

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 15, 2006 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Athena Andaya, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Bruce Kinzie, Revisor of Statutes' Office
Ann McMorris, Committee Secretary

Conferees appearing before the committee: None

Others in attendance: See attached list

Chair opened for discussion and possible action on
HB 2590 - VoIP enhanced 911 Act

Rep. Mike Petersen presented proposed amendments to **HB 2590** and it was noted that the two amendments were not placed correctly and should be New Sec. 4(a) and New Sec. 5(a). (Attachment 1) These amendments would eliminate dual billing and are good for the consumer. KCC, AT&T and the Cable Industry agreed.

Moved by Senator Petersen, seconded by Senator Apple, **HB 2590** be amended as set forth in Attachment 1. Motion carried.

Moved by Senator Taddiken, seconded by Senator Petersen, **HB 2590** be passed out favorably as amended. Motion carried.

Chair opened for discussion and possible action on
SB 414 - Enacting the gas safety and reliability policy act

Steve Johnson of Kansas Gas Service reviewed a balloon version of **SB 414** showing their proposed amendments. (Attachment 2) He noted the proposed changes are for safety requirements in various areas. Senator Francisco suggested additional language to be inserted on page 1, line 43 after the word replacement insert "enacted since the filing of their most recent rate case".

Discussion on prorating of expense for worn out pipe, amortization of 30 year pipe, recovering expenses in a more timely manner, and how capital expenditures and other expenses are reimbursed. CURB David Springe reviewed their suggested amendments as a need to help the consumer.

Due to the lack of time, Chair continued this discussion on **SB 414** to the Monday, February 20 meeting of the Senate Utilities Committee.

Adjournment.

Respectfully submitted

Ann McMorris, Secretary

Attachments - 2

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: FEBRUARY 15, 2006

Name	Representing
Jim BARTLING	ATMOS ENERGY
Whitney Damron	KS Gas Service
Judy Moler	KAC
Saralyn Hayes	Mid-America Regional Council (MARC)
Shirley Allen	KRTC
Steve Johnson	Kansas Gas Service/ONEOK
Don LOW	KCC
Anne Siess	KTA
Kimberly Lauer	
Steve Kearney	all-tel
Jim Gracner	all-tel
Colen Jannison	COX
Linda Langston	COX

1 necessary or incident to a VoIP project and which are directly attributable
2 thereto.

3 ~~(h)~~ (i) "VoIP provider" means a provider of ~~VoIP service~~ **intercon-**
4 **connected VoIP service but does not include any telecommunications**
5 **carrier or local exchange carrier, as defined in K.S.A. 66-1,187,**
6 **and amendments thereto, which holds a certificate of public con-**
7 **venience and necessity issued by the state corporation commission.**

8 ~~(i)~~ (j) "VoIP service user" means ~~any person who is provided VoIP~~
9 ~~service~~ **a subscriber to interconnected VoIP service whose primary**
10 **service address is in Kansas.**

11 New Sec. 3. The secretary shall administer the provisions of the VoIP
12 enhanced 911 act. The secretary is hereby authorized to adopt rules and
13 regulations necessary for effectuation of the provisions of this act.

14 New Sec. 4. (a) Subject to the provisions of section 10, and amend-
15 ments thereto, effective July 1, 2006, there is hereby established a VoIP
16 enhanced 911 grant fee in the amount of \$.25 per month per VoIP sub-
17 ~~scriber whose primary residence is in the state of Kansas~~ **service user.**
18 It shall be the duty of each VoIP provider to collect such fee from the
19 VoIP service user and remit such fee to the secretary as provided by
20 section 6, and amendments thereto. ✓

21 (b) The secretary shall remit to the state treasurer, in accordance with
22 the provisions of K.S.A. 75-4215, and amendments thereto, any fees re-
23 ceived pursuant to this section. Upon receipt of the remittance, the state
24 treasurer shall deposit the entire amount in the state treasury and credit
25 it to the wireless enhanced 911 grant fund.

26 New Sec. 5. (a) Effective July 1, 2006, there is hereby imposed a
27 VoIP enhanced 911 local fee. Subject to the provisions of section 10, and
28 amendments thereto, the amount of such fee shall be \$.25 per month per
29 VoIP ~~subscriber whose primary residence is in the state of Kansas~~ **service**
30 **user.**

31 (b) The proceeds of the VoIP enhanced 911 local fee, and any interest
32 earned on revenue derived from such fee, shall be used only for the
33 purposes provided in K.S.A. 2005 Supp. 12-5330, and amendments
34 thereto. ✓

35 (c) Each PSAP shall submit to the secretary an annual report ac-
36 counting for the money received by the PSAP from the VoIP enhanced
37 911 local fee. Such report shall be submitted on a form provided by the
38 secretary, which shall be consolidated with the report accounting for mon-
39 eys received from the wireless enhanced 911 local fee required pursuant
40 to K.S.A. 2005 Supp. 12-5330, and amendments thereto.

41 (d) If pursuant to K.S.A. 2005 Supp. 12-5330, and amendments
42 thereto, a PSAP is required to pay to the secretary all moneys from the
43 wireless enhanced 911 local fee which have been or are received by such

Notwithstanding any other provision of this act, no VoIP service user shall be liable for, nor shall any VoIP provider be required to collect, the VoIP enhanced 911 grant fee on any interconnected VoIP service upon which an emergency telephone tax is paid pursuant to K.S.A. 12-5302, and amendments thereto, or upon which a wireless enhanced 911 grant fee is paid pursuant to K.S.A. 12-5324, and amendments thereto. In additional, no service user shall be liable for, nor shall any service supplier, telecommunications public utility, telecommunications carrier or wireless carrier be required to collect the emergency telephone tax imposed pursuant to K.S.A. 12-5302, and amendments thereto, or the wireless enhanced 911 grant fee established pursuant to K.S.A. 12-5324, and amendments thereto, for any interconnected VoIP service upon which a VoIP enhanced 911 fee is paid pursuant to this act.

Notwithstanding any other provision of this act, no VoIP service user shall be liable for, nor shall any VoIP provider be required to collect, the VoIP enhanced 911 local fee on any interconnected VoIP service upon which an emergency telephone tax is paid pursuant to K.S.A. 12-5302, and amendments thereto, or upon which a wireless enhanced 911 local fee is paid pursuant to K.S.A. 12-5330, and amendments thereto. In additional, no service user shall be liable for, nor shall any service supplier, telecommunications public utility, telecommunications carrier or wireless carrier be required to collect the emergency telephone tax imposed pursuant to K.S.A. 12-5302, and amendments thereto, or the wireless enhanced 911 local fee established pursuant to K.S.A. 12-5330, and amendments thereto, for any interconnected VoIP service upon which a VoIP enhanced 911 fee is paid pursuant to this act.

SENATE BILL No. 414

By Committee on Utilities

1-19

Senate Utilities Committee
February 15, 2006
Attachment 2-1

9 AN ACT concerning public utilities; relating to natural gas; enacting the
10 gas safety and reliability policy act.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. This act may be cited as the gas safety and reliability
14 policy act.

15 Sec. 2. For the purposes of this act:

16 (a) "CSRS" means gas system reliability surcharge;

17 (b) "appropriate pretax revenues" means the revenues necessary to
18 produce net operating income equal to:

19 (1) The natural gas public utility's weighted cost of capital multiplied
20 by the net original cost of eligible infrastructure system replacements,
21 including recognition of accumulated deferred income taxes and accu-
22 mulated depreciation associated with eligible infrastructure system re-
23 placements which are included in a currently effective CSRS;

24 (2) recover state, federal and local income or excise taxes applicable
25 to such income;

26 (3) recover depreciation expenses;

27 (c) "commission" means the state corporation commission;

28 (d) "eligible infrastructure system replacement" means natural gas
29 public utility plant projects that:

30 (1) Do not increase revenues by directly connecting the infrastruc-
31 ture replacement to new customers;

32 (2) are in service and used and required to be used; and

33 (3) were not included in the natural gas public utility's rate base in
34 its most recent general rate case; and

35 (4) replace or extend the useful life of an existing infrastructure;

36 (e) "natural gas public utility" shall have the same meaning respec-
37 tively ascribed thereto by subsection (a) of K.S.A. 66-1,200, and amend-
38 ments thereto;

39 (f) "natural gas utility plant projects" may consist only of the
40 following:

41 (1) Mains, valves, service lines, regulator stations, vaults and other
42 pipeline system components installed to comply with state or federal
43 safety requirements as replacements for existing facilities that have worn

1 out or are in deteriorated condition];

2 (2) main relining projects, service line insertion projects, joint encapsulation projects and other similar projects extending the useful life or
3 enhancing the integrity of pipeline system components undertaken to
4 comply with state or federal safety requirements; and

5
6 (3) ~~facilities,~~ relocations required due to construction or improvement of a highway, road, street, public way or other public work by or on
7 behalf of the United States, this state, a political subdivision of this state
8 or another entity having the power of eminent domain provided that the
9 costs related to such projects have not been reimbursed to the natural
10 gas public utility;

11
12 (g) "CSRS revenues" means revenues produced through a CSRS exclusive of revenues from all other rates and charges.

13
14 Sec. 3. (a) Notwithstanding any other provisions of chapter 66 of the
15 Kansas Statutes Annotated, and amendments thereto, beginning July 1,
16 2006, a natural gas public utility providing gas service may file a petition
17 and proposed rate schedules with the commission to establish or change
18 CSRS rate schedules that will allow for the adjustment of the natural gas
19 public utility's rates and charges to provide for the recovery of costs for
20 eligible infrastructure system replacements. The commission may not approve a CSRS to the extent it would produce total annualized CSRS
21 revenues below the lesser of \$1,000,000 or 1/2% of the natural gas public
22 utility's base revenue level approved by the commission in the natural gas
23 public utility's most recent general rate proceeding. The commission may
24 not approve a CSRS to the extent it would produce total annualized CSRS
25 revenues exceeding 10% of the natural gas public utility's base revenue
26 level approved by the commission in the natural gas public utility's most
27 recent general rate proceeding. A CSRS and any future changes thereto
28 shall be calculated and implemented in accordance with the provisions of
29 sections 2 through 4, and amendments thereto. CSRS revenues shall be
30 subject to a refund based upon a finding and order of the commission to
31 the extent provided in subsections (e) and (h) of section 4, and amendments
32 thereto.

33
34 (b) The commission shall not approve a CSRS for any natural gas
35 public utility that has not had a general rate proceeding decided or dismissed by issuance of a commission order within the past 60 months,
36 unless the natural gas public utility has filed for or is the subject of a new
37 general rate proceeding.

38
39 (c) In no event shall a natural gas public utility collect a CSRS for a
40 period exceeding 60 months unless the natural gas public utility has filed
41 for or is the subject of a new general rate proceeding; except that the
42 CSRS may be collected until the effective date of new rate schedules
43 established as a result of the new general rate proceeding, or until the

facility

1 subject general rate proceeding is otherwise decided or dismissed by is-
2 suance of a commission order without new rates being established.

3 Sec. 4. (a) At the time that a natural gas public utility files a petition
4 with the commission seeking to establish or change a CSRS, it shall sub-
5 mit proposed CSRS rate schedules and its supporting documentation
6 regarding the calculation of the proposed CSRS with the petition and
7 shall serve commission staff and the citizens utility ratepayer board with
8 a copy of its petition, its proposed rate schedules and its supporting
9 documentation.

10 (b) (1) When a petition, along with any associated proposed rate
11 schedules, is filed pursuant to the provisions of sections 2 through 4, and
12 amendments thereto, the commission shall conduct an examination of the
13 proposed CSRS;

14 (2) the staff of the commission may examine information of the nat-
15 ural gas public utility to confirm that the underlying costs are in accord-
16 ance with the provisions of sections 2 through 4, and amendments
17 thereto, and to confirm proper calculation of the proposed charge. The
18 staff may submit a report regarding its examination to the commission
19 not later than 60 days after the petition is filed. No other revenue re-
20 quirement or ratemaking issues may be examined in consideration of the
21 petition or associated proposed rate schedules filed pursuant to the pro-
22 visions of sections 2 through 4, and amendments thereto;

23 (3) the commission may hold a hearing on the petition and any as-
24 sociated rate schedules and shall issue an order to become effective not
25 later than 120 days after the petition is filed; and

26 (4) if the commission finds that a petition complies with the require-
27 ments of sections 2 through 4, and amendments thereto, the commission
28 shall enter an order authorizing the natural gas public utility to impose a
29 CSRS that is sufficient to recover appropriate pretax revenue, as deter-
30 mined by the commission pursuant to the provisions of sections 2 through
31 4, and amendments thereto.

32 (c) A natural gas utility may effectuate a change in its rate pursuant
33 to the provisions of this section no more often than two times every 12
34 months.

35 (d) In determining the appropriate pretax revenue, the commission
36 shall consider only the following factors:

37 (1) The net original cost of eligible infrastructure system replace-
38 ments. The net original cost shall be defined as the original cost of eligible
39 infrastructure system replacements less associated retirements of existing
infrastructure;

40 (2) the accumulated deferred income taxes associated with the eli-
41 gible infrastructure system replacements;

42 (3) the accumulated depreciation associated with the eligible infra-
43

shall

shall

once

1 tions (h) and (i), eligible costs previously reflected in the currently effective GSRS;

2
3 (2) upon the inclusion in a natural gas public utility's base rates subject to subsections (h) and (i) of eligible costs previously reflected in a
4 GSRS, the natural gas public utility shall immediately thereafter reconcile
5 any previously unreconciled GSRS revenues as necessary to ensure that
6 revenues resulting from the GSRS match as closely as possible the appropriate
7 pretax revenues as found by the commission for that period.

8
9 (g) A natural gas public utility's filing of a petition or change to a
10 GSRS pursuant to the provisions of sections 2 through 4, and amendments
11 thereto, shall not be deemed to be a rate increase for purposes of
12 K.S.A. 66-117, and amendments thereto.

13 (h) Commission approval of a petition, and any associated rate schedules, to establish or change a GSRS pursuant to the provisions of sections
14 2 through 4, and amendments thereto, shall in no way be binding upon
15 the commission in determining the ratemaking treatment to be applied
16 to eligible infrastructure system replacements during a subsequent general
17 rate proceeding when the commission may undertake to review the
18 reasonableness and prudence of such costs. In the event the commission
19 disallows, during a subsequent general rate proceeding, recovery of costs
20 associated with eligible infrastructure system replacements previously included
21 in a GSRS, the natural gas public utility shall offset its GSRS in
22 the future as necessary to recognize and account for any such over
23 collections.
24

25 (i) Nothing in this section shall be construed as limiting the authority
26 of the commission to review and consider infrastructure system replacement
27 costs along with other costs during any general rate proceeding of
28 any natural gas public utility.

29 Sec. 5. This act shall take effect and be in force from and after its
30 publication in the statute book.