVOR
- 3 SOMEWHAT OPPOSE
- 4 STRONGLY OPPOSE
- D DON'T KNOW



R REFUSE

Q3. Restructuring energy utilities may increase competition in the energy industry. In your opinion would this competition lead to energy prices that are MUCH HIGHER, SOMEWHAT HIGHER, SOMEWHAT LOWER, MUCH LOWER, or there would be NO CHANGE in prices?

- 1 MUCH HIGHER
- 2 SOMEWHAT HIGHER
- 3 SOMEWHAT LOWER
- 4 MUCH LOWER
- 5 NO CHANGE
- D DON'T KNOW
- R REFUSE

Q4. I am going to read a list of reasons that people may consider when choosing their electricity provider, if restructuring occurs. As I read each one, please tell me how important each of these reasons would be in your decision to choose an electricity provider. The first reason is . . .

Would this reason be VERY IMPORTANT (1), SOMEWHAT IMPORTANT, SOMEWHAT UNIMPORTANT, or VERY UNIMPORTANT(4) to you in selecting an energy provider? (D = Don't Know, R=Refuse)

- |    |   |   |   |   |   |   |
|----|---|---|---|---|---|---|
| A. | Price of the electricity offered .....                        | 1 | 2 | 3 | 4 | 5 |
| B. | The type of fuel the provider uses to produce the electricity | 2 | 3 | 4 | 5 |   |
| C. | The environmental effects of producing the electricity ...    | 1 | 2 | 3 | 4 | 5 |
| D. | The quality of customer service .....                         | 1 | 2 | 3 | 4 | 5 |
| E. | The reputation of the company .....                           | 1 | 2 | 3 | 4 | 5 |
| F. | Whether the company was located in state or out of state      | 1 | 2 | 3 | 4 | 5 |

Q5. I am going to read a list of RENEWABLE energy sources that could be used to generate electricity in your state. As I read each one, please tell me whether you agree or disagree that electric utilities should use this source. The first one is....

Would you say you (1),STRONGLY AGREE, (2) SOMEWHAT AGREE, (3)SOMEWHAT DISAGREE, OR (4) STRONGLY DISAGREE (D = Don't Know, R=Refuse) that electric utilities should use this source?

- |    |                   |   |   |   |   |   |
|----|-------------------|---|---|---|---|---|
| A. | Solar cells ..... | 1 | 2 | 3 | 4 | 5 |
|----|-------------------|---|---|---|---|---|

B.	Wind power .....	1	2	3	4	5
C.	Burning forest waste or agricultural waste .....	1	2	3	4	5
D.	Burning municipal solid waste .....	1	2	3	4	5
E.	Using heat from the earth's core such as geothermal power	1	2	3	4	5
F.	Water power from dams .....	1	2	3	4	5
G.	Landfill gas .....	1	2	3	4	5

Q6. The cost of using renewable energy sources may be higher than using non-renewable energy sources. However, using renewable energy sources may make sense for the environment. Would you STRONGLY FAVOR, SOMEWHAT FAVOR, SOMEWHAT OPPOSE, or STRONGLY OPPOSE using more renewable energy sources to generate electricity in your state?

- 1 STRONGLY FAVOR
- 2 SOMEWHAT FAVOR
- 3 SOMEWHAT OPPOSE
- 4 STRONGLY OPPOSE
- D DON'T KNOW
- R REFUSE

Q7. If utilities start using more renewable sources to generate electricity, which ONE of these ways of paying for the higher cost, would you favor most?

- 1 INCREASE EVERYONE'S ELECTRIC RATES
- 2 HAVE THE FEDERAL GOVERNMENT PAY THE ADDITIONAL COST
- 3 INCREASE RATES ONLY FOR THOSE PEOPLE WHO CHOOSE RENEWABLE SOURCES
- 4 OR SOME OTHER WAY
- D DON'T KNOW
- R REFUSE

Q8. How willing would you be to pay more on your electric bill each month to get some or all of your electricity from renewable sources? Would you say

- 1 VERY WILLING
- 2 SOMEWHAT WILLING
- 3 SOMEWHAT UNWILLING -----> SKIP TO Q10
- 4 VERY UNWILLING -----> SKIP TO Q10
- D DON'T KNOW -----> SKIP TO Q10
- R REFUSE -----> SKIP TO Q10

Q9. What is the MAXIMUM amount you would be willing to pay on your electric bill each month to make sure that some or all of your electricity comes from renewable sources? Please stop me when I reach the maximum amount.

- 1 \$1 MORE PER MONTH
- 2 \$2 MORE
- 3 \$3 MORE
- 4 \$4 MORE
- 5 \$5 MORE PER MONTH
- 6 \$6 MORE
- 7 \$7 MORE
- 8 \$8 MORE
- 9 \$9 MORE
- 10 \$10 MORE PER MONTH
- 11 OR MORE THAN \$10
- D DON'T KNOW
- R REFUSE

Q10. Some people have suggested that many of our environmental problems are related to our production and use of energy. Would you say that our environmental problems are STRONGLY RELATED, SOMEWHAT RELATED, SLIGHTLY RELATED, or NOT RELATED to our energy production and use?

- 1 STRONGLY RELATED
- 2 SOMEWHAT RELATED
- 3 SLIGHTLY RELATED
- 4 NOT RELATED
- D DON'T KNOW
- R REFUSE

Q11. Next, I have some statements about your utility company and electricity. For each statement please tell me whether you agree or disagree. The first statement one is...

Do you say STRONGLY AGREE (1), SOMEWHAT AGREE (2), SOMEWHAT DISAGREE (3), or STRONGLY DISAGREE (4) with this statement?

- A. It makes no difference to you how your utility company generates power.
- B. People don't have enough choices in their electric service today.

- C. Overall, you are satisfied with the service you receive from your utility company.
- D. You believe your utility company is responsible for developing renewable energy sources.
- E. All you want from your electric utility is that they provide reliable power at the lowest rate possible.
- F. You believe your utility company is concerned about the environment.

Next, I am going to ask about the state government's role in energy. For each statement, please tell me whether you agree or disagree.

Q12. The first one is state governments should do more to develop renewable energy sources such as solar and wind. Would you say you . . .

- 1 STRONGLY AGREE
- 2 SOMEWHAT AGREE
- 3 SOMEWHAT DISAGREE
- 4 STRONGLY DISAGREE
- D DON'T KNOW
- R REFUSE

Q13. State government should continue to regulate utilities in order to control pollution. Would you say you . . .

- 1 STRONGLY AGREE
- 2 SOMEWHAT AGREE
- 3 SOMEWHAT DISAGREE
- 4 STRONGLY DISAGREE
- 5 DON'T KNOW
- R REFUSE

Q14. State governments should require new houses and commercial buildings to use less energy. Would you say you . . .

- 1 STRONGLY AGREE
- 2 SOMEWHAT AGREE
- 3 SOMEWHAT DISAGREE
- 4 STRONGLY DISAGREE
- D DON'T KNOW
- R REFUSE

Q15. State governments should keep utility rates low for low income households. Would you say you . . .

- 1 STRONGLY AGREE
- 2 SOMEWHAT AGREE
- 3 SOMEWHAT DISAGREE
- 4 STRONGLY DISAGREE
- 5 DON'T KNOW

Finally, I would like to ask a few questions about you and your household. [INTERVIEWER - ask only if necessary]

Q16. For survey purposes, I need to ask, are you . . .

- 1 MALE
- 2 FEMALE
- D Don't know
- R Refuse

Q17. What is the highest level of education you have completed?

- 1 Less than grade school
- 2 Grade school
- 3 High school graduate
- 4 GED certificate
- 5 Trade or vocational school graduate
- 6 Some college
- 7 Two-year college degree
- 8 Four-year college degree
- 9 Master's degree
- 10 Ph.D. degree
- 11 Professional degree
- 12 Other degree

Q18. What racial or ethnic group or groups best describes you? (multiple categories allowed)?

- 1 BLACK
- 2 ASIAN
- 3 NATIVE AMERICAN
- 4 HISPANIC OR LATINO
- 5 WHITE
- 6 ANOTHER RACE
- D DON'T KNOW
- R REFUSE

Q19. What is your current age?

\_\_\_\_\_ AGE

Q20. What is your current employment status? Are you...

- 1. EMPLOYED FULL-TIME
- 2. EMPLOYED PART-TIME
- 3. UNEMPLOYED
- 4. FULL-TIME STUDENT
- 5. FULL-TIME HOMEMAKER
- 6. RETIRED
- 7. DOING SOMETHING ELSE
- 8. REFUSE
- 9. DON'T KNOW

Q21. How many different telephone numbers does your home have, including cell phone numbers and business numbers?

\_\_\_\_\_ # OF DIFFERENT TELEPHONE NUMBERS

Q22. Is your main home telephone number listed in the telephone directory, or is it an unlisted number?

- 1. LISTED IN THE TELEPHONE DIRECTORY
- 2. UNLISTED NUMBER

Q23. Including yourself, how many adults in your household are 18 years of age and older?

\_\_\_\_\_ # OF ADULTS

- D DON'T KNOW
- R REFUSE

Q24. How many children under the age of 18 are living in your household?

\_\_\_\_\_ # OF CHILDREN

- D DON'T KNOW
- R REFUSE

Q25. What is your marital status? Are you . . .

- 1 SEPARATED
- 2 DIVORCED
- 3 WIDOWED
- 4 SINGLE AND NEVER MARRIED
- 5 LIVING WITH SOMEONE IN A MARRIAGE LIKE RELATIONSHIP
- 6 OR MARRIED
- D DON'T KNOW
- R REFUSE

Q26. I am going to read a list of income categories. Please tell me which category best describes the total amount of income before taxes received by all of the members in your household last year during 1997. Please stop me when I get to your income category.

- 1 \$10,000 OR LESS
- 2 OVER \$10,000 UP TO \$20,000
- 3 OVER \$20,000 UP TO \$30,000
- 4 OVER \$30,000 UP TO \$40,000
- 5 OVER \$40,000 UP TO \$50,000
- 6 OVER \$50,000 UP TO \$60,000
- 7 OVER \$60,000 UP TO \$70,000

- 8 OVER \$70,000 UP TO \$80,000
- 9 OVER \$80,000 UP TO \$90,000
- 10 OVER \$90,000 UP TO \$100,000
- 11 OVER \$100,000
- 12 DON'T KNOW
- 12 REFUSE

Q27. That is the end of the survey. We appreciate your time and cooperation. If you have any Additional comments or questions about this survey, I can take note of them now?

- 1. YES, R HAS COMMENTS
- 2. NO COMMENTS



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## Executive Summary

Deregulation (restructuring) of the electric utilities will quickly change the energy production, distribution and consumption landscape in Kansas. An effective and efficient State Energy Program (KSEP) is vital to help guide Kansas consumers and businesses successfully through these changing times. Against this backdrop of growing needs for services, KSEP must contend with limited, and decreasing, funding primarily derived from Oil Overcharge Funds and Department of Energy grants.

In a proactive effort to prepare for the future, KSEP hired Pinnacle Technology, Inc. to review KSEP's operations and generate a 5-year business plan recommending steps KSEP must take to ensure continued quality service for all Kansas citizens. The review included the following activities:

- Overview of federal deregulation policy;
- Overview of state deregulation activity;
- Overview of the KSEP and a summary of a survey regarding Kansans views toward utility deregulation;
- Development of a general fact sheet about the KSEP;
- Development of a general fact sheet about deregulation;
- Interviews with other energy organizations in Kansas and key individuals involved in energy to discover what they would like KSEP to do in the future and how it can improve its current operations;
- Citizen focus groups to assess what the state needs to do as deregulation approaches; and
- Surveys of other state energy offices in states with deregulation in place or with legislation pending.

The goal of this analysis was to establish a coordinated approach to energy, with no duplication of effort and leveraged funding whenever possible. There was general agreement between individuals and groups interviewed, citizen focus groups, and recommendations from other states. Based on the interviews and research conducted on behalf of the Energy Program, the following recommendations are made. These have been broken down into those that are not related to deregulation and those that are a result of deregulation.

### **Near Term**

- **Become more proactive and become the state champion for energy.** The office does a good job of interfacing at the national level, however that information does not always filter down into the state. As part of this role, an e-mail network

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*HOUSE UTILITIES*

DATE: 2-24-99

ATTACHMENT 4

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should be instituted to quickly transfer information that is sent from the Department of Energy, Environmental Protection Agency or other organizations regarding requests for proposals, or other news that might be of interest to different state organizations, researchers and other interested parties. All information should be sent to everyone on the list to see what ideas are generated. A short meeting might be held every 6 months to bring interested parties in the state together to brainstorm. With the Kansas Electric Utilities Research Program gone, there may still be utilities in the state that want to do collaborative research. The energy office needs to pick-up this link in the network also.

- **Focus the Oil Overcharge grant program.** With the funds available under the oil overcharge program decreasing, it becomes difficult to maintain a balanced program. We recommend that the KSEP carefully evaluate areas where the program can have the best impact and select a few of those areas for funding. Individual projects will fall into those categories. This might include education, energy efficiency and conservation, etc. There can always be a category for "other", so that a group with an exciting idea can still be funded. However, by having a focused program, goals can be set and a larger state impact can be derived. In addition, the oil overcharge funds can be used as match on federal grants and leveraging these dollars should be encouraged whenever possible. Some projects however, do not lend themselves to match.
- **Improve communications with the public.** One way to begin is to publish an annual report each year. This should consist of two parts, the first is a 2 page executive summary of the entire program (to be printed on one page) for those who only want a very short overview. The second is a more detailed report with the awardee, address, contact information, a description of the project and its benefit to the state upon completion. Each of these descriptions can be 1/3, 1/2 or 1 full page and may or may not include photos. These should be part of the final report submitted to the KCC by each contractor to reduce cost. This should be published in December or January of each year and made available on the internet. To become a recognizable entity, the Office might consider having it's own logo. Holding a statewide contest for students might be an interesting way to create this logo while raising student awareness of the Energy Program.

A second method of communication is to set an e-mail network in place to quickly inform interested parties of upcoming funding opportunities, meetings, news, etc.

- **Expand education and information functions.** A consistent theme in all the comments was that the KSEP should be a consumer education repository. In addition to KSEP's current educational efforts, fact sheets for consumers, frequently asked questions (FAQ) sheets, information about state activities (such as the spike in gas price billing in the Kansas City area last year), etc. Another important issue is safety. With electrocutions on the rise in the state, safety education needs to be an important

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item on someone's agenda. These need to be available both in hard copy and on the internet.

- **Benchmark to other states.** There are many states that have a stronger Energy Office than Kansas and attract more federal dollars. Two of these states which are local and have low electric rates and small populations are Iowa and Nebraska. It would be useful to compare Kansas to these programs and see how Kansas could become more effective.
- **Become an advocate for renewable energy and energy conservation and efficiency.** With the demise of KEURP, there is a strong opinion that renewable energy and energy efficiency will not be championed by anyone in the state in a leadership role. Kansas ranks number 3 in the nation with available wind resource and in addition, with its low population in many areas, Kansas is also a prime candidate for the introduction of photovoltaic power. It would be appropriate for the Energy Office to be the advocate to ensure that Kansas continues to examine renewable fuel sources and energy conservation.

### ***Mid Term***

All of the recommendations below will require funding. Almost all of the groups and individuals recognized that the revenue to fund these activities come from some type of public benefits charge/wire charge that would have to be legislated into the retail wheeling laws.

- **Consumer education on deregulation.** Provide the public with a series of fact sheets about deregulation, questions they should ask utility providers before they sign-up for a service, etc.
- **Watchdog Agency Role for Electric Services.** The consumer will need a central location (deregulation equivalent of the Better Business Bureau) where they can turn to find out if the promises made by power companies are true. Is there an assured power supply, does the company install new "green" generation, etc. There needs to be a central group to review the companies and a spot where consumers can turn for help.
- **Provide a "Good Housekeeping Seal of Approval."** The Energy Office could certify power companies. Are they consumer friendly, do they meet their claims for renewable energy, etc. This would be a fee-based service paid by the utility or energy marketer.
- **Provide a social safety net.** There needs to be a group in the state that watches out for the low income, high maintenance consumer. They need to be assured electricity

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at a fair rate. There needs to be a central contact number that a consumer can call which is prominently marked on their bill and there needs to be a way of ensuring that everyone has basic services, do they default to the original provider, do they go into an assigned risk group that everyone shares, etc.

- **Advocate renewable energy and energy conservation and efficiency.** Under deregulation it is expected that utility companies will have little incentive to promote demand side management. One major role that all state agencies are undertaking with deregulation is that of renewable energy and energy conservation and efficiency advocate and promoter. This advocacy includes funding demonstrations, workshops, promoting and shaping legislation, and providing education materials to consumers.
- **Separate the Energy Office from the Kansas Corporation Commission.** There is a perceived conflict of interest between the regulatory responsibilities of the KCC and the consumer advocacy and consumer protection responsibilities of the Energy Program. The KCC will retain regulatory responsibilities over transmission, distribution and licensing, even after deregulation legislation passes in the state. The Energy Program, on the other hand, is viewed as an advocacy program whose role is to be an advocate for energy education, legislation, and alternative energy. It may be inappropriate for the Energy Office to be promoting legislation or other advocacy positions under the current structure. One suggestion would be to restructure the Energy Office as a private board, such as Kansas, Inc., the Kansas Technology Enterprise Corporation or the Citizen Utility Regulatory Board. The use of private boards to oversee public funds has been a successful model for Kansas in the past. If a public benefits charge is part of Kansas deregulation, this separation of the two offices is strongly recommended.