

Approved: April 29, 2005  
Date

*Carl Dean Holmes*

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:14 a.m. on March 21, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Eric Carter - Unexcused  
Representative Bonnie Huy - Excused

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

Conferees appearing before the committee:  
Representative Ward Loyd, Garden City, KS  
David Springe, Citizens' Utility Ratepayers Board, Topeka, KS  
Kimberly Gencur, Aquila, Inc., Topeka, KS  
Leo Haynos, Kansas Corporation Commission, Topeka, KS  
Steve Johnson, OneOk, Overland Park, KS  
Doug Smith, Southwest Kansas Royalty Owners Assn., Topeka, KS

Others attending: See Attached List

**HB 2530 - Natural gas service to consumer on gas gathering system; curtailment of service; corporation commission authority**

Chairman Holmes opened the hearing on **HB 2530**.

Representative Ward Loyd, R-Garden City, appeared in support of **BH 2530 (Attachment 1)**. Representative Loyd stated that the bill provides the mechanism by which Kansans can be protected from any arbitrary loss of a property right. The shutdown of gas supply, due to unacceptable concentrations of hydrogen sulfide, affected farmers whose gas is taken directly from a rural natural gas gathering system before processing. Their rights to the gas are embodied in the leases they have. There has appeared to be no basic due process in the shutdowns and this legislation addresses that issue.

David Springe, Consumer Counsel for the Citizens' Utility Ratepayer Board, addressed the committee as a proponent of **HB 2530 (Attachment 2)**. Mr. Springe said the bill addresses a level of uncertainty regarding jurisdictional authority over end-use customers on gathering systems. He expressed concerns about the language regarding notification to each end use customer and suggested an amendment.

Kimberly Gencur, Director of Government Affairs for Aquila, Inc., testified in favor of **HB 2530 (Attachment 3)**. Ms. Gencur stated they supported the bill because it provide the Corporation Commission the authority to regulate and supervise any curtailment of natural gas that results in the loss of service to customers.

Leo Haynos, Supervisor of Natural Gas for the Kansas Corporation Commission, provided testimony in support of **HB 2530 (Attachment 4)**. Mr. Haynos told the committee that this legislation would ensure that the Commission can address the issues of non-contract related curtailments under the public utility statutes rather than the gas gathering statues. He also provided information about the Study Group that had been formed to develop a clear technical understanding of the impact that hydrogen sulfide has on consumers of unprocessed natural gas.

Written testimony in favor of **HB 2530** was submitted by the Southwest Kansas Irrigators Association (**Attachment 5**). Southwest Kansas Royalty Owners Association submitted a proposed amendment to the bill (**Attachment 6**).

Steve Johnson, appearing on behalf of OneOk, shared the company's concerns for the health and safety of their customers and assured the committee that was a primary concern.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N, Statehouse, at 9:14 a.m. on March 21, 2005

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2530**.

**HR 6024 - Task force on information to be provided to royalty interest owners by oil and gas producers**

Chairman Holmes opened the hearing on **HR 6024**. Representative Don Myers provided a report from the subcommittee on **HB 2146**, which had prompted the introduction of the resolution.

Doug Smith, appearing on behalf of the Eastern Kansas Oil & Gas Assn., the Kansas Independent Oil & Gas Assn., the Kansas Petroleum Council, the Southeast Kansas Royalty Owners, and the Southwest Kansas Royalty Owners Assn., testified in support of **HR 6024 (Attachment 7)**. Mr. Smith said that all the parties concerned were willing to work together to see if improvements can be made and asked for favorable consideration from the committee. Mr. Smith responded to questions from the committee.

Chairman Holmes closed the hearing on **HR 6024** and opened the debate.

Representative Myers moved to recommend **HR 6024** favorable for adoption. Representative Kuether seconded the motion. The motion carried. Representative Myers will carry the resolution.

Chairman Holmes announced the committee would work **HB 2530** tomorrow.

The meeting adjourned at 10:27 a.m.

The next meeting will Tuesday, March 22, 2005 at 9:00 a.m.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 21, 2005

NAME	REPRESENTING
Dan Sprung	Curb
BOB ALDERSON	Arco Energy
Lane Myers	Visitor
LARRY BERG	MIDWEST ENERGY
Larry Powell	117 <sup>th</sup> dist
Ward Loyd	Garden City, 123rd Dist
Tom Bruns	EKOGA
Ken Peterson	KS Petroleum Council
Dave Holtzhaus	KEC
Ron Hein	Hein Law Firm, Chartered
Bill Lower	HAS Kell County
Jesse J. Daretson	Self-Home Owners & Legislators
Lucas Bell	Kearney and Associates
Lee Allison	Gov's Office
Rachel Will	Intern - Rep. Miller
Robert Kuehmel	KCC
Tony Wise	AQUILA NETWORKS
Randy Dyer	Aquila
TERRY HOLDREN	KANSAS FARM BUREAU
John Donley	Ks. Livestock Assoc.

# HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 21, 2005

NAME	REPRESENTING
Doug Smith	SWKROA
Chris Wilson	KS Governmental Consulting
Tom DAY	KCC
Don Low	KCC
Leo Haynes	KCC
Susan Cunningham	KCC
Jack Graves	DEFS-PH + RM
Steve Johnson	ONEOK, Inc.
Whitney Gannon	ONEOK, Inc.
Kimberly Lencee	Aquila
Robert Krehsiel	KCC

WARD LOYD

123RD DISTRICT

"THE HEART OF GARDEN CITY"

E-MAIL: loyd@gcnet.com



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEES

CHAIR: CORRECTIONS &amp; JUVENILE JUSTICE

MEMBER: JUDICIARY

TESTIMONY BEFORE HOUSE UTILITIES COMMITTEE  
IN SUPPORT OF HOUSE BILL NO. 2530  
MARCH 21, 2005

Honorable Chairman Holmes and Committee Members:

I appear today in support of HB 2530, intended to amend current the statutory exemption of the gas gathering systems from regulation or oversight by the Kansas Corporation Commission. In recent weeks many individuals who for decades have enjoyed the contractual right of receipt of wellhead gas in their homes and in the operation of their farms have been unilaterally deprived of that property. These property rights can be traced to the original oil and gas leases granted by land and mineral owners.

In particular, ONEOK, one of the natural gas gathering company in Southwest Kansas, began notifying those firms to which it was delivering natural gas that the natural gas contained unacceptable concentrations of hydrogen sulfide, which could cause adverse health effects. The shutdown of gas supply to affected customers began less than 24 hours later.

This action is affecting farmers and farmstead owners whose gas is taken directly from a rural gas gathering system, before the natural gas is processed. These persons are sometimes referred to by companies such as Aquilla and Midwest Energy as "farm tap" customers. The term customer may not be exactly the right term to describe those whose right to the gas is embodied in the oil and gas lease itself.

It makes sense that if unacceptably high levels of hydrogen sulfide exist in natural gas now being produced from the Hugoton gas field, the delivery of that natural gas to farm tap cus-

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tomers may need to be discontinued. But not without some basic due process, if not simple courtesy, which Webster defines as consideration or cooperation, in the form of advance notice of an action proposed to be taken, and an opportunity to test the good faith of the basis for that action.

However, absent compelling evidence that ought to be as concentrated as the hydrogen sulfide is alleged to be, the termination of natural gas service to those entitled thereto or who have for years relied on the gas supply without adequate notice or without advance planning borders on the unconscionable. Any refusal to provide documentation of the results of testing which is said to have prompted ONEOK's decision should not be tolerated.

The status of the Hugoton gas field, and the decline in remaining reserves, is not a sudden development. There ought to be ample time for regulatory verification of the basis for this type of action. There must be an opportunity for identifying solutions to the problem of the depletion of the Hugoton gas field. Effort must be made to helping affected persons identify a cost effective solution, especially upon the advent of the crop irrigation season. Preventative measures must be identified.

We commend the recent action of Midwest Energy to secure an emergency relief order from the KCC preventing further gas supply shutoffs by ONEOK Field Services unless measurably high levels of hydrogen sulfide is present. This emergency relief order is now set for hearing before the KCC on April 11, but that may not be soon enough to prevent damage to many more Kansas farm tap customers.

HB 2530 provides the mechanism by which citizens of Kansas can be protected from any arbitrary loss of a property right. It is unfortunate the measure is necessary, but in fact it is, and I would urge this Committee's favorable action. I hope the Kansas Legislature moves with as much dispatch in the passage of this bill as ONEOK did in shutting off natural gas service.

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## Citizens' Utility Ratepayer Board

**Board Members:**

Gene Merry, Chair  
A.W. Dirks, Vice-Chair  
Francis X. Thorne, Member  
Nancy Wilkens, Member  
Carol I. Faucher, Member  
David Springe, Consumer Counsel



**State of Kansas**  
*Kathleen Sebelius, Governor*

1500 S.W. Arrowhead Road  
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### HOUSE UTILITIES COMMITTEE H.B. 2530

Testimony on Behalf of the Citizens' Utility Ratepayer Board  
By David Springe, Consumer Counsel  
March 21, 2005

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on H.B. 2530. The Citizens' Utility Ratepayer Board supports this bill for the following reasons:

This bill attempts to address a level of uncertainty regarding the Kansas Corporation Commission's jurisdictional authority over end use customers on gathering systems. Given the current issues in southwest Kansas related to hydrogen sulfide in gas gathering systems, and potential health and safety concerns that come with exposing end use customer to hydrogen sulfide, CURB supports this attempt to clarify and grant jurisdiction to the Kansas Corporation Commission for purposes of regulating and supervising curtailments.

CURB does have two concerns with the bill. First, there is no definition of what constitutes an "emergency" in section (c) for shut off purposes. While CURB does not have the expertise to suggest what threshold level of hydrogen sulfide in natural gas going to a residential or commercial structure would endanger the health of the occupants and therefore constitute an emergency, if the Committee, or another conferee on the bill can address this, CURB believes that adding a threshold level of what constitutes an emergency might be useful.

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Second, the language in section (c) seems to indicate that notice must be given to each “end use customer” “prior” to the actual curtailment. In an “emergency” situation “notice shall be provided not less than 24 hours before curtailment”. CURB is concerned that for a residential end use customer, requiring that notice be given 24-hours before a shutoff can occur may endanger the customer if there is in fact hydrogen sulfide in the gas going into the residence. While these unexpected curtailments certainly inconvenience and anger the customer, given the magnitude of the health and safety concern with hydrogen sulfide, CURB believes that residential customers should be shut off immediately if there is any chance that the health and safety of the customer is in jeopardy.

CURB suggest the following language revisions to address this issue:

- Change “not less than” to “within”. (Line 36)
- Add “If the end use customer is a residential dwelling, service to the dwelling may be curtailed immediately upon a good faith belief by the person seeking the curtailment that there is an immediate health and safety concern. The person seeking curtailment under this provision shall, within 24 hours, report to the Kansas Corporation Commission the basis for, and evidence supporting the good faith belief that curtailment was necessary under the emergency provisions of this section. In the event that the curtailment of the residential dwelling was unnecessary, as determined by the Kansas Corporation Commission, the person requesting the curtailment shall be held responsible for the cost of the service curtailment, including any reconnection costs and temporary heating costs.”

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**Testimony In Support of House Bill No. 2530  
House Utilities Committee  
March 21st, 2005**

*Presented by  
Kimberly Gencur- Director, Government Affairs  
Aquila, Inc.  
Topeka, Kansas*

Good morning Mr. Chairman and members of the committee. Thank you for the opportunity to provide testimony before you this morning. My name is Kimberly Gencur, and I am the Director of Government Affairs for Aquila, Inc.

Aquila provides natural gas service to over 105,000 customers in Kansas, including the communities of Lawrence, Dodge City, Garden City, Liberal, Goodland and parts of Wichita.

As part of our gas operations in Kansas, Aquila provides natural gas supply to more than 2,800 rural customers through gas pipeline facilities including gas gathering lines and interstate pipelines.

Aquila supports the passage of House Bill No. 2530 to provide the Kansas Corporation Commission with authority to regulate and supervise any curtailment or proposed curtailment of natural gas that results in the loss of service to end-use customers.

Aquila's recent experience in Southwest Kansas points to the need for this legislation. On February 3, 2005, ONEOK, one of Aquila's natural gas suppliers, notified Aquila that: **“effective immediately they will cease delivery of gas and remove from service the Delivery Point Taps...” of 190 customers.**

ONEOK's notice indicated that:

**“This action is being taken because of the continued deterioration of the gas quality that could compromise the safety of Aquila's customers. ONEOK was...unaware of any practical measures that can be taken to correct the gas quality that would permit any further deliveries.”**

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As a result of the abrupt notice of immediate shutoff due to a concern over safety, Aquila was left with no choice but to proceed with shut-off of service – on a Friday night in the beginning of February. Aquila took the necessary steps to ensure the safety of customers, offering lodging assistance and arranging for alternative sources of heat, so that no customer was left in danger of the cold, winter conditions.

Due to the permanent shut off of supplies, Aquila assisted customers with the conversion of heating equipment to an alternative source of energy, such as propane.

On Monday, February 7 ONEOK contacted Aquila and indicated that the problem was much more encompassing than first thought. On Wednesday, February 9, ONEOK indicated that **“based upon further investigation and development of new facts, they intended to cease delivery of gas without undue delay to all residential customers of Aquila along with removal of their delivery point taps. At that time, ONEOK, did however temporarily withdraw notice of discontinuance of gas deliveries to Aquila’s commercial and irrigation customers.**

Clearly, this is a situation that needs attention. Aquila believes it is in the public’s interest and is essential public policy to have an effective set of rules and regulations addressing curtailment of supplies on gas gathering systems. House Bill No. 2530 will provide the KCC with appropriate regulatory authority to determine the reasonableness of, and regulate and supervise, curtailment of gas service by gas gathering companies. Utilities and customers alike need and deserve the advance notice of service shut-offs that would be provided under this bill, while allowing appropriate action to be taken in the event of emergencies.

Aquila supports this bill and urges your favorable consideration as well. Thank you for the opportunity to provide testimony before you today. We are happy to stand for questions at the appropriate time.

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# KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR  
BRIAN J. MOLINE, CHAIR  
ROBERT E. KREHBIEL, COMMISSIONER  
MICHAEL C. MOFFET, COMMISSIONER

## KCC Testimony on House Bill 2530 March 21, 2005

I am Leo Haynos, with the Corporation Commission staff. Thank you for the opportunity to testify on this bill.

The Commission does support this bill as a desirable confirmation and clarification of the KCC's authority with regard to curtailment of service to end use customers on gathering systems. It ensures that the Commission could determine the reasonableness of non-contract related curtailments that would adversely affect end users. Also, because these issues affect natural gas service to end use customers, it is appropriate to ensure that the KCC can address these issues under the public utility statutes rather than the gas gathering statutes.

As you know, in recent months certain end users, who obtain gas from gathering systems have been faced with curtailments or proposed curtailments by operators of gathering systems due to safety issues. As a result of the first curtailment in February, the Commission formed a task force to address potential curtailment issues due to hydrogen sulfide (H<sub>2</sub>S) concerns and also problems of low system pressure. The task force consists of representatives of all the affected interests. A summary of the issues that is being addressed by the task force and additional background information is attached. The Commission fully intends to continue to work with that group to arrive at reasonable solutions. However, the Commission's statutory authority to deal with these problems has been an underlying question for the task force.

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Despite statutory ambiguity regarding the KCC's jurisdiction to address these issues, the Commission did recently assert authority under K.S.A. 55-1,103, to temporarily prevent service shutoffs to Midwest Energy customers until there could be a hearing on April 11th on H<sub>2</sub>S safety criteria and curtailment practices. As I am sure it is with you, customer safety is of paramount concern to the Commission. However, there is a question whether the proposed curtailments are justified.

The curtailment of service to customers, whether due to safety concerns or low- pressure problems, obviously affects the interests not only of customers but also of the gathering system operator, producers, and affected public utilities. Although the Commission is not anxious to expand its responsibilities, non-contract related curtailment issues are important and significant and the KCC may be best suited to balance those various interests. We think we already have that responsibility but welcome the clarification provided by this bill. It should be noted that the bill would not give the Commission authority over contractual disputes between a system operator and an end-user customer. The Commission certainly does not want to supplant courts in resolving right-of-way or similar contract issues.

Again, thank you for the opportunity to testify on this bill. I will be glad to answer any questions.

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## Study Group on the Impact of H<sub>2</sub>S and Low Pressure in the Hugoton Field

On February 3rd, Oneok Field Services informed the Commission of potentially toxic concentrations of Hydrogen Sulfide (H<sub>2</sub>S) in its Hugoton Field gas gathering system. They proceeded to notify the Commission and Aquila that immediate termination of gas supply to consumers served from gas gathering pipelines was necessary. The terminations of gas service to consumers connected to gas gathering began on Friday night, February 4.

One week later Commissioner Krehbiel and several staff members met with Sen. Morris, Sen. Emler, Sen. Umbarger, Rep. Holmes, and Rep. Light. Also present were company representatives from Oneok and Aquila. At the direction of Sen. Morris and the other members of the Kansas legislature, the Corporation Commission agreed to facilitate a working group in an effort to define the extent of Hugoton field operational issues that impact the natural gas supply in rural areas of Southwest Kansas.

The first meeting of the working group was held on March 1. The meeting was attended by 66 stakeholders representing legislators, gas gatherers, producers, transmission companies, distribution companies, agriculture and residential consumers, and various state agencies. As information is obtained, it is being placed on the Commission's website at [www.kcc.state.ks.us](http://www.kcc.state.ks.us)

The scope for the working group is to develop a clear technical understanding of the impact that H<sub>2</sub>S has/will have on consumers of unprocessed natural gas within the Hugoton field area and look for alternate means of providing natural gas service to these consumers. During discussion, the scope was expanded to include the impact of low pressure on consumers connected to gas gathering lines.

Because of the complexity and variety of issues that have surfaced regarding this problem, the working group was divided the issues into six teams that will further refine each category and report back to the group as a whole. The categories and teams are as follows:

- Team 1. DATA ACQUISITION
- Team 2. DEFINING THE H<sub>2</sub>S CONTAMINATION
- Team 3. PUBLIC AND EMERGENCY RESPONDERS EDUCATION
- Team 4. COMPANY TERMINATION PRACTICES
- Team 5. ALTERNATE MEANS OF SUPPLYING GAS
- Team 6. HUGOTON FIELD RULES FOR MONITORING H<sub>2</sub>S LEVELS

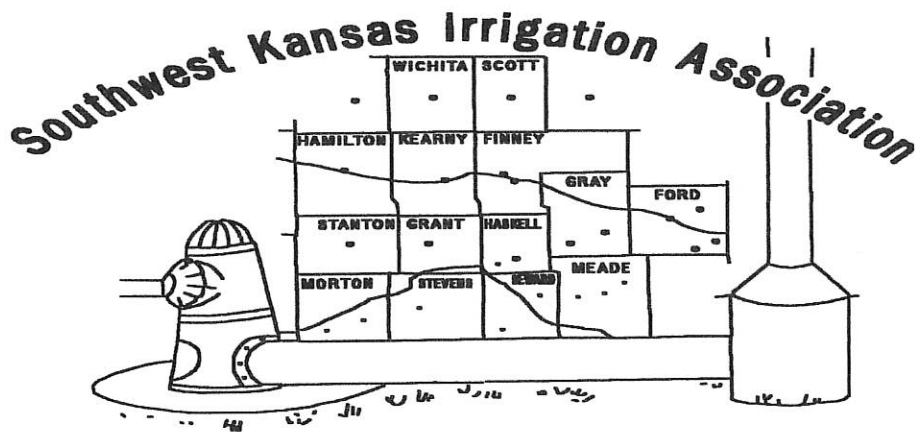
Over the last two weeks, it has become apparent to Commission Staff that another team is warranted. That team will attempt to categorize the contractual and policy issues that define the relationships between producers, gatherers, consumers, and state regulators.

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## Gas Gathering Serving Rural Customers: Background Information

- KCC Staff estimates 3000 consumers are served by gathering lines in the Hugoton Field. The majority of these consumers are irrigation wells.
- Interstate gas transmission companies at one time owned production rights from wells, the gathering system and the interstate pipeline. In the 1970s and 1980s all of this was under FERC jurisdiction.
- In the mid 1990s FERC required interstate transmission lines to divest of all retail customers.
- The interstate companies unbundled the gathering systems and production from the gas transmission lines. At this time, many of the consumer meters were acquired by public utility local distribution companies. The gathering pipelines supplying the meters were sold separately from the end use customer meters.
- In February 2005, Oneok Field Services curtailed its supply of gas to 97 Aquila residential customers.
- In March 2005 Oneok Field Services attempted to curtail the gas suppliers of Midwest Energy regarding supply of gas to 30 residential customers.
- KCC issued an emergency order to stay the termination of gas to the Midwest customers until Oneok Field Services can explain the rationale for the termination and provide evidence demonstrating its necessity.

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Southwest Kansas Irrigation Association  
922 W Oklahoma  
Ulysses, Ks. 67880  
620-356-3021

RE: Written Testimony provided to the House and Senate Committees on Utilities  
Regarding House Bill 2530 and Senate Bill 303

To: The Honorable Carl Holmes, Chair  
and members of the House Utilities Committee;  
The Honorable Senator Emler, Chair  
and members of the Senate Utilities Committee

From: Kirk Heger  
Board member Southwest Kansas Irrigation Association

Our organization represents approximately 400 irrigators and businesses directly tied to irrigation in Southwest Kansas.

We are testifying in support of House Bill 2530 and Senate Bill 303.

In our opinion the need to take to task the Kansas Corporation Commission, regarding the abandonment of service from the utilities in rural Kansas is long overdue.

As many of you may remember our Association has been very active in supporting legislation with the intent of protecting and serving the energy supply needs in rural Kansas.

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We introduced the gas-gathering bill in 1997 and the Rural Kansas Self-Help Gas Act in 2001 which were enacted into law.

It is our position the KCC has not had clear enough direction from current law to prevent gas gathering companies from allowing H2S gas into the system and then requiring another party to exit the same system because of the same gas.

This practice seems to be unjust, unreasonable, and unjustly discriminatory, towards the consumers, and unduly preferential to the gatherers and the producers as described in KSA 55-1,103 (a) which states:

- (a) Persons offering gas-gathering services in this state, or facilities essential to provision of such services, shall provide, in a manner that is just, reasonable, not unjustly discriminatory and not unduly preferential, access to any person seeking such services or facilities.

It is a clear contradiction to have the utilities ignore their certificated area and certificated customer obligations by effectively abandoning services and yet be able to request a tariff increase from their entire customer base to help pay for termination of services that rural Kansans have been paying for decades.

House bill 2530 and Senate bill 303 are necessary steps in clearing up any confusion regarding the responsibilities of the KCC in such matters. The time has come for the statutes to clearly define the KCC's authority.

Thank you for your attention and prompt action on this matter. I will be happy to answer any questions and can be reached by telephone at:  
620.544.1562

Sincerely,

Kirk Heger  
Southwest Kansas Irrigation Association

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**HOUSE BILL No. 2530**

By Committee on Appropriations

3-17

9 AN ACT concerning natural gas; relating to curtailment of service to  
10 certain consumers; prescribing procedures related thereto; amending  
11 K.S.A. 66-105a and repealing the existing section.  
12

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

14 Section 1. K.S.A. 66-105a is hereby amended to read as follows: 66-  
15 105a. On and after July 1, 1997, the term “public utility” as used in K.S.A.  
16 66-104, and amendments thereto, and the term “common carriers” as  
17 used in K.S.A. 66-105, and amendments thereto, shall not include any  
18 gas gathering system, as defined in K.S.A. 55-150, and amendments  
19 thereto.

20 *(b) Notwithstanding the provisions of subsection (a), for those persons*  
21 *providing gas gathering services in such a manner that allows end use*  
22 *customers to obtain natural gas from a gathering system, the commission* [by direct connection to  
23 *shall have authority, upon complaint or petition or upon its own motion,*  
24 *to determine the reasonableness of, and regulate and supervise, any cur-*  
25 *tailment or proposed curtailment of natural gas that results in the loss of*  
26 *service to the end use customer. However, the commission’s authority shall*  
27 *not extend to curtailments arising from contractual disputes between the*  
28 *owner or operator of the gathering system and the end use customer.*

29 *(c) Any person providing gas gathering services in such a manner*  
30 *that allows the offering of natural gas from a gas gathering system to an*  
31 *end use customer shall give notice thereof to the commission and to each*  
32 *affected end use customer and public utility of its intent to curtail service*  
33 *that will result in the loss of natural gas service to the end use customer.*  
34 *Except in the case of an emergency, notice shall be provided 30 days prior*  
35 *to such curtailment. In the case of an emergency, notice shall be provided*  
36 *not less than 24 hours before curtailment.*

37 *(d) Nothing contained in subsections (b) and (c) shall be construed to*  
38 *diminish any authority vested in the commission prior to the effective*  
39 *date of this act.*

40 Sec. 2. K.S.A. 66-105a is hereby repealed.

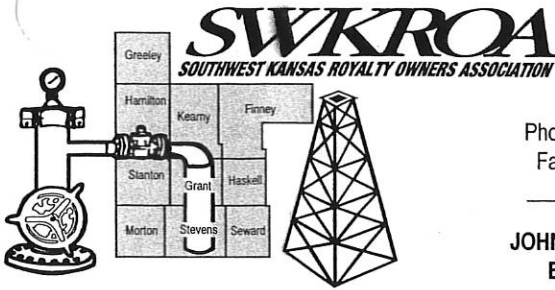
41 Sec. 3. This act shall take effect and be in force from and after its  
42 publication in the Kansas register.

Submitted by:  
Southwest Kansas Royalty Owners Association

HOUSE UTILITIES

DATE: 3-21-05

ATTACHMENT 6



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**JOHN CRUMP**, President  
**ERICK NORDLING**, Executive Secretary

**JIM KRAMER**, Vice President  
**B.E. NORDLING**, Ass't Secretary

**JOE LARRABEE**, Treasurer

Testimony before the House Utilities Committee  
House Resolution No. 6024  
March 21, 2005

Chairman Holmes and Members of the House Utilities Committee:

We are providing joint testimony in support of House Resolution No. 6024, on behalf of the Eastern Kansas Oil and Gas Association, Kansas Independent Oil and Gas Association, Kansas Petroleum Council, Southeast Kansas Royalty Owners and Southwest Kansas Royalty Owners Association.

As this Committee recalls from the public hearing on House Bill No. 2146, "check stub" reporting is as complex as the industry itself. Given the short time left in this legislative session, a quick and easy solution is not readily available. We are here today to indicate our willingness and commitment to work together to see if improvements to the existing law can be made. Industry and royalty owners held a constructive meeting following the first subcommittee hearing. More meetings will be needed if we are to find any compromise solutions. Therefore, we believe that House Resolution No. 6024 is an important and appropriate step to compel continued dialogue and the exchange of information between our groups, which may allow us to find a solution before next year's session.

Thank you for your time and consideration this morning. We request that you act favorably upon House Resolution No. 6024.

We would like to also acknowledge the members of the HB 2146 Subcommittee and appreciate the time and consideration given us in subcommittee.

*Eastern Kansas Oil and Gas Association  
Kansas Independent Oil and Gas Association  
Kansas Petroleum Council  
Southeast Kansas Royalty Owners  
Southwest Kansas Royalty Owners Association*

HOUSE UTILITIES  
DATE: 3-21-05  
ATTACHMENT 7