

Approved: March 28, 2002

Date

Carl D. Holmes

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:05 a.m. on February 6, 2002 in Room 526-S of the Capitol.

All members were present except: Representative Gene O'Brien

Committee staff present: Robert Chapman, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Representative Tom Sloan
Kim Wilcox, Kansas Board of Regents
Chris Giles, Kansas City Power & Light
Mike Taylor, City of Wichita
Rob Hodges, Kansas Telecommunications Industry Association
Dave Arnold, Kansas Gas Service
Diana Thurman, Westar Energy
Kim Gulley, League of Kansas Municipalities
John J. Federico, Kansas Cable Telecommunications Association
Ron Appletoft, Water District No. 1 of Johnson County

Others attending: See Attached List

HB 2645 - Rounding up of customers electric, natural gas, water, telephone, cable and internet bills; disposition of revenue

Representative Tom Sloan testified in support of **HB 2645 (Attachment 1)**. Representative Sloan explained that the bill was introduced to provide an alternative funding mechanism for programs such as weatherization for low-income families, KAN-ED, and improving the quality of water in Kansas. This concept is not new, as several utility companies currently have voluntarily contribution programs. Representative Sloan stated that legislators must determine if the political cost of providing for these programs is too high compared to not taking any action.

Kim Wilcox, President and CEO of the Kansas Board of Regents, appeared as a proponent of **HB 2645 (Attachment 2)**. Mr. Wilcox encouraged the committee to provide funds for the KAN-ED program.

Chris Giles, Senior Director of Regulatory Affairs for Kansas City Power & Light Company appeared in opposition to **HB 2645 (Attachment 3)**. Mr. Giles stated that the program was unfair to customers because, even though it is voluntary, if the customer doesn't understand what action needs to be taken they could unknowingly be in the program. Additionally, costs and administrative burden on the utility could rise due to the bill's passage.

Mike Taylor, Government Relations Director for the City of Wichita, addressed the committee as an opponent to **HB 2645 (Attachment 4)**. Mr. Taylor called the proposed legislation deceptive in that the customer must choose to 'opt out' and it appears to be like 'cramming' on a phone bill. A more affirmative choice would be to allow the customer to 'opt in' and have a check off box or have the legislature simply increase the State Water Fund fee already collected.

Rob Hodges, President of the Kansas Telecommunications Industry Association, spoke in opposition to **HB 2645 (Attachment 5)**. Mr. Hodges shared concerns about how the bill would be implemented and its resulting impact on budgeting because of varying amounts in the monthly remittances.

Dave Arnold, Vice President of Customer Services for Kansas Gas Service, provided comments against **HB 2645 (Attachment 6)**. Mr. Arnold expressed specific concerns about what happens when the customer fails to pay the bill and prohibitive costs for opting in and opting out.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:05 a.m. on February 6, 2002.

Diana Thurman, Senior Manager of Customer Relations for Westar Energy, appeared in opposition to **HB 2645 (Attachment 7)**. Ms. Thurman explained that the bill has good intentions, however, Westar Energy had two programs that meet the same needs the bill addresses on weatherization. She also expressed concerns about consumers being automatically enrolled in the program and being forced to opt out.

Kim Gulley, Director of Policy Development and Communications for the League of Kansas Municipalities, addressed the committee in opposition to **HB 2645 (Attachment 8)**. Ms. Gulley shared three concerns with the bill: 1) Cost - nearly every city would be faced with administrative costs associated with this program; 2) Equity - the bill would have a disproportionate impact on the people it proposed to help; and 3) Local Programs - many cities already have programs of their own and are concerned that they would have to eliminate local assistance.

John Federico, appearing on behalf of the Kansas Cable Telecommunications Association, stood in opposition to **HB 2645 (Attachment 9)**. Mr Federico cited the monitoring of the opt-in/opt-out options as an administrative challenge for staff and would increase costs to the consumer.

Ron Appletoft, Governmental Affairs Coordinator for Water District No. 1 of Johnson County, addressed the committee as an opponent to **HB 2645 (Attachment 10)**. Mr. Appletoft stated that the administration of this legislation would be costly and involve extensive changes to their billing programs and customer contact.

The conferees responded to questions from the committee.

Additionally, Jacque Oakes, on behalf of Schools for Quality Education, submitted written testimony in favor of **HB 2645 (Attachment 11)** and Donald Seifert, Policy Development Leader for the City of Olathe, submitted written testimony in opposition to **HB 2645 (attachment 12)**.

Chairman Holmes closed the hearing on **HB 2645**.

The meeting adjourned at 9:47 a.m. The next meeting will be February 7, 2002 at 9:00 a.m.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 6, 2002

NAME	REPRESENTING
Joe Durb	KCKB PU
DIANA THURMAN	WESTAR ENERGY
MARK SCHREIBER	WESTAR Energy
Mike Reecht	AT&T
MIKE TAYLOR	CITY of WICHITA
Cynthia Smith	KCP&L
DAVE ARNOLD	KANSAS GAS SERVICE
NAUKER HENDRIX	CURIS
KARLA OLSEN	WESTAR ENERGY
STEVE JOHNSON	KANSAS GAS SERVICE
Karl Mueldener	KDHE
Whitney Zamron	KS Gas Service
Cheryl	KCTA
Rob Hojjes	KTIA
CHRIS GILES	KCPL / GPE
Kim Wilcox	KBOR
DICK CARTER	KBOH
Susan Paxson	Westar Energy
Lacki Givens	Landall - Nuke - Kinder Morgan
Jim Backner	Sweet

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 6, 2002

NAME	REPRESENTING
BUD BURKE	ISSUES MGMT / KCP&L
Mike Ohrt	Pinegar Smith
Hillary Hayes	Federico Consulting
Paula Lentz	KCC
Catalin E. Biery	KGS
Mark Tomb	League of Kansas Municipalities
Colin Haisecki	K M U
Cleen Mullen	Cox Communications
Jim Yonally	Verizon Wireless
RICHARD LAWSON	SPRINT
Mitko Mcweeney	Sprint
Susan Mahoney	Gov's Office
Kim Golley	LKM
Jim Ginnell	MW Energy
Ron Appletoft	Water Dist. No 1 of Jo Co
Bruce Graham	ICEPC

TOM SLOAN
REPRESENTATIVE, 45TH DISTRICT
DOUGLAS COUNTYSTATE CAPITOL BUILDING
ROOM 446-N
TOPEKA, KANSAS 66612-1504
(785) 296-7677
1-800-432-3924772 HWY 40
LAWRENCE, KANSAS 66049-4174
(785) 841-1526TOPEKA
HOUSE OF
REPRESENTATIVES

TESTIMONY
HOUSE BILL 2645
 HOUSE UTILITIES COMMITTEE
 February 6, 2002

Mr. Chairman, Fellow Committee Members:

It was no secret last fall that the State's revenues were not adequate to meet existing program requirements and mandated program enhancements. HB 2645 was developed in recognition that we, as legislators, would be confronted with a dilemma: whether or not to fund programs that our constituents and we deem important.

Many of you are adverse to adopting the Governor's tax increase recommendations. Others of you believe the Governor did not propose an adequate budget and would support greater tax increases than he recommended.

The concept of "rounding-up" utility bills to provide funds for socially valued programs is not new. Several North Dakota Rural Electric Cooperatives have such a program and, in Kansas, Westar Energy invites customers to make contributions for Project Deserve by voluntarily paying more than the billed amount. UtiliCorp United has a similar program called Energy One Cares.

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ATTACHMENT 1

This program also includes a company match of customer and employee contributions, a match that requires even greater “tracking” capability to differentiate between the customer’s bill and additional contribution.

The Kansas Department of Revenue even provides opportunities for taxpayers to benefit selected programs (e.g., the Chickadee Check-Off) by voluntarily increasing payments. However, unlike KDOR which tracks annual and quarterly payments, utility companies necessarily are accustomed and prepared to closely track customers’ bills and receipts on a monthly basis. On occasion, I have either over or underpaid utility bills, invariably the company has indicated on the subsequent bill that I owed or had a credit for the amount of error.

H.B. 2645 provides that we, as a body, believe that funding low-income weatherization programs is important to help citizens ultimately reduce their utility bills. It provides that we, as a Legislature, believe that funding the KAN-ED initiative is important. And, it further provides that we, as legislators, believe that improving the quality of Kansas’ waters is vital.

If the many political pundits are correct, the Legislature will not increase taxes sufficiently to fund these utility-related programs. H.B. 2645 provides a voluntary means by which citizens can help their children, themselves, and their neighbors. The bill provides for “rounding-up” telecommunications, energy, and

water bills to the next 50-cent level. The voluntary contributions are directed to program funding for the programs indicated above.

Because it is important to determine whether such a “round-up” program will be “painful” or relatively “painless” for our constituents, attached to my testimony are the “round-up” portions of Gail’s and my January utility bills. I encourage you to review your own bills and make similar calculations.

I have included the amounts for telecommunications, energy, and water accounts individually and by utility category, as well as the total contribution we would have made in January under the provisions of HB 2645. Also please note that I have calculated the maximum amount of voluntary contributions that Gail and I could make. The \$4.41 (.49 x 9 accounts) is unlikely to create a financial hardship for most Kansas households. However, I remind you that the contributions are voluntary, so if the \$4.41 is a hardship, the family can elect not to assist their neighbors.

As with every bill, there are a multitude of reasons you may use to justify a NO vote. There may be a defective sponsor, the fiscal or political “cost” may be too high, or the bill may simply be the wrong way to solve the problem. I cannot do much about the sponsorship issue, but the fiscal impact is controlled by each Kansas family. You must determine if the political cost of providing weatherization, KAN-ED, and cleaner water is politically too high, compared to not taking any action.

Thank you for your attention and thoughtful consideration. I encourage you to carefully consider HB 2645 as being an appropriate means to fund programs that most legislators consider essential for our state and citizens. If you have a "better" way to fund those programs, I will eagerly listen to your proposal.

Tom Sloan
45th District Representative

Attachment

1-4

TESTIMONY - HB 2645
ATTACHMENT

HB 2645 – January Utility Bills “Rounded-Up” to Next 50 cents

Local Telephone:

Account 1 - .08

Account 2 - .15

Long Distance Telephone:

Account 1 - .26

Account 2 - .18

Wireless Telephone:

Account 1 - .04

Internet Provider:

Account 1 - .05

Total Telecommunications - .76

Electricity:

Account 1 - .26

Account 2 - .17

Total Energy - .43

Water:

Account 1 – .34

Total Water – .34

Total January “Rounded-Up” Amount – \$1.53

Maximum Possible January “Rounded-Up Amount (9 accounts @ .49) - \$4.41

1-5



KANSAS BOARD OF REGENTS

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**Statement to the
House Committee on Utilities
by Kim Wilcox, President and CEO
Kansas Board of Regents**

February 6, 2002

H.B. 2645

Good morning Chairman Holmes and members of the committee. I am Kim Wilcox, President and CEO of the Kansas Board of Regents and I appear before you today to offer support for H.B. 2645.

You have heard an update on KAN-ED activities recently from Jerry Niebaum of our office. Jerry, along with the KAN-ED User Advisory Council, have efficiently carried out the task, assigned to the Board of Regents in April of 2001, to plan for the coordination and operation of a broadband technology-based network for schools, libraries, and hospitals.

The Board of Regents think that programs such as KAN-ED show innovation and provide a vehicle to continue to deliver a superior educational product to the library, education, health, and university communities, as well as all Kansan's. As you may be aware, this technology comes with a price tag of around \$12 million annually. Jerry has been instrumental in generating private funds as well as coordinating the submission of an application for up to \$2.7 million in funding from the federal universal service fund – also called the e-rate fund.

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ATTACHMENT 2

Testimony before the House Utilities Committee
In Opposition of House Bill No. 2645

Chris Giles
Senior Director Regulatory Affairs and Resource Management
Kansas City Power & Light Company
February 6, 2002

Chairman Holmes and Members of the Committee:

My name is Chris Giles and I am Senior Director of Regulatory Affairs for Kansas City Power & Light Company. I am appearing before you today in opposition to House Bill No. 2645 relating to rounding up of utility bills to be used to provide weatherization and bill payment assistance for low-income residential utility customers.

I would like to thank the Committee for allowing me to be here this morning to speak on behalf of KCPL. This bill causes KCPL concern and will likely cause the citizens of the State of Kansas concern.

First, let me say that KCPL supports weatherization programs for low-income residences. In fact, for over 20 years, KCPL has sponsored the Dollar-Aide program, a voluntary program that allows customers to donate funds for energy assistance. KCPL matches the donations from customers with \$.50 for each dollar donated. Additionally, KCPL provides funds for weatherization programs.

The Company does not believe that the program, as presented in House Bill No. 2645, is the right program for several reasons. First, the program as proposed is unfair to customers. While the program may be considered voluntary, it is only voluntary if a customer fully understands that action must be taken to not participate. Otherwise, the customer unknowingly is in the program. KCPL believes that if the bill is passed and the program is initiated, significant

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complaints from customers will undoubtedly result. This will cause additional costs to be incurred and erode customers' satisfaction with its utility.

Second, the program will cause additional costs and administrative burden on the utility. Besides being able to round up the bill to the next \$.50, the utility must be able to administer all other possible billing scenarios (e.g., what if the customer pays only a portion of the bill). Additionally, the utility must address the remittance process, establish practices for customers who opt-out of the program, etc.

KCPL understands the need to assist low-income customers with utility bills. However, this bill is not the means to do so. KCPL requests the Committee not move this bill.



TESTIMONY

City of Wichita
Mike Taylor, Government Relations Director
455 N Main, Wichita, KS. 67202
Phone: 316.268.4351 Fax: 316.268.4519
Taylor_m@ci.wichita.ks.us

House Bill 2645 Rounding Up of Utility Bills

**Delivered February 6, 2002
House Utilities Committee**

The City of Wichita opposes House Bill 2645. It would affect the Wichita Water and Sewer Utility by imposing a cumbersome to implement mandate on our monthly billing procedure.

Forcing the Wichita Water and Sewer Department and other utilities to round-up the customer's bill to the next 50-cents and remit the money to the State Treasury, is clearly a way for the State to collect more money without being up front about it. It puts the burden of explaining the increase on the utility instead of the State Legislature.

It also seems deceptive to make the increase in water and other utility bills automatic unless the customer chooses to "opt out." People could easily miss the notices, not understand the form, or simply ignore it. If so, their bills increase and the State collects a lot of additional revenue under the radar. It's a bit like "cramming" on a phone bill, when charges are added in hopes the consumer won't pay close enough attention and will pay them.

Allowing customers to "opt-in" would be a more honest approach. If they want to contribute more money to state water programs, they can check-off a box and have their bill rounded-up. It becomes an affirmative choice. Or an even more up-front, straight forward approach is to have the Legislature simply increase the State Water Fund fee already collected on water bills. That system is already in place and wouldn't impose additional, cumbersome billing procedures and the administrative costs on utilities.

I realize the political ramifications of your voting to increase the State Water Fund fee. But if you decide the money is truly needed and the programs it will fund are necessary, then make the case and collect the money in a straight-forward way, don't try to sneak in the back door by using the Wichita Water Department and other utilities to do it.

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ATTACHMENT 4



Legislative Testimony

Kansas Telecommunications Industry Association 700 SW Jackson St., Suite 704, Topeka, KS 66603-3758 V/TTY 785-234-0307 FAX 785-234-2304

Before the House Committee on Utilities

HB 2645

February 6, 2002

Mr. Chairman, members of the committee, I am Rob Hodges, President of the Kansas Telecommunications Industry Association. I appear today on behalf of Alltel, Cingular, Sprint, Southwestern Bell, and Verizon Wireless to speak in opposition to HB 2645.

Rounding up each customer's "periodic bill" would create numerous problems and questions on behalf of those companies and would be unlikely to result in the creation of a dependable funding mechanism for KAN-ED.

First and foremost, negative option billings are illegal in most marketing efforts in Kansas. We do not believe that it is inappropriate for the Legislature to have prohibited negative response billings for most applications and then to enact one to fund a state program such as KAN-ED.

Depending on how HB 2645 was to be implemented, it could impose a hidden tax on consumers. Nothing in HB 2645 indicates whether both the actual amount and the rounded up amount are to be shown on the bill. The bill also fails to specify whether the rounding up occurs before or after the application of existing taxes and fees.

How the rounded up amount impacts consumers could be very regressive. People on fixed incomes or with low incomes could be rounded up to the maximum, while those more able to pay could receive only a penny or two of impact.

Also, depending on how HB 2645 was to be implemented, it could result in such varying amounts of remittance, that budgeting for a program of the scope of KAN-ED would be made very difficult. Would the entire monthly bill be rounded up, or only the local service portion of the bill? The local service portion of the bill is usually the same from month to month, and could result in a somewhat predictable source of revenue. The total bill, on the other hand, varies from month to month depending on such variables as long distance calling and pay per call services. A single customer could find his or her bill rounded up by \$0.49 one month and \$0.01 the following month. Which amount would KAN-ED use for budgeting purposes?

What would happen to KAN-ED funding as customers opted in and out of the voluntary rounding up? A customer with a monthly round up of a nickel might

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continue to pay for KAN-ED, but after three or four months of \$0.49, that customer might feel differently.

Even if customers opt out, telecommunications service providers will have spent a lot of money and time to implement billing software, systems, and procedures and then to collect, remit and report the proceeds. Are the providers going to be compensated for these expenses, even if they outweigh the collections?

Adding the charges to providers' bills could also harm the providers. Consumers are already watching their telecommunications bills. An increase could cause some customers to not order new services or cut back on current services.

KAN-ED is an important program that the telecommunications industry worked hard to design and support. Such a program should be funded with a predictable revenue source.

We respectfully request that you recommend HB 2645 be not passed.



KANSAS GAS SERVICE

A DIVISION OF ONEOK

COMMENTS ON HB 2645

TO: The Honorable Carl Holmes, Chairman
And Members Of The
House Utilities Committee

FROM: Mr. Dave Arnold
Vice- President, Customer Services
Kansas Gas Service
501 Gage
Topeka, Kansas 66601
(785) 575-8554 (785) 575- 8581 (FAX)

RE: HB 2645

An Act concerning customers bills for certain services, providing for rounding up; providing for disposition of revenues generated thereby.

DATE: February 6, 2002

Good morning Mr. Chairman and Members of the House Utilities Committee. My name is Dave Arnold and I appear before you today on behalf of Kansas Gas Service to provide comments about HB 2645 before you today.

I have developed the following concerns and observations for the committee in their deliberations regarding the implementation of these provisions for the gas customers served by our Utility:

- "Natural Gas Utility" is defined but not addressed as establishing any program
- Amount owed is assumed to be after all applicable sales & franchise taxes. i.e. the "bottom amount due on bill"
- We already have a voluntary option for customers who wish to pay \$1, \$5 or \$10 more with each bill -- Project Deserve

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- Costs to effect changes to system for a "reverse" voluntary program (opt-out) will be prohibitive, in other words re-programming costs will be extensive
- When the customer fails to pay the bill this month does this proposed amount carry forward as still due the next month? This is one of the many collection questions that become evident on implementation.
- We feel this bill could force the utility to become a financing arm of the social service agencies and could unwillingly compel our customers to make a donation.

Steve Johnson or myself will be available for questions at the appropriate time.

Thank you for you attention.

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**Testimony before the
House Utilities Committee
By
Diana Thurman, Senior Manager, Customer Relations
Westar Energy
February 6, 2002**

Chairman Holmes and members of the committee, I am Diana Thurman, senior manager, customer relations, for Westar Energy.

House Bill 2645 is a bill with good intentions. In fact, Westar Energy has two programs that reach to meet the same needs that this bill reaches to meet. For the past several years on national Make a Difference Day, Westar Energy employees and their families have volunteered to prepare homes of elderly or disabled people for coming winter weather.

Last October, more than 70 volunteers associated with Westar Energy spent a Saturday morning applying weather-stripping to doors, plastic over windows and caulk to seams in addition to other tasks to make homes more energy efficient and help in reducing energy bills.

Project DESERVE targets a related need. Since 1982 Project DESERVE, a partnership of our customers, Westar Energy, Kansas Gas Service and the American Red Cross, has been helping elderly and disabled Kansans pay their energy bills. The program enables people to help those less fortunate by adding a few dollars each month to their energy payment. This way giving is convenient and is not a financial burden. Westar Energy and Kansas Gas Service pay the administrative costs of Project DESERVE so each of the hundreds of thousands of dollar customers donate to the fund is used to help others. In 2001 our customers donated \$300,000 to Project Deserve.

Project DESERVE was one of the first partnerships between a for-profit company and a not-for-profit agency. Because of its success, it has served as a model for similar programs nationwide.

Project DESERVE money is collected by Westar Energy and Kansas Gas Service through voluntary contributions. The contributions are given to the American Red Cross, which through participating Red Cross chapters and social service agencies, distributes the money to those in need.

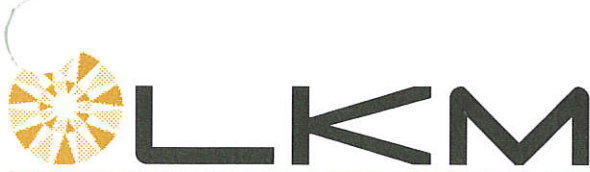
To be eligible for Project DESERVE assistance, people must meet the Social Security criteria for disability or be 60 years old or older and have no other resource for emergency energy help. Funds received through Project DESERVE may be used toward energy service bills, costs of other fuels like propane or butane or emergency repair or purchase of vital heating or cooling equipment.

An independent committee monitors Project DESERVE to assure that every dollar donated by customers directly benefits someone in need and does not go toward administrative costs.

We at Westar Energy feel that programs such as Make a Difference Day and Project DESERVE are appropriate means to help residents pay their energy bills.

In our opinion, House Bill 2645 goes about meeting this need the wrong way. Instead of voluntarily giving money to help others, consumers are automatically enrolled in the program. Consumers are forced to opt out of participation, which will lead to confusion and quite possibly negative feelings about the program. The charge is added to their utility bill, which will lead many to assume the money is a rate increase. Utilities will bear the administrative burdens of the fund — from fielding customer calls when the charge appears on bills, to tracking who has opted out of the program to collecting and tracking the money to turn over to the state. Additionally, the way this fund is set up it denies those willing to give the tax advantages of a contribution to a charitable agency. A benefit that is available to Project DESERVE donors.

Westar Energy opposes House Bill 2645. We feel the very real needs this bill strives to meet can be better fulfilled in other ways.



League of Kansas Municipalities

300 SW 8th Avenue
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

To: House Utilities Committee
From: Kim Gulley, Director of Policy Development & Communications
Date: February 6, 2002
Re: Opposition to HB 2645

Thank you for allowing me to appear today on behalf of the League of Kansas Municipalities and our member cities. We appear in opposition to HB 2645 as proposed and we offer the following concerns.

- **Cost.** Because the bill affects municipally owned water systems, electric utilities, and natural gas utilities, nearly every city in Kansas would be faced with the administrative costs associated with this program. HB 2645 requires three additional accounting components. First, a city would have to track which customers pay the rounded amount and which customers opt out of the program. Second, a city would have to calculate the amount owed by each customer. And, finally the aggregate amount would have to be remitted to the state on a monthly basis. In contacting various cities about the cost of these additional administrative burdens, I received estimates varying between \$30,000 and \$100,000 to reprogram or upgrade software to be able to perform these functions.
- **Equity.** Cities are also concerned that HB 2645 would have a disproportionate impact on the very individuals that the legislation proposes to help. This new revenue source would not be based upon usage by the customer. Instead, it would be placed on each bill on an individual customer basis. By far, the largest number of customers of city utility services are individual, residential users. For example, with regard to the round up on electric utilities, a single family with a bill of \$21.10 would pay an additional \$.40 to the State. A large corporation in the same jurisdiction with a monthly bill of \$521.10 would also pay only an additional \$.40 to the State. Thus, the majority of the money in the fund would be coming from individual, residential customers.
- **Local Programs.** A number of cities have established voluntary round up programs of their own. In those cases, the round up is not automatically added to the bill. Rather, individuals are given a bill with the exact amount due, but a line in the bill explains that customers may choose to make their payment in an even amount to support the funding of a particular project. Such projects include a baby pool in one community, and several other cities indicate that they use the round up program to fund various parks and recreation programs. The imposition of HB 2645 would effectively end these local programs that are already in existence.

For these reasons, we ask that the Committee not report HB 2645 favorably for passage. I will be happy to stand for questions at the appropriate time.



Testimony Submitted in Opposition to HB 2645

Submitted By
John J. Federico

On Behalf of
The Kansas Cable Telecommunications Association

House Utilities Committee

Wednesday, February 6, 2002

The KCTA is opposed to HB 2645 for several reasons. Most are related to the **complexities** involved in administering the provisions of HB2645 that require the “rounding up” of cable subscriber’s monthly bills. If HB 2645 were enacted it would require a complete “rewrite” and upgrade of a very complex computer billing operations system.

Additionally, the **monitoring of the opt-in/opt-out options** would be challenging to administer with existing staff. Almost certainly new staff would be required to implement the provisions of HB2645.

Both of the challenges outlined above would certainly **add cost** to our product at a time when we are searching for ways to deliver state-of-the-art technology at a lower cost to all consumers throughout the state.

Finally, the language of HB2645 makes it unclear as to whether our **competitors providing satellite service** would be required to absorb the same costs of administration as the cable industry.

I think it is important to note that the KCTA’s opposition to HB2645 should **not** in any way be construed as opposing the efforts of the Legislature and the Administration to implement the KanEd Project. I think the cable industry, not just in words, but by action in the community, has proven their commitment to deliver advanced technology to communities large and small in all four corners of the state of Kansas.

John J. Federico, J.D.
Federico Consulting
On Behalf of KCTA

815 SW Topeka Blvd Second Floor Topeka, KS

Office (785) 232-2557

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DATE: 2-6-02

ATTACHMENT 9

HOUSE UTILITIES

H.B. 2645 – Rounding Up of Utility Customers' Bills

Testimony Presented at the
House Committee on Utilities

On February 6, 2002

By Ron Appletoft, Governmental Affairs Coordinator

Water District No. 1 of Johnson County appears in opposition to H.B. 2645 which would require utilities to establish a program to round-up their customer's bills to the nearest \$.50.

Water District No. 1 is organized as a regional public water utility and serves over 330,000 consumers in and around Johnson County. The Water District is operated as a quasi-municipal corporation pursuant to K.S.A. 19-3501 et seq.

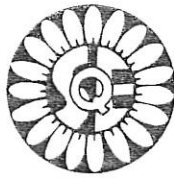
The administration of this proposed legislation would be very costly. It would involve changes to our computerized billing programs, customer notification and education, and handling the increased customer call volume to administer the portion allowing customers to opt out of the program. Our preliminary estimates indicate it could cost the Water District's ratepayers in excess of \$100,000 to implement this program. We believe a large majority of our customers will opt out of this program thus suspect it will raise much less than the cost of the program. In addition we feel that this program will be very confusing to our customers prompting many calls to our customer service department.

Since the inception of the State Water Plan Fee, Water District customers have contributed in excess of \$5.8 million dollars and have received little direct benefit in return. The Water District's customers therefore already contribute substantially to programs that improve the quantity and quality of water throughout the state.

Water District No. 1 urges your no vote on H.B. 2645.

HOUSE UTILITIES

DATE: 2-6-02



Schools for Quality Education

Bluemont Hall Manhattan, KS 66506 (913) 532-5886

February 6, 2002

TO: House Utilities Committee

SUBJECT: HB 2645--Rounding up of customers electric, natural gas,
water, telephone, cable and internet bills;
disposition of revenue.

FROM: Schools For Quality Education--an organization of 108
small school districts. Jacque Oakes

Mr. Chairman and Members of the Committee:

We are submitting written testimony in favor of HB 2645 which would round up a customer's bill who receives by a provider telecommunications service, cable service or other communication services unless that customer opts out.

We have appreciated your extensive efforts to make KAN-ED happen for school districts across the state, but we do realize that more money will be necessary to complete the organization and all of the connections.

Schools For Quality Education applauds this bill as an innovative way to help pay the ticket for completing KAN-ED.

Please give HB 2645 your serious consideration. Thank you.

"Rural is Quality"

HOUSE UTILITIES

DATE: **2-6-02**

ATTACHMENT **11**



SCHOOLS FOR QUALITY EDUCATION

2001-2002 MEMBERS



NORTHEAST REGION

- 221 North Central-Haddam
- 223 Barnes
- 321 Kaw Valley
- 329 Mill Creek Valley
- 337 Royal Valley
- 341 Oskaloosa Public
- 372 Silver Lake
- 377 Atchison County
- 384 Blue Valley
- 415 Hiawatha
- 425 Highland
- *429 Troy
- 430 South Brown County
- 433 Midway Schools
- 442 Nemaha Valley
- 481 Rural Vista
- 498 Valley Heights

NORTH CENTRAL REGION

- 237 Smith Center
- *238 West Smith County
- *239 North Ottawa
- 240 Twin Valley
- 269 Palco
- 270 Plainville
- 272 Waconda
- 273 Beloit
- 298 Lincoln
- 307 Ell-Saline
- 311 Pretty Prairie
- 326 Logan
- 388 Ellis
- 395 LaCrosse
- 403 Otis-Bison
- 426 Pike Valley
- *455 Hillcrest

NORTHWEST REGION

- 208 Wakeeney
- 211 Norton
- 212 Northern Valley
- 213 West Solomon Valley
- 241 Wallace County
- 242 Weskan
- 274 Oakley
- 291 Grinnell
- 292 Wheatland
- 293 Quinter Public Schools
- 302 Smoky Hill
- 303 Ness City
- 304 Bazine Schools
- 316 Golden Plains
- 467 Leoti
- *468 Healy

SOUTHEAST REGION

- 206 Remington
- 243 Lebo-Waverly
- 245 LeRoy-Gridley
- 252 Southern Lyon County
- 258 Humboldt
- 283 Elk Valley
- 284 Chase County
- 286 Chautauqua Co.-Sedan
- 288 Central Heights
- 366 Yates Center
- 386 Madison-Virgil
- 387 Altoona-Midway
- 397 Centre
- 398 Peabody-Burns
- 411 Goessel
- *436 Caney Valley
- 447 Cherryvale
- *454 Burlingame
- 456 Marals Des Cygnes
- 461 Neodesha
- 471 Dexter
- 479 Crest
- 492 Flinthills

SOUTH CENTRAL REGION

- 300 Commanche
- 327 Ellsworth-Kanopolis-Geneseo
- 332 Cunningham
- 354 Claflin
- 357 Belle Plaine
- 358 Oxford
- 369 Burrton
- 382 Pratt County
- *401 Chase
- 422 Greensburg
- 423 Moundridge
- 424 Mullinville
- *431 Hoisington
- 438 Skyline
- 474 Haviland
- 495 Ft. Larned
- 496 Pawnee Heights
- 509 South Haven
- 511 Attica

SOUTHWEST REGION

- 209 Moscow
- 210 Hugoton
- 217 Rolla
- 218 Elkhart
- 219 Minneola
- 220 Ashland
- 225 Fowler
- 228 Hanston
- 371 Montezuma
- 381 Spearville
- 452 Stanton County
- 476 Copeland
- 477 Ingalls
- 483 Plains-Kismet
- 494 Syracuse
- 507 Satanta

For more information contact:
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 124 Bluemont Hall
 Kansas State University
 Manhattan, KS 66506
 (785)532-5886

(108 members)
 Current as of January 18, 2002
 *Denotes new members



MEMORANDUM

TO: Members of the House Utilities Committee
FROM: Donald R. Seifert, Policy Development Leader *DRS*
SUBJECT: House Bill No. 2645; Utility Bill Roundup
DATE: February 6, 2002

On behalf of the city of Olathe, thank you for the opportunity to provide written comments in opposition to this bill. HB 2645 would require all electric and water utilities, as well as telecommunications and cable providers to develop a mandatory customer bill roundup program to the nearest \$.50 unless the customer affirmatively opted out of participation. Funds raised by the roundup programs would be channeled to various state programs: low income weatherization and utility payment assistance; the KAN-ED fund to extend broadband service to schools, libraries, and hospitals; and the clean drinking water fund for technical assistance to small water utilities. Curiously, it appears that gas utilities are omitted from the bill.

While these programs and initiatives may in themselves be quite worthy causes, it seems the state would be more direct and honest in funding them if specific fees or general taxes were enacted for their support. A mandatory roundup program appears to be an indirect method of taxation that will be confusing for utility providers and consumers alike. Among the city's specific concerns with this bill:

1. Our citizens already participate in low income energy assistance programs through general tax support to local organizations. In addition, most energy utilities already have programs for voluntary contributions to such programs.
2. It is disingenuous for the state to mandate participation unless the customer takes some action to opt out. The legislature is usually outraged by such consumer-unfriendly marketing practices.
3. The city of Olathe has a utility bill roundup program in place for voluntary contributions to various local parks, historic, and cultural activities. When this program was established, the governing body made clear its direction for it to be voluntary.

HOUSE UTILITIES

DATE: *2-6-02*

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4. The 2001 Legislature adopted a public water supply fee that could help support the programs mentioned in Section 3 of the bill.
5. As drafted, the bill appears to be extremely regressive. Unless they opt out, the \$.50 roundup would have the same financial impact for elderly citizens in an apartment with modest utility bills as it would be for the largest commercial enterprises.
6. The entire concept of this bill again raises perennial concerns about transferring resources from populous to less populous areas of the state.
7. The city believes the bill would be confusing to its utility customers and impose an administrative burden to create a new roundup program.

Thank you again for the opportunity to comment on this bill. We believe the legislature can find other ways to fund these programs.

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