

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Senator David Corbin at 8:00 a.m. on March 2, 2000 in 245-N of the Capitol.

All members were present except:

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Elmer Ronnebaum, Kansas Rural Water Association
Clark Duffy, Kansas Water Office

Others attending:

See attached list.

With a motion from Senator Stephens and a second from Senator Vratil the minutes of February 18, 21, 22 and 23 were adopted as written.

The hearing was opened on **HB 2659**—Public wholesale water supply districts; powers and duties..

Elmer Ronnebaum, Kansas Rural Water Association, the bill would allow for smaller systems to contract for the maintenance or operation or other support services with the Public Wholesale District of which they are a member. Their association believes **HB 2659** is in the best interests of small water utilities. He encourage the favorable consideration of the bill (Attachment 1). Mr. Ronnebaum responded to several questions about why they wanted the legislation.

The hearing was closed.

Senator Morris moved that the bill be passed and placed on the consent calendar. Senator Goodwin seconded the motion. The motion carried.

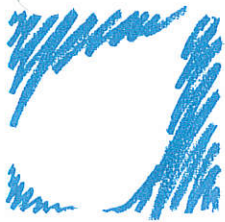
The hearing on **SB 634**—Authorizing the Kansas Water Office to obtain loans under certain prescribed conditions; relating to the pooled money investment board was opened.

Clark Duffy, Assistant Director, Kansas Water Office, said **SB 634** would allow the Kansas Water Office to borrow money from the pooled money investment board to be used to meet any shortfall in revenue or unusual expenses relating to operation, maintenance and repair costs associated with the Kansas Water Marketing Program. It would simply authorize the Kansas Water Office to meet these unusual circumstances through a short term loan rather than by a reserved account. His testimony list the combined impact if **SB 634** is passed and the associated provisions of **SB 639**. **SB 639** is in the Ways and Means Committee. The Kansas Water Office believes **SB 634** is necessary to meet its contractual obligations if **SB 639** is enacted (Attachment 2). Mr. Duffy responded to questions. Mr. Duffy also distributed a list showing the rates charged for water marketing programs.

The hearing on **SB 634** was closed.

A lengthy discussion period followed, a cap on long term and short term loans was discussed. Other programs that have this authority was discussed. The committee time expired. Chairperson Corbin continued the committee discussion until Monday, March 6, 2000, the next scheduled meeting.

The meeting adjourned at 9:00 a.m.



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association

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COMMENTS ON HOUSE BILL No. 2659
BEFORE THE SENATE ENERGY and NATURAL RESOURCES COMMITTEE
March 2, 2000

Mr. Chairman and Members of the Committee:

The Kansas Rural Water Association respectfully asks for your support of HB 2659.

The Kansas Rural Water Association provides technical assistance to public water and wastewater systems and also provides a variety of training opportunities for operators, board and council members for cities and rural water districts. The Association's membership includes 275 rural water districts and 370 cities and 6 Public Wholesale Water Supply Districts which are in service.

If approved HB 2659 will provide that Public Wholesale Water Supply Districts would have the authority to provide services to members of the Public Wholesale District. Pubic Wholesale Water Supply Districts are created by existing public water systems, either cities or rural water districts, to generally provide only a wholesale water source to their member agencies.

Public Wholesale Water Supply Districts presently only provide maintenance or services to their members. HB 2659 would allow Public Wholesale Districts to provide services for their members. Typically, members of Public Wholesale Districts are small public water systems. In some cases these small utilities do not have the staff to complete their own repairs or do other general maintenance on their pipelines or other water system facilities. HB 2659 would allow these smaller systems to contract for the maintenance or operation or other support services with the Public Wholesale District of which they are a member.

The Kansas Rural Water Association believes HB 2659 is in the best interests of small water utilities. We encourage your favorable consideration of HB 2659.

Respectfully submitted,

Elmer Ronnebaum
General Manager

Senate Energy & Natural Resources

Attachment: /

Date: 3-2-2000 1-1

STATE OF KANSAS



Bill Graves, Governor

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**TESTIMONY TO
SENATE COMMITTEE ON ENERGY & NATURAL RESOURCES
ON SENATE BILL 634
Thursday, March 2, 2000
By Clark Duffy
Kansas Water Office**

Senate Bill 634 was introduced by the Committee on Ways and Means as a companion to Senate Bill 639 which included the appropriations for the Kansas Water Office for FY 2001. Senate Bill 634 would allow the Kansas Water Office to borrow money from the pooled money investment board to be used to meet any shortfall in revenue or unusual expenses relating to operation, maintenance and repair costs associated with the Kansas Water Marketing Program.

K.S.A. 82a-1315(c) (b) (5) was enacted in 1991 to allow the Kansas Water Office to maintain a reserve account within the Kansas Water Marketing Fund to meet any shortfall in revenue or unusual expenses. The primary objective of that statutory change in 1991 was to stabilize the annual rate charged for water so customers would not be subject to dramatic one year increases in rates and so future customers could be assured of a stable rate.

Passage of Senate Bill 634 would simply authorize the Kansas Water Office to meet these unusual circumstances through a short term loan rather than by a reserved account. The combined impact of passage of Senate Bill 634 and the associated provisions of Senate Bill 639 would be as follows.

1. Deposit \$633,360.00 in the State General Fund from the "reserve account" (Senate Bill 639).
2. Decrease the rate charged to water marketing customers in calendar year 2001 from .14490 cents to .14330 cents. A savings of .00220 cents per 1,000 gallons. This small reduction would continue in ensuing calendar years (Senate Bill 639).
3. Authorize the Kansas Water Office to meet short term "cash flow" needs from the pooled money investment board instead of from the "reserve account" (Senate Bill 634).
4. Authorize the Kansas Water Office to borrow money for up to 5 years to meet unusual expenses associated with the program. When these unusual expenses occur it is anticipated that the actual rate increase would be less than 1 cent per thousand gallons (Senate Bill 634).

If the committee approves Senate Bill 634, it may want to consider repealing K.S.A. 82a-1315(c)(b)(5) which established the reserve account.

The Kansas Water Office believes Senate Bill 634 is necessary to meet its contractual obligations if Senate Bill 639 is enacted.

Senate Energy & Natural Resources

Attachment: 2

Date: 3-2-2000

ARRATIVE INFORMATION - DA 405

DIVISION OF THE BUDGET
STATE OF KANSAS

AGENCY NAME: Kansas Water Office

AGENCY-SUBAGENCY CODES: 709-00 FUNCTION NO.: 5

PROGRAM TITLE AND CODE: Water Resources - 67000

SUBPROGRAM TITLE AND CODE

2-2

DOB USE ONLY

RATES CHARGED FOR WATER MARKETING PROGRAM

Contract No.	Purchaser	CY 1999	CY 2000	CY 2001
76-2	Kansas Gas & Electric (Wolf Creek)	\$0.10000	\$0.1000	\$0.1000
77-1	Lawrence	\$0.10000	\$0.1000	\$0.1000
77-2	Douglas County Rural Water District No. 5	\$0.10000	\$0.1000	\$0.1000
77-3	Baldwin City	\$0.10000	\$0.1000	\$0.1000
77-4	Douglas County Rural Water District No. 1	\$0.10000	\$0.1000	\$0.1000
77-5	Douglas County Rural Water District No. 4	\$0.10000	\$0.1000	\$0.1000
79-1	Douglas County Rural Water District No. 3	\$0.10000	\$0.1000	\$0.1000
79-2	Douglas County Rural Water District No. 6	\$0.10000	\$0.1000	\$0.1000
80-1	Hillsboro	\$0.10000	\$0.1000	\$0.1000
80-2	Kansas Power and Light (Jeffrey Energy)	\$0.10000	\$0.1000	\$0.1000
81-1	Miami County Rural Water District No. 2	\$0.10000	\$0.1000	\$0.1000
81-2	Emporia	\$0.10000	\$0.1000	\$0.1000
81-4	Marion	\$0.10000	\$0.1000	\$0.1000
81-5	Coffeyville	\$0.10000	\$0.1000	\$0.1000
83-2	Public Wholesale Water Supply District No. 4	\$0.13679	\$0.1383	\$0.1449
84-1	White Memorial Camp	\$0.13679	\$0.1383	\$0.1449
87-1	Spring Hill	\$0.13679	\$0.1383	\$0.1449
90-1	Douglas County Rural Water District No. 1	\$0.13679	\$0.1383	\$0.1449
90-2	Douglas County Rural Water District No. 6	\$0.13679	\$0.1383	\$0.1449
90-3	Douglas County Rural Water District No. 2	\$0.13679	\$0.1383	\$0.1449
90-5	Lawrence	\$0.13679	\$0.1383	\$0.1449
93-1	Public Wholesale Water Supply District No. 12	\$0.13679	\$0.1383	\$0.1449
93-2	Burlingame	\$0.13679	\$0.1383	\$0.1449
93-3	Osage City	\$0.13679	\$0.1383	\$0.1449
93-4	Council Grove	\$0.13679	\$0.1383	\$0.1449
95-2	Douglas County Rural Water District No. 4	\$0.13679	\$0.1383	\$0.1449
95-3	Douglas County Rural Water District No. 5	\$0.13679	\$0.1383	\$0.1449
96-1	Miami County Rural Water District No. 2	\$0.13679	\$0.1383	\$0.1449
96-2	Gardner	\$0.13679	\$0.1383	\$0.1449
98-4	Johnson Country Rural Water District No. 7	\$0.13679	\$0.1383	\$0.1449
99-1	Peabody	\$0.13679	\$0.1383	\$0.1449
99-2	Marion County Rural Water District No. 5	\$0.13679	\$0.1383	\$0.1449

Senate Energy & Natural Resources

Attachment: 2

Date: 3-2-2000