

Approved: MARCH 9, 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 March 3, 1999 in Room 531-N of the Capitol.

All members were present

Committee staff present:

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

Conferees appearing before the committee:

Jim Ludwig, Sr. Director, Regulatory Affairs, Western Resources
J. C. Long, Government Affairs, UtiliCorp United

Others attending:

See attached list

Sen. Ranson introduced pages assisting the committee today - they are from Sen. Brownlee's district. She referred to the Minutes of the Meeting for February 16, 17 and 18, which were sent to members yesterday with a memo, asking they look over the Minutes for action today. Sen. Jones made a motion the Minutes for February 16, 17 and 18 be approved, and it was seconded by Sen. Barone; the Minutes were approved. She went over the agenda for next week, and announced the distribution of an article from the Wisconsin News regarding utility bills which has been distributed to members.

Sen. Ranson referred to discussions regarding the generation siting act last week, the committee stated its desire to separate transmission from the generation bill and the result is the substitute bill being heard today. She then opened the hearing for Sub SB 257-concerning electric transmission lines and asked Mary Torrence to brief the bill. The following appeared before the committee as proponents:

Jim Ludwig, (Attachment 1)
J. C. Long (Attachment 2)

Mr. Ludwig stated the substitute bill is in response to his suggestion, during the debate regarding generation siting, and thanked the committee for consideration of it. He answered questions from the committee regarding eminent domain and what procedures are used, and stated the bill does not affect the property owners rights. He added that Western Resources discuss their plans with individual landowners along the path of the lines, which is not that difficult in sparsely populated areas. Sen. Clark asked the requirements of Sunflower Electric in locating its communications tower and what regulations come into play. Mr. Ludwig stated that would come under the telecommunications act where they do not have eminent domain proceedings. Mr. Holloway reminded the committee that a siting application is required only if it is 230 kV and above and if it is greater than 5 miles; under that, it is not subject to siting requirements. He also stated telecommunications transmission wires are not subject to the Siting Act and emphasized the necessity of oversight on projects. Sen. Pugh asked if Western Resources has had an application denied when going to the Corporation Commission for approval, and Mr. Ludwig stated that Western Resources has not had one denied since he has been there, but he does remember an application which was denied to KCPL for permission to run power from Wolf Creek to the Metro Kansas City area; and instead they ran power from their LaCygne Plant in Lyon County. The committee also discussed rate cases and FERC's jurisdiction over those cases. Sen. Ranson asked questions regarding safeguards, such as EPA, KDHE, and local planning commissions and how they apply to transmission. Mr. Ludwig stated there are alleged, controversial environmental issues and referred to EMF (Electro magnetic flow), which has been controversial. However, the correlation has not been high enough to prove it is harmful. He referred to a situation in Lawrence where there was opposition, and Western Resources agreed to route lines around the neighborhood. Sen. Ranson discussed with Mr. Ludwig regarding local regulatory issues and FERC's involvement in the state's proceedings, particularly relating to locations and where transmission lines will go. Mr. Ludwig stated that FERC's focus is to relieve transmission constraints,

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE, Room 531-N Statehouse, at 1:30 p.m. on March 3, 1999.

and to wholesale electric competition and they do not focus on local issues. Sen. Ranson asked Mr. Ludwig to research the questions on local regulatory issues and report to the committee tomorrow.

Mr. Long furnished a map for committee members, showing Westplains Energy Kansas System map (available from UtiliCorp United) and discussed symbols designating size of lines as well noting where transmission lines originate and end across the state. Mr. Long stated his company considers access to the transmission grid more critical than capacity problems. He also noted interconnections with KGE, KPL and REA's and the continuous linkage across the state. Sen. Ranson announced there is written testimony from Steve Miller, Senior Manager, External Affairs, Sunflower Electric Power Corporation, (Attachment 3), supporting the bill, and she went over the last two paragraphs of his written remarks. It tells of a new project with New Centuries Energies (NCE), for a 345 kV line from Amarillo, Texas to their Holcomb Station. Mr. Long stated that NCE is a new public utility, which came about from a merger; and stated that FERC ordered NCE to build transmission lines across Western Kansas and Eastern Colorado. Mr. Holloway stated they (KCC) have a statewide map, indicating size of lines, companies and paths of transmission. Sen. Ranson asked Mr. Holloway to bring copies of the map to tomorrow's meeting.

Sen. Ranson announced the committee will discuss and take action on the bill tomorrow.

Committee adjourned at 2:20.

Next meeting will be March 4

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Testimony
before the
SENATE UTILITIES COMMITTEE

by
Jim Ludwig, Senior Director, Regulatory Affairs
Western Resources
March 3, 1999

Chair Ranson and members of the Committee:

Western Resources supports Subst. SB 257. When I testified before this committee on bills amending the generation siting act, I raised the possibility of repealing or revising the transmission siting act.

Bill Explanation

Subst. SB 257 repeals most the statutes comprising the electric transmission siting act. It eliminates the existing requirement that an electric utility obtain a siting permit from the KCC prior to site preparation or construction of transmission lines. It also eliminates the requirement that an electric utility obtain a siting permit before exercising eminent domain to acquire land for transmission line construction.

Subst. SB 257 retains the requirement that electric utilities restore land to the condition which existed prior to construction.

Reasons to Support the Bill

This committee advanced SB 243, which revises the generation siting act so that it only makes new nuclear generation subject to siting act proceedings. All other types of generation construction would be exempt for siting act proceedings before the KCC.

It's likely that construction of additional generation facilities will require construction of additional transmission lines or upgrading existing ones. In a sense, transmission siting act revisions may be seen as a companion policy to the generation siting act revisions. As with generation siting requirements, transmission siting requirements cause electric utilities to incur costs and delays in their planned construction activities. The changes to transmission and generation siting acts will help expedite construction of needed capacity.

Landowner Rights

The rights of property owners to be made whole when transmission lines cross their property are not changed by Subst. SB 257. The sections being repealed do not affect or diminish landowners' rights.

Senate Utilities
3-3-99
Attach. 1

Regulatory Controls

Enacting Subst. SB 257 will not affect the Federal Energy Regulatory Commission's jurisdiction over transmission rates electric utilities charge. Those rates and recovery of transmission construction costs would remain regulated.

We appreciate the efforts the members of this committee have made to amend the generation siting act. We encourage your efforts to revise the transmission siting act. Please support Subst. SB 257.

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Senate Utilities Committee

Testimony in Favor of Sub. Senate Bill 257

by

J. C. Long, Director
Government Affairs
UtiliCorp United Inc.

My name is J. C. Long, and I am Director of Government Affairs for UtiliCorp United in Colorado and Kansas. UtiliCorp's WestPlains Energy division has 70,000 electric customers in central and western Kansas and serves numerous cities wholesale power in the same area. I appear before you today in support of Sub. Senate 257.

Sub Senate Bill 257 repeals all siting requirements for transmission facilities in Kansas; except for KSA 66-1,182, "which requires every electric utility to restore the land upon which such line is constructed to its condition which existed prior to construction."

UtiliCorp believes that repealing the electric transmission line siting act will provide relief for utilities who wish to build new lines or upgrade their facilities while providing potential access to new regulated or merchant power plants. Without new or upgraded transmission facilities, additional rate regulated or merchant power plants could be hampered in getting the power from the power plant to the customer.

Senate Utilities
3-3-99
Attach. 2

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**TESTIMONY SUBMITTED TO THE
SENATE UTILITIES' COMMITTEE**

By

SUNFLOWER ELECTRIC POWER CORPORATION

March 3, 1999

COMMENTS ON SENATE BILL 257

I would like to thank the Chairman and members of the Committee for providing Sunflower the opportunity to share our thoughts with you on this bill. My name is Steve Miller. I serve as Sunflower's Senior Manager, External Affairs. I regret that I cannot appear in person, but hope you will give consideration to my comments.

We support Senate Bill 257 for two simple reasons. First it would remove a set of regulatory processes that always slow a project's completion. In our view, there are ample procedures in place that ensure that transmission lines are built when needed in a way that protects the public's interest.

Secondly, the repeal of the transmission siting act will lower the costs of any transmission project. This obviously leads to lower costs to the ultimate consumer.

The Legislature has discussed generation capacity at great length in this session. As new plants are constructed it certainly will lead to the construction of new or upgrading of older transmission lines. Unlike the plant siting act, Sunflower has not built lines that required a transmission siting hearing. Our system of over 1,000 miles of high voltage lines was built prior to the implementation of this act.

We are working with New Centuries Energies (NCE) on a new project they will build through western Kansas. NCE will build a new 345 kV line from Amarillo, Texas that will terminate at our Holcomb Station. The second phase of this project will include another 345 kV line from Holcomb to an AC-DC-AC converter station located in Lamar, Colorado. The repeal of this act will certainly help this project.

Thank you for the time to share our views with the Committee.

*Senate Utilities
3-3-99
Attach. 3*