

SESSION OF 2005

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2047**

As Amended by House Committee on  
Utilities

**Brief\***

The bill would amend three statutes that govern municipal energy agencies. Under Kansas law, municipal energy agencies may be formed by two or more cities to secure electricity for the participating cities.

The bill would repeal the:

- Minimum size requirement for energy agencies' boards of directors and the requirement that board members reside within one of the participating cities;
- Requirement that energy agencies abide by state budget and cash-basis laws; and
- Requirement that municipal energy agencies make filings with the Secretary of State pursuant to the Uniform Commercial Code to perfect a security interest against personal property or fixtures of the agency.

The bill would become effective upon publication in the *Kansas Register*.

**Background**

Under current law, a municipal energy agency's board of directors must consist of at least seven persons, each of whom must live in one of the participating cities. Energy agencies also must abide by state

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

budgeting and cash basis statutes and make certain filings pursuant to the Uniform Commercial Code.

A representative of the Kansas Municipal Energy Agency presented testimony in support of the bill at the House Committee's hearing. As stated in that testimony, the flexibility provided by the latter two amendments described above would enable the agency to more readily meet requirements of participation in the Southwest Power Pool, recently designated by the Federal Energy Regulatory Agency as the Regional Transmission Operator for Kansas and several nearby states. Written testimony in support of the bill was provided by Kansas Municipal Utilities, South Central Municipal Energy Agency, and Kansas Power Pool.

No opponents to the bill presented testimony to the House Committee.

The House Committee amended the bill to make it effective upon publication in the *Kansas Register*.

The Division of the Budget's fiscal note for the bill states that the Corporation Commission, Citizens' Utility Ratepayer Board, and Office of the Secretary of State indicate that enactment of the bill would have no fiscal impact on those agencies. The fiscal note also states that enactment of the bill could reduce administrative costs to the agencies by an indeterminate amount. The House Committee's amendment would result in negligible change to any fiscal impact.