

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Senator Stan Clark at 9:30 a.m. on January 24, 2001 in Room 231-N of the Capitol.

All members were present except: Senator Tyson, excused

Committee staff present: Bruce Kinzie, Revisor of Statutes  
Raney Gilliland, Legislative Research  
Emalene Correll, Legislative Research  
Ann McMorris, Secretary

Conferees appearing before the committee: none

Others attending: See attached list

Approval of Minutes

Moved by Senator Emler, seconded by Senator Barone, the minutes of the meetings of the Senate Utilities Committee held on January 17, 2001, January 18, 2001 and January 22, 2001, be approved. Motion carried.

Introduction of Bills

Moved by Senator Lee, seconded by Senator Lyon, introduction of lrs0427 relating to energy cost adjustment clauses. Motion carried. (Attachment 1)

Moved by Senator Lee, seconded by Senator Taddiken, introduction of lrs0247 relating to KCC investigations to change the word "may" to "shall" in regard to all schedules and rates and rules and regulations of electric public utilities. Motion carried. (Attachment 2)

Moved by Senator Brownlee, seconded by Senator Lyon, introduction of conceptual bill to authorize state departments to provide annual reports via website on the internet to save printing and paper costs. Motion carried.

J. C. Long explained the possible introduction of a bill to encourage a coal power plant to be built in Kansas and noted some issues that are faced when a new plant is proposed. Suggested 240 day time limit for rate case and 180 days for environmental permit, similar to Missouri law. Moved a conceptual bill be drafted and brought back to committee. Motion carried.

Moved by Senator Wagle, seconded by Senator Brownlee, introduction of conceptual bill requiring competitive bidding by public utilities for all new long-term power supplies. Motion carried.

Moved by Senator Brownlee, seconded by Senator Wagle, introduction of a conceptual bill to redefine merchant power plant and place assessed value at 25% for ad valorem property tax purposes. Motion carried.

Moved by Senator Brownlee, seconded by Senator Wagle, introduction of conceptual bill on prudence of contract performance base rate making with local distribution companies. Motion carried.

Next meeting of the Senate Utilities Committee will be on January 25, 2001. There will be a joint meeting of House and Senate Utilities Committees on January 24, 2001 at 7:00 p.m. in Room 313-S.

Adjournment.  
Respectfully submitted  
Ann McMorris, Secretary

Attachments - 2



## SENATE BILL NO. \_\_\_\_\_

AN ACT concerning the state corporation commission; relating to energy cost adjustment clauses.

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

Section 1. (a) If, in the discretion of the corporation commission, an energy cost adjustment clause approved for a public utility, such clause must be supported by specific reporting requirements and effective monitoring procedures to insure that only legitimate energy costs are charged by such public utility.

(b) As part of the monitoring process, the state corporation commission shall require regular reporting to allow the commission to obtain any information under a contract in which the public utility purchases energy. The commission shall require a public utility, for each contract under which costs are passed to consumers through an energy cost adjustment, to identify the seller, daily or monthly volumes purchased, the location where the energy is purchased, the price by unit, whether the energy is purchased from an affiliate and any other information which would allow the commission to determine the reasonableness of such energy costs.

(c) The state corporation commission shall annually perform regular contract reviews in addition to audits of any energy cost adjustment clause and shall investigate such clause at the time of any rate application filed by a public utility. The commission shall examine within the annual contract review factors such as alternative sources, bid results, purchasing practices, portfolio development, contract mix, reliability, supply and demand projections and shall determine the appropriateness of energy costs included in an energy cost adjustment clause.

(d) The state corporation commission shall have the authority to suspend an energy cost adjustment clause, if the commission determines the cost of the energy to be excessive. The commission shall be able to adjust energy costs in conformity with any audit or review procedures which is implemented under

this section.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.

SENATE BILL NO. \_\_\_\_\_

By

AN ACT concerning the state corporation commission; relating to investigations; amending K.S.A. 2000 Supp. 66-101d, 66-101e, 66-1,191, 66-1,192, 66-1,204, 66-1,205, 66-1,219, 66-1,220, 66-1,234 and 66-1,235 and repealing the existing sections.

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

Section 1. K.S.A. 2000 Supp. 66-101d is hereby amended to read as follows: 66-101d. The commission, upon its own initiative, ~~may~~ shall investigate all schedules of rates and rules and regulations of electric public utilities. If after investigation and hearing the commission finds that such rates or rules and regulations are unjust, unreasonable, unjustly discriminatory or unduly preferential, the commission shall have the power to establish and order substituted therefor such rates and such rules and regulations as are just and reasonable.

If after investigation and hearing it is found that any regulation, measurement, practice, act or service complained of is unjust, unreasonable, unreasonably inefficient or insufficient, unduly preferential, unjustly discriminatory, or otherwise in violation of this act or of the orders of the commission, or if it is found that any service is inadequate or that any reasonable service cannot be obtained, the commission shall have the power to substitute therefor such other regulations, measurements, practices, service or acts, and to make such order respecting any such changes in such regulations, measurements, practices, service or acts as are just and reasonable. When, in the judgment of the commission, public necessity and convenience require, the commission shall have the power to establish just and reasonable concentration or other special rates, charges or privileges, but all such rates, charges and privileges shall be open to all users of a like kind of service under similar circumstances and conditions.

Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act, unless, in the case of a general investigation, for good cause, the commission orders otherwise.

Sec. 2. K.S.A. 2000 Supp. 66-101e is hereby amended to read as follows: 66-101e. Upon a complaint in writing made against any electric public utility governed by this act that any of the rates or rules and regulations of such electric public utility are in any respect unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, or both, or that any regulation, practice or act whatsoever affecting or relating to any service performed or to be performed by such electric public utility for the public, is in any respect unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential, or that any service performed or to be performed by such electric public utility for the public is unreasonably inadequate, inefficient, unduly insufficient or cannot be obtained, the commission ~~may~~ shall proceed, with or without notice, to make such investigation as it deems necessary.

No order changing such rates, rules and regulations, practices or acts complained of shall be made or entered by the commission without a formal public hearing, of which due notice shall be given by the commission to such electric public utility or to such complainant or complainants, if any, in accordance with the provisions of the Kansas administrative procedure act. Any public investigation or hearing which the commission shall have power to make or to hold may be made or held before any one or more commissioners. All investigations, hearings, decisions and orders made by a commissioner shall be deemed the investigations, hearings, decisions and orders of the commission, when approved by the commission.

The commission shall have power to require electric public utilities to make such improvements and do such acts as are or may be required by law to be done by any such electric public utility.

Sec. 3. K.S.A. 2000 Supp. 66-1,191 is hereby amended to read as follows: 66-1,191. The commission, upon its own initiative, ~~may~~ shall investigate all rates, joint rates, tolls, charges and

exactions, classifications or schedules of rates or joint rates and rules and regulations of telecommunications public utilities. If after full hearing and investigation the commission finds that such rates, joint rates, tolls, charges or exactions, classifications or schedules of rates or joint rates or rules and regulations are unjust, unreasonable, unjustly discriminatory or unduly preferential, the commission shall have the power to fix and order substituted therefor such rates, tolls, charges, exactions, classifications or schedules of rates or joint rates and such rules and regulations as are just and reasonable.

If upon any investigation it is found that any regulation, measurement, practice, act or service complained of is unjust, unreasonable, unreasonably inefficient or insufficient, unduly preferential, unjustly discriminatory, or otherwise in violation of this act or of the orders of the commission, or if it is found that any service is inadequate or that any reasonable service cannot be obtained, the commission may substitute therefor such other regulations, measurements, practices, service or acts, and make such order respecting any such changes in such regulations, measurements, practices, service or acts as are just and reasonable. When, in the judgment of the commission, public necessity and convenience require, the commission may establish just and reasonable concentration or other special rates, charges or privileges, but all such rates, charges and privileges shall be open to all users of a like kind of service under similar circumstances and conditions. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act, unless, in the case of a general investigation, for good cause, the commission orders otherwise.

Sec. 4. K.S.A. 2000 Supp. 66-1,192 is hereby amended to read as follows: 66-1,192. (a) Upon a complaint in writing made against any telecommunications public utility governed by this act, that any of the rates or joint rates, tolls, charges, rules, regulations, classifications or schedules of such telecommunications public utility are in any respect

unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, or both, or that any regulation, practice or act whatsoever affecting or relating to any service performed or to be performed by such telecommunications public utility for the public, is in any respect unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential, or that any service performed or to be performed by such telecommunications public utility for the public is unreasonably inadequate, inefficient, unduly insufficient or cannot be obtained, the commission ~~may~~ shall proceed, with or without notice, to make such investigation as it deems necessary.

No order changing such rates, joint rates, tolls, charges, rules, regulations and classifications, schedules, practices or acts complained of shall be made or entered by the commission without a formal public hearing in accordance with the provisions of the Kansas administrative procedure act, of which due notice shall be given by the commission to such telecommunications public utility or to such complainant or complainants, if any. Any public investigation or hearing which the commission shall have power to make or to hold may be made or held before any one or more commissioners. All investigations, hearings, decisions and orders made by a commissioner shall be deemed the investigations, hearings, decisions and orders of the commission, when approved by the commission.

(b) The commission shall have power to require telecommunications public utilities to make such improvements and do such acts as are or may be required by law to be done by any such telecommunications public utility.

Sec. 5. K.S.A. 2000 Supp. 66-1,204 is hereby amended to read as follows: 66-1,204. The commission, upon its own initiative, ~~may~~ shall investigate all schedules of rates and rules and regulations of natural gas public utilities. If after investigation and hearing the commission finds that such rates or rules and regulations are unjust, unreasonable, unjustly



discriminatory or unduly preferential, the commission shall have the power to establish and order substituted therefor such rates and such rules and regulations as are just and reasonable.

If after investigation and hearing it is found that any regulation, measurement, practice, act or service complained of is unjust, unreasonable, unreasonably inefficient or insufficient, unduly preferential, unjustly discriminatory, or otherwise in violation of this act or of the orders of the commission, or if it is found that any service is inadequate or that any reasonable service cannot be obtained, the commission may substitute therefor such other regulations, measurements, practices, service or acts, and make such order respecting any such changes in such regulations, measurements, practices, service or acts as are just and reasonable. When, in the judgment of the commission, public necessity and convenience require, the commission may establish just and reasonable concentration or other special rates, charges or privileges, but all such rates, charges and privileges shall be open to all users of a like kind of service under similar circumstances and conditions. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act, unless, in the case of a general investigation, for good cause, the commission orders otherwise.

Sec. 6. K.S.A. 2000 Supp. 66-1,205 is hereby amended to read as follows: 66-1,205. (a) Upon a complaint in writing made against any natural gas public utility governed by this act that any rates or rules and regulations of such natural gas public utility are in any respect unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, or both, or that any rule and regulation, practice or act whatsoever affecting or relating to any service performed or to be performed by such natural gas public utility for the public, is in any respect unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential, or that any service performed or to be performed by such natural gas public

utility for the public is unreasonably inadequate, inefficient, unduly insufficient or cannot be obtained, the commission ~~may~~ shall proceed, with or without notice, to make such investigation as it deems necessary.

No order changing such rates, rules and regulations, practices or acts complained of shall be made or entered by the commission without a formal public hearing in accordance with the provisions of the Kansas administrative procedure act, of which due notice shall be given by the commission to such natural gas public utility or to such complainant or complainants, if any. Any public investigation or hearing which the commission shall have power to make or to hold may be made or held before any one or more commissioners. All investigations, hearings, decisions and orders made by a commissioner shall be deemed the investigations, hearings, decisions and orders of the commission, when approved by the commission.

(b) The commission shall have power to require natural gas public utilities to make such improvements and do such acts as are or may be required by law to be done by any such natural gas public utility.

Sec. 7. K.S.A. 2000 Supp. 66-1,219 is hereby amended to read as follows: 66-1,219. The commission, upon its own initiative, ~~may~~ shall investigate all rates, joint rates, tolls, charges and exactions, classifications or schedules of rates or joint rates and rules and regulations of common carriers, except a motor carrier holding a certificate of public service. If after full hearing and investigation the commission finds that such rates, joint rates, tolls, charges or exactions, classifications or schedules of rates or joint rates or rules and regulations are unjust, unreasonable, unjustly discriminatory or unduly preferential, the commission shall have the power to fix and order substituted therefor such rates, tolls, charges, exactions, classifications or schedules of rates or joint rates and such rules and regulations as are just and reasonable.

If upon any investigation it is found that any such

regulation, measurement, practice, act or service complained of is unjust, unreasonable, unreasonably inefficient or insufficient, unduly preferential, unjustly discriminatory, or otherwise in violation of this act or of the orders of the commission, or if it is found that any service is inadequate or that any reasonable service cannot be obtained, the commission may substitute therefor such other regulations, measurements, practices, service or acts, and make such order respecting any such changes in such regulations, measurements, practices, service or acts as are just and reasonable. When, in the judgment of the commission, public necessity and convenience require, the commission may establish just and reasonable concentration or other special rates, charges or privileges, but all such rates, charges and privileges shall be open to all users of a like kind of service under similar circumstances and conditions. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act, unless, in the case of a general investigation, for good cause, the commission orders otherwise.

Sec. 8. K.S.A. 2000 Supp. 66-1,220 is hereby amended to read as follows: 66-1,220. (a) Upon a complaint in writing made against any common carrier, except a motor carrier holding a certificate of public service, governed by this act that any of the rates or joint rates, fares, tolls, charges, rules, regulations, classifications or schedules of such common carrier are in any respect unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, or both, or that any regulation, practice or act whatsoever affecting or relating to any service performed or to be performed by such common carrier for the public, is in any respect unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential, or that any service performed or to be performed by such common carrier for the public is unreasonably inadequate, inefficient, unduly insufficient or cannot be obtained, the commission ~~may~~ shall proceed, with or without

notice, to make such investigation as it deems necessary.

No order changing such rates, joint rates, tolls, charges, rules, regulations and classifications, schedules, practices or acts complained of shall be made or entered by the commission without a formal public hearing in accordance with the provisions of the Kansas administrative procedure act, of which due notice shall be given by the commission to such common carrier or to such complainant or complainants, if any. Any public investigation or hearing which the commission shall have power to make or to hold may be made or held before any one or more commissioners. All investigations, hearings, decisions and orders made by a commissioner shall be deemed the investigations, hearings, decisions and orders of the commission, when approved by the commission.

(b) The commission shall have power to require common carriers, except a motor carrier holding a certificate of public service, to make such improvements and do such acts as are or may be required by law to be done by any such common carrier.

Sec. 9. K.S.A. 2000 Supp. 66-1,234 is hereby amended to read as follows: 66-1,234. The commission, upon its own initiative, ~~may~~ shall investigate all rates, joint rates, tolls, charges and exactions, classifications or schedules of rates or joint rates and rules and regulations of miscellaneous public utilities. If after full hearing and investigation the commission finds that such rates, joint rates, tolls, charges or exactions, classifications or schedules of rates or joint rates or rules and regulations are unjust, unreasonable, unjustly discriminatory or unduly preferential, the commission shall have the power to fix and order substituted therefor such rates, tolls, charges, exactions, classifications or schedules of rates or joint rates and such rules and regulations as are just and reasonable.

If upon any investigation it is found that any regulation, measurement, practice, act or service complained of is unjust, unreasonable, unreasonably inefficient or insufficient, unduly preferential, unjustly discriminatory, or otherwise in violation

of this act or of the orders of the commission, or if it is found that any service is inadequate or that any reasonable service cannot be obtained, the commission may substitute therefor such other regulations, measurements, practices, service or acts, and make such order respecting any such changes in such regulations, measurements, practices, service or acts as are just and reasonable. When, in the judgment of the commission, public necessity and convenience require, the commission may establish just and reasonable concentration, commodity, transit or other special rates, charges or privileges, but all such rates, charges and privileges shall be open to all users of a like kind of service under similar circumstances and conditions. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act, unless, in the case of a general investigation, for good cause, the commission orders otherwise.

Sec. 10. K.S.A. 2000 Supp. 66-1,235 is hereby amended to read as follows: 66-1,235. (a) Upon a complaint in writing made against any miscellaneous public utility governed by this act, that any of the rates or joint rates, tolls, charges, rules, regulations, classifications or schedules of such miscellaneous public utility are in any respect unreasonable, unfair, unjust, unjustly discriminatory or unduly preferential, or both, or that any regulation, practice or act whatsoever affecting or relating to any service performed or to be performed by such miscellaneous public utility for the public, is in any respect unreasonable, unfair, unjust, unreasonably inefficient or insufficient, unjustly discriminatory or unduly preferential, or that any service performed or to be performed by such miscellaneous public utility for the public is unreasonably inadequate, inefficient, unduly insufficient or cannot be obtained, the commission ~~may~~ shall proceed, with or without notice, to make such investigation as it deems necessary.

No order changing such rates, joint rates, fares, tolls, charges, rules, regulations and classifications, schedules,

practices or acts complained of shall be made or entered by the commission without a formal public hearing in accordance with the provisions of the Kansas administrative procedure act, of which due notice shall be given by the commission to such miscellaneous public utility or to such complainant or complainants, if any. Any public investigation or hearing which the commission shall have power to make or to hold may be made or held before any one or more commissioners. All investigations, hearings, decisions and orders made by a commissioner shall be deemed the investigations, hearings, decisions and orders of the commission, when approved by the commission.

(b) The commission shall have power to require miscellaneous public utilities to make such improvements and do such acts as are or may be required by law to be done by any such miscellaneous public utility.

Sec. 11. K.S.A. 2000 Supp. 66-101d, 66-101e, 66-1,191, 66-1,192, 66-1,204, 66-1,205, 66-1,219, 66-1,220, 66-1,234 and 66-1,235 are hereby repealed.

Sec. 12. This act shall take effect and be in force from and after its publication in the statute book.