

Approved: Feb. 22, 1999
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairperson Sen. Pat Ranson at 1:30 p.m. on February 10, 1999 in Room 531-N of the Capitol.

All members were present except:
Sen Lee was excused

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

Conferees appearing before the committee:
David Heinemann, General Counsel, Kansas Corporation Commission
Janette Corazzin, Kansas Corporation Commission Advisory Council
David Banks, Energy Manager, Wichita Public Schools
Victor Braden, Legal Counsel, United School Administrators (USA)

Others attending:
See attached list

Sen. Ranson stated she wanted to work some bills today, and referred to **SB 123-concerning the state corporation commission**, which was discussed yesterday. She requested Mr. Heinemann return to the committee to answer questions and furnish additional information. She announced Sen. Pugh understands the bill and asked him to explain it to the committee. He replied that if an Order is not adopted by the Corporation Commission, there is 30 days in which to appeal the Order, and that an Order is final as soon as it is adopted. He believes the intent of this legislation is to make an Order of the Commission a final Order. Mr. Heinemann stated the legislation being discussed would apply to nonKAPA proceedings and would be effective upon service. The reason for the request for this bill is that the Commission believes it will save time and speed up proceedings. In answer to questions yesterday, Mr. Heinemann explained that the Western Resources/KCPL merger comes under the K.S.A. 66-117 statute and therefore is a KAPA case; the Commission has not waived the timetable; however, both parties have waived the 240 day waiting period. In answer to a questions raised yesterday regarding the Hill City Certification, he reported it is a nonKAPA case and is effective 30 days after the Order. Mr. Heinemann stated he has reviewed the statutes, and that all rate cases apply to the 30 day rule; he added that other state agencies' Orders are effective upon service. He then introduced Janette Corazzin, who is on the Advisory Council to the Commissioners, and is the person who prepares the Orders of the Commission. The committee continued by asking additional questions regarding tariffs, refunds and other Corporation Commission procedures.

Sen. Clark referred to opposition to the bill and the reasons and the impact on the Commission's proceedings, and Sen. Ranson asked Walker Hendrix to again state his objections to the bill. Mr. Hendrix stated his main concern is the inability to challenge an Order; that one must read the Kansas Public Utilities Act and KAPA in order to know the time frame of a particular case/Order, plus to consider the interim rules, which are not subject to appeal. He suggested conforming all the statutes to eliminate confusion. Sen. Barone stated that he is surprised that the utility companies have not appeared to oppose the bill, and that their silence is an indication that the bill would not be that detrimental. Sen. Salisbury stated this bill appears to be a practical solution to speed up the Corporation Commission's work, but she is concerned because it will not conform to other statutes. Mr. Heinemann stated it would be a good idea to review other statutes for conformity and strive for changes that would accomplish it. Ms. Corazzin stated the intent of the bill is to clear up confusion and speed up the Commission's proceedings for the non-KAPA cases. Sen. Brownlee referred to Mr. Hendrix's statement this statute would result in only partial relief, and she asked if partial relief wouldn't be better than no relief at all. She also asked if enacting this legislation would reduce the volume of appeals, and Mr. Heinemann was optimistic that it would. Sen. Clark suggested repealing K.S.A. 66-115 and Ms. Corazzin stated this would not delay proceedings for more than 30 days. Sen. Ranson closed the hearing.

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE, Room 531-N Statehouse, at 1:30 p.m. on February 10, 1999.

Sen. Ranson announced the hearing for **SB 186-concerning school districts** and introduced the following, who appeared in support of the bill:

David Banks, (Attachment 1)
Victor Braden, (Attachment 2)

Mr. Braden stated his strong support for the bill. Sen. Barone pointed out that No. (7), Line 31 reads "natural gas or electricity" and asked Mr. Banks if he objected to removing, "or electricity". He answered "No", he would not. Sen. Steffes discussed market trends and fluctuations with Mr. Banks and Sen. Jones questioned him regarding market flexibility. Mr. Banks stated all their purchases for natural gas exceed \$10,000. Sen. Ranson closed the hearing.

Sen. Ranson referred the committee to the following bill for consideration today: **HB 2053-relating to lighting standards for public buildings** . The committee discussed the bill, and Sen. Morris made a motion the bill be passed and placed on the consent calendar, and it was seconded by Sen. Barone; roll call was taken and the bill was passed.

The committee discussed **SB 123-concerning the state corporation commission.** Sen. Pugh made a motion the bill be passed, and it was seconded by Sen. Barone; roll call vote was taken, and the motion passed. Sen. Pugh will carry the bill on the floor of the Senate.

Sen. Ranson referred to **SB 186-concerning school districts.** Sen. Salisbury made a motion to pass the bill. Sen. Barone made a substitute motion to amend the bill and in Line 31, to delete the words, "or electricity" and pass it.. Sen. Clark seconded the motion; roll call vote was taken, and the motion passed.

Sen. Ranson asked if there was any objection to action on the last bill, since it was not on the agenda for action today. There was no objection from the committee.

Sen. Ranson announced the agenda for tomorrow.

Meeting adjourned at 2:20.

Next meeting will be February 11.

A-1

**Senate Utilities Committee
Senator Ranson, Chair**

**Testimony on SB186
February 10, 1999**

David Banks
Energy Manager
Wichita Public Schools

Madame Chair, Members of the Committee:

Thank you for holding a hearing on SB 186.

Exempting natural gas (an openly traded commodity with an increasingly volatile market) from the bid statute will provide school districts the freedom necessary to respond to rapidly changing market conditions.

Currently our school system purchases natural gas using the following steps:

- Research and preparation of a request for bid.
- At a date approximately 30 days before the expiration of the current natural gas contract, a request for bid is put out to all known qualified vendors.
- Since all contracts represent a purchase of over \$10,000, all responses must be submitted by sealed bid.
- A scheduled public bid opening takes place. At which time, a contract can be awarded following analysis of the bids to determine low responsible bidder.
- At the time of the award all prices must be refreshed (a new price quote given which reflects any changes in the market). {Please note that no vendor has given us a price quote in the last two years without the provision that the price be refreshed to reflect current market conditions.}

The sealed bid process may take as much as four to six weeks. Given natural gas market conditions, which change minute by minute, it is unrealistic to ask a vendor to hold a price for the length of time necessary to respond with sealed bids.

Passage of this bill will allow school districts to employ market trend analysis and timely responses to market fluctuations to secure more advantageous pricing.

Motor fuel used for transportation purposes is currently exempt. Attached is a phone quote sheet used by USD 259 for the purchase of such motor fuels. Please note that multiple vendors are represented to insure fair market price. Phone quotes are used to speed up the process, allowing USD 259 to make a timely decision and vendors to cover their market positions. The purchase of natural gas would follow a similar practice.

Thank you for hearing this bill. I will stand for any questions the committee might have.

*Senate Utilities
2-10-99
Attach. 1*

FUEL QUOTE SHEET

REVISED 8/27/97

DATE: _____

ORIGINATOR: _____ EXTENSION # _____

DESTINATION/DESCRIPTION: _____

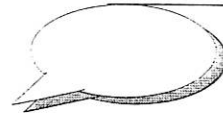
VENDER AND QUOTED PRICE: _____

REQUISITION #: _____ P.O. #: _____

ANDALE FARMERS COOPERATION (TOM STRUNK)	444-2141	_____
HAMPEL (Ken, Ed, or Mary Lou)	529-1162	_____
WENGER OIL (Barry or Janelle)	1-800-527-8795	_____
T & E OIL (Ben or Debbie)	832-0143	_____
KLEPPER (Don)	838-9341	_____
SUNCOAST-HOUSTON, TX (JOHN)	1-800-677-3835 EXT. 662	_____
A-1 PROPANE	838-5711	_____
PARKER OIL (Pat or Pat Club)	744-1541	_____
	or 744-2006	_____
PAWNEE PETROLEUM PRODUCTS (Lori)	1-800-399-1562	_____
FUEL MANAGERS (Rob Case)	1-800-375-3835	_____



@ SSC DEL. BY 3:00



QUOTE CUT OFF @

NORTHWEST & EAST - Small Loads

ONLY Hampel, Andale Co-Op, & Parker Oil can handle
ABOVE GROUND & HAS TO BE PUMPED

PROPANE SUPPLIERS -

Andale co-Op, Hampel, T & E, Pawnee Petroleum, & A-1 Propane

*NOTE: PAY ALL TAXES EXCEPT FEDERAL

A-2

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Coordinator

Senate Bill 186: Exception to sealed bids

Testimony presented before the Senate Utilities Committee

by

**Victor J. Braden, Legal Counsel
United School Administrators of Kansas**

February 10, 1999

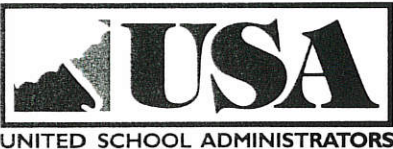
Miss Chairwoman and Members of the Utilities Committee

United School Administrators of Kansas is supportive of the amendment to K.S.A 72-6760.

This proposal will allow local school districts the flexibility to purchase natural gas or electricity without the administrative burden of the sealed bidding procedure. Additionally, the fluctuations in natural gas and electricity prices make freedom of purchase timing essential for cost savings to the schools.



*Senate Utilities
2-10-99
Attach. 2*



- Kansas Association of Elementary School Principals (KAESP)
- Kansas Association of Middle School Administrators (KAMSA)
- Kansas Association of School Administrators (KASA)
- Kansas Association of School Business Officials (KASBO)
- Kansas Association for Supervision and Curriculum Development (KASCD)
- Kansas Association of Special Education Administrators (KASEA)
- Kansas Association of Secondary School Principals (KASSP)
- Kansas Council of Vocational Administrators (KCVA)
- Kansas School Public Relations Association (KanSPRA)