

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on February 26, 2008 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Others in attendance: see attached list

Announcements

Conference Committee on **HB 2077 /SB 327** will meet again today, Feb. 26, in Room 412-E at 3:30 p. m.

Subcommittee on **SB 555**, chaired by Senator Petersen, will meet again today at 3:30 p.m. in Room 136-N.

Senator Pyle introduced his pages from Pottawatomie County and the Pottawatomie Co. Treasurer.
Senator Lee introduced her three pages from her district.

Chair opened hearing on:

SB 614 - Response by public entity to Kansas electric transmission authority intent to construct shall be on or before 90 days following publication of notice in Kansas register

This bill clarifies where notice of intent to construct publication was to be made by inserting the language "in the Kansas Register" on page 2, line 2.

Moved by Senator Taddiken, seconded by Senator Pyle, to move SB 614 out favorably to the consent calendar. Motion carried.

Chair opened for discussion and possible action on bills previously heard.

SB 570 - Kansas Universal Service Fund, exemptions for certain local exchange carriers

Mike Murray of Embarq had prepared three amendments to **SB 570**. (Attachment 1)

Moved by Senator Taddiken, seconded by Senator Reitz, to adopt the three amendments to SB 570. Motion carried.

Moved by Senator Reitz, seconded by Senator Taddiken, to move SB 570 out favorably as amended. Motion carried.

SB 580 - Establishing the weatherization assistance program account of the state housing trust fund, providing annual transfer from state general fund

Moved by Senator Francisco, seconded by Senator Reitz, SB 580 be amended by striking lines 31 thru 34 and adding the amendment as shown in z580g1. Motion carried. (Attachment 2)

Moved by Senator Reitz, seconded by Senator Lee, SB 580 be passed out favorably as amended. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on February 26, 2008 in Room 526-S of the Capitol.

SB 586 - Incentives to encourage development of nuclear power by utilities and authorizing recovery of certain costs

Moved by Senator Francisco, seconded by Senator Lee, SB 586 be amended by deleting the language "in an expedited manner" on p. 1, line 19, and by and by striking the language in New Sec. 2 - page 1, line 22-27.

Moved by Senator Taddiken, seconded by Senator Pyle, divide the motion of Senator Francisco into two motions, each to cover a proposed amendment: #1 - deleting the language "in an expedited manner" on p. 1, line 19; #2 - striking the language in New Sec. 2 - page 1, line 22-27. Motion carried.

The chair called for a vote on Question #1. The question passed.

The chair called for a vote on Question #2. The question failed 3-5.

Due to lack of time, further action on **SB 586** was deferred to the committee meeting to be held on February 27, 2008 in Room 313-S at 9:30 a.m.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachment - 2

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: FEBRUARY 26, 2008

Name	Representing
- Ray Hammond	KCC
SEAN MILLER	CAPITOL STRATEGIES
Shirley Allen	SITA
Mark Schreiber	Westar
Daria Turk	VERIZON
Jim Gortner	AJ&T
Nelson Knueger	PAR Electric
Mike Murray	Embargo
JUDITH GARD	EMBARGO
P. Sue Donoho	EMBARGO
Ves Ashton	Aquila
Melinda Schroeder	Dannon Grant Relations
Austin Horton	Hein Law Firm
Jane Bachman	Kel

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Chapter 66.--PUBLIC UTILITIES

Article 1.--POWERS OF STATE CORPORATION COMMISSION

66-127. Dealing in securities of competing utility; prohibited

transportation. No common carrier or public utility governed by the provisions of this act, domestic or foreign, shall hereafter purchase or acquire, take or hold any part of the capital stock, bonds or other forms of indebtedness of any competing public utility or common carrier, either as owner or pledgee, unless authorized by the commission. Any common carrier engaged in intrastate commerce in this state is prohibited in the transportation of such commerce, articles or commodities under the following circumstances and conditions:

(a) When the article or commodity has been manufactured, mined or produced by a carrier or under its authority and at the time of the transportation the carrier has not in good faith, before the act of transportation, disassociated itself from such article or commodity;

(b) when the carrier owns the article or commodity to be transported, in whole or part;

(c) when the common carrier at the time of transportation has a legal or equitable interest, directly or indirectly, in the article or commodity, except materials and supplies for its own use.

Every public utility is prohibited from engaging in any business in this state which is not in conformity with its charter or in which it is not permitted to engage under the laws of the state of Kansas: Provided, That this section shall not apply to ownership by railroads of the stock, bonds, or other forms of indebtedness of union depot or terminal railroad properties used in common by two or more such railroads. The provisions of this section shall not apply to resellers of telecommunications services, *local exchange carriers that have elected price cap regulation pursuant to subsection (b) of K.S.A. 2007 SUPP. 66-2005, and amendments thereto* **unless a transaction subject to this section is solely between such carrier and a local exchange carrier that has elected rate of return regulation pursuant to subsection (b) of K.S.A. 2007 SUPP. 66-2005, and amendments thereto operating wholly within this state,** or interexchange carriers.

66-136

Chapter 66.--PUBLIC UTILITIES

Article 1.--POWERS OF STATE CORPORATION COMMISSION

66-136. Transfer of franchise or certificate of convenience. No franchise or certificate of convenience and necessity granted to a common carrier or public utility governed by the provisions of this act shall be assigned, transferred or leased, nor shall any contract or agreement with reference to or affecting such franchise or certificate of convenience and necessity or right thereunder be valid or of any force or effect whatsoever, unless the assignment, transfer, lease, contract or agreement shall have been approved by the commission. *The provisions of this section shall not apply to local exchange carriers that have elected price cap regulation pursuant to subsection (b) of K.S.A. 2007 SUPP. 66-2005, and amendments thereto unless a transaction subject to this section is solely between such carrier and a local exchange carrier that has elected rate of return regulation pursuant to subsection (b) of K.S.A. 2007 SUPP. 66-2005, and amendments thereto operating wholly within this state.*

page 2
line 9

66-2005

Chapter 66.--PUBLIC UTILITIES Article 20.--TELECOMMUNICATIONS

66-2005. Telecommunications; infrastructure development; universal service requirements; rate rebalancing; price cap regulation; price deregulation; when; exceptions; commission report; individual customer pricing; price reregulation. (a) Each local exchange carrier shall file a network infrastructure plan with the commission on or after January 1, 1997, and prior to January 1, 1998. Each plan, as a part of universal service protection, shall include schedules, which shall be approved by the commission, for deployment of universal service capabilities by July 1, 1998, and the deployment of enhanced universal service capabilities by July 1, 2003, as defined pursuant to subsections (p) and (q) of K.S.A. 66-1,187, and amendments thereto, respectively. With respect to enhanced universal service, such schedules shall provide for deployment of ISDN, or its technological equivalent, or broadband facilities, only upon a firm customer order for such service, or for deployment of other enhanced universal services by a local exchange carrier. After receipt of such an order and upon completion of a deployment plan designed to meet the firm order or otherwise provide for the deployment of enhanced universal service, a local exchange carrier shall notify the commission. The commission shall approve the plan unless the commission determines that the proposed deployment plan is unnecessary, inappropriate, or not cost effective, or would create an unreasonable or excessive demand on the KUSF. The commission shall take action within 90 days. If the commission fails to take action within 90 days, the deployment plan shall be deemed approved. This approval process shall continue until July 1, 2000. Each plan shall demonstrate the capability of the local exchange carrier to comply on an ongoing basis with quality of service standards to be adopted by the commission no later than January 1, 1997.

(b) In order to protect universal service, facilitate the transition to competitive markets and stimulate the construction of an advanced telecommunications infrastructure, each local exchange carrier shall file a regulatory reform plan at the same time as it files the network infrastructure plan required in subsection (a). As part of its regulatory reform plan, a local exchange carrier may elect traditional rate of return regulation or price cap regulation. Carriers that elect price cap regulation shall be exempt from rate base, rate of return and earnings regulation *and shall not be subject to §66-136 and §66-127 of this chapter except as noted therein*. However, the commission may resume such regulation upon finding, after a hearing that a carrier that is subject to price cap regulation has: violated minimum quality of service standards pursuant to subsection (l) of K.S.A. 66-2002, and amendments thereto; been given reasonable notice and an opportunity to correct the violation; and failed to do so. Regulatory reform plans also shall include:

page 2
Line 43

1-3

SENATE BILL No. 580

By Committee on Utilities

2-7

Balloon
Amendment

Todd Ken Balloon

Senate Utilities Committee
February 26, 2008
Attachment 2-1

9 AN ACT relating to housing; establishing the weatherization assistance
10 program account within the state housing trust fund; relating to the
11 transfer of funds in the state general fund to the weatherization assis-
12 tance program account; amending K.S.A. 2007 Supp. 74-8959 and re-
13 pealing the existing section.
14

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

16 Section 1. K.S.A. 2007 Supp. 74-8959 is hereby amended to read as
17 follows: 74-8959. (a) (1) There is hereby established in the state treasury
18 the state housing trust fund. All moneys credited to the state housing
19 trust fund shall be used for the purposes of housing programs and services
20 including, but not limited to, the provision of financial programs for the
21 repair, rehabilitation and improvement of existing residential housing,
22 accessibility modifications, rental subsidies, the provision of housing serv-
23 ices and assistance to persons having low or moderate income and disa-
24 bled persons and costs and expenditures incurred in implementing K.S.A.
25 58-4217 through 58-4224, and amendments thereto, of the Kansas man-
26 ufactured housing act.

27 (2) *There is hereby created the weatherization assistance program*
28 *account within the state housing trust fund. All moneys credited to the*
29 *weatherization assistance program account shall be used to fund grants*
30 *under the weatherization assistance program to increase housing energy*
31 *efficiency. On July 1, 2008, and each July 1 thereafter, the director of*
32 *accounts and reports shall transfer \$2,000,000 from the state general fund*
33 *to the weatherization assistance program account of the state housing*
34 *trust fund.*

Strike

35 (b) The state housing trust fund shall be administered by the division
36 of housing in the Kansas development finance authority.

37 (c) The division of housing and the Kansas development finance au-
38 thority are hereby authorized to apply for and receive available public or
39 private grants, gifts and donations for the purposes of housing programs
40 and services. All such grants, gifts and donations shall be remitted to the
41 division of housing in the Kansas development finance authority.

42 (d) On or before the 10th of each month, the director of accounts
43 and reports shall transfer from the state general fund to the state housing

Subject to the provisions of federal law, for the fiscal year ending June 30, 2009, and each ensuing fiscal year, the head of the agency receiving the low income energy assistance block grant shall transfer 15% of any emergency or supplemental federal appropriations for such block grant to the weatherization assistance program account.

1 trust fund interest earnings based on:

2 (1) The average daily balance of moneys in the state housing trust
3 fund for the preceding month; and

4 (2) the net earnings rate for the pooled money investment portfolio
5 for the preceding month.

6 Sec. 2. K.S.A. 2007 Supp. 74-8959 is hereby repealed.

7 Sec. 3. This act shall take effect and be in force from and after its
8 publication in the statute book.

2-2