

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:40 a.m. on March 19, 2001 in Room 231-N of the Capitol.

All members were present except: Senator Jay Emler, excused
Senator Susan Wagle, excused

Committee staff present: Raney Gilliland, Legislative Research
Tom Severn, Legislative Research
Bruce Kinzie, Revisor of Statutes
Lisa Montgomery, Revisor of Statutes
Ann McMorris, Secretary

Conferees appearing before the committee: none

Others attending: See attached list.

Chairman continued on the discussion from the March 16 meeting regarding draft **bkpsecs** and asked for definition on porosity storage indicating Kansas has 702 such storage wells in 18 locations. KCC Tom Day noted at one time these were active oil and gas wells which were emptied and are used as storage for natural gas and that they contain shale and porous materials. Question as to whether this category of storage wells was covered in this draft. KCC indicated it was.

KCC answered question on who regulates straddle plants. These are covered by the Processing Safety Management Group which is a federal agency and under federal provision 29 CFR 1910.119. This group also covers interstate pipelines. KCC covers no straddle plants in Kansas. KCC would cover intrastate in Kansas but there are none.

The phrase "safe and secure" in referring to safety aspect of processing natural gas should be deleted.

Amend underground storage into the "ingress and egress" section.

Bruce Kinzie suggested some technical changes on page 14 which will appear in the next draft.

On page 21, there should be three funds listed - conservation fee fund, well plugging assurance fund or the abandoned oil and gas well fund.

Further discussion on this draft is scheduled after adjournment of the Senate on March 19, 2001.

Committee was provided copies of a March 15, 2001 memo from KDHE regarding proposed legislation on underground storage of natural gas. (Attachment 1)

Staff Review of

HB 2266- Independent power producers, coal fired generation; exemption from regulation; bonds for pollution control devices; property tax, and
HB 2268 - Electric public utilities; coal-fired generation; construction work in progress; bonds for pollution control; property tax exemption

Explanation was presented by Lynne Holt of the Legislative Research Division. Copies of the following were distributed:

1. Memo from Larry Holloway, KCC on February 5, 2001 to House Utilities Committee - In response to questions and Topics raised by subcommittees on Independent Power Producers and Merchant Power Plants.

(Attachment 2)

2. Explanation of **HB 2266** - a bill that would provide various incentives for the construction in Kansas of independent power producer (IPP) facilities meeting certain criteria. (Attachment 3)

3. Explanation of **HB 2268** - a bill that would provide various incentives for the construction in Kansas of certain electric utility property which is owned and operated by Kansas public utilities. (Attachment 4)

Much discussion on the tax aspect of these bills, application to retail as well as wholesale sales, definition of IPP and merchant power plants.

Time did not permit explanation on **HB 2245**.

Approval of Minutes

Moved by Senator Barone, seconded by Senator Taddiken, minutes of the Senate Utilities Committee meeting of March 16, 2001 be approved. Motion carried.

Next meeting of the Senate Utilities Committee will be held on March 19, 2001 on adjournment of the Senate.

Adjournment.

Respectfully submitted

Ann McMorris, Secretary

Attachments - 5