

Approved: March 28, 2003
Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:08 a.m. on February 5, 2003 in Room 526-S of the Capitol.

All members were present except: Representative Annie Kuether
Representative Roger Reitz

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:

Mark Schreiber, Westar Energy
Mike Apprill, Aquila, Inc.
Tim Rush, Great Plains Energy
Kyle Wetzel, Kansas Renewable Energy Working Group
Larry Holloway, Kansas Corporation Commission
David Springe, Citizens' Utility Ratepayer Board

Others attending: See Attached List

HB 2130 - Encouragement of increased electric transmission capacity; facility siting; pass-through of costs

Chairman Holmes opened the hearing on **HB 2130**.

Mark Schreiber, Senior Manager Government Affairs for Westar Energy, offered testimony in support of **HB 2130 (Attachment 1)**. Mr. Schreiber stated they believe the bill will benefit the Kansas economy by facilitating the expansion and improvement of our transmission system by allowing the Corporation Commission to consider the benefits of investment in the transmission system that will be realized by out of state users and enabling the Commission to consider the regional picture in making the transmission systems more cost effective.

Mike Apprill, Vice President of Resource Management for Aquila, appeared in support of **HB 2130 (Attachment 2)**. Mr. Apprill outlined three advantages of this proposed legislation. They include 1) allowing the Commission to take into account certain benefits and allow siting for transmission to be approved; 2) flexibility of more frequent price adjustments as transmission facilities are utilized for more wholesale transactions resulting in more delivery charges being picked up by wholesale customers; and 3) recognition that transmission will continue to be regulated and the states are expected to be fully involved in the transmission plans process and approval of siting of major facilities.

Tim Rush, Director of Regulatory Affairs for Kansas City Power & Light, testified as a proponent of **HB 2130 (Attachment 3)**. Mr. Rush told the committee that they support this bill as it supports the national movement of the industry to more competitive and open wholesale energy markets.

Kyle Wetzel, appearing on behalf of the Kansas Renewable Energy Working Group, presented testimony in

support **HB 2130** (Attachment 4). Mr. Wetzel stated that the bill would vest in the Corporation Commission the authority to recognize the potential for and importance of exporting power from the state when approving the siting of transmission. It is particularly important for the development of wind energy in Kansas.

Larry Holloway, Chief of Energy Operations for the Kansas Corporation Commission, appeared as an opponent to **HB 2130** (Attachment 5). Mr. Holloway told the committee that the Commission already has the authority to establish a pass through mechanism for a utility's transmission costs and believes that the language of the bill could easily be misinterpreted. He stated that the Commission has been actively following many of the issues in developing regional transmission tariffs for network service and suggests that, instead of legislation, a generic docket be opened to investigate establishing a surcharge allowing the utility to pass through its regional transmission tariff charges.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:08 a.m. on February 5, 2003.

David Springe, Consumer Counsel for the Citizens' Utility Ratepayer Board, testified in opposition to **HB 2130** (Attachment 6). Mr. Springe told the committee that the changes this bill is requesting can be accomplished within the existing Commission process. Additionally, he stated that if the committee chose to pass the bill out, they recommend that the bill be more narrowly crafted to include only those charges that are based on a FERC transmission tariff.

The conferees responded to questions from the committee. Additionally, Dick Dixon, Senior Vice President Customer Operations for Westar Energy, responded to committee questions.

Chairman Holmes closed the hearing on **HB 2130**.

HB 2037 - Repeal of sunsets on recovery of certain utility costs for use of public rights-of-way and for security

Chairman Holmes opened the debate on **HB 2037**. Representative Sloan moved to amend line 17 by removing 'June 30, 2003' and replacing it with 'June 30, 2004, inclusive' and to amend line 20 by removing 'June 30, 2003' and replacing it with 'June 30, 2004.' Representative P. Long seconded the motion. The motion carried. Representatives Carter and Dillmore requested to have their 'no' votes on the amendment be recorded. Representative Sloan moved to recommend **HB 2037**, as amended, favorable for passage. Representative P. Long seconded the motion. The motion carried. Representative Carter will carry the bill.

The meeting adjourned at 10:57 a.m.

The next meeting will be Thursday, February 6, 2003 at 9:00 a.m.