

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:10 a.m. on February 28, 2001 in Room 526-S of the Capitol.

All members were present except: Rep. Richard Alldritt
 Rep. Margaret Long

Committee staff present: Lynne Holt, Legislative Research
 Mary Torrence, Revisor of Statutes
 Jo Cook, Committee Secretary

Conferees appearing before the committee: Representative Tom Sloan
 Ron Appletoft, Johnson County Water District #1
 Mike Taylor, City of Wichita
 Elmer Ronnebaum, Kansas Rural Water Association
 Doug Allen, City of Sabetha
 Larry Remmenga, City of Concordia
 Representative Sue Storm
 Boone Porter
 Marcy Hunter
 Leigh Mutert
 Melissa Schlader
 Susan Moore
 Cynthia Smith, Kansas City Power & Light
 Jim Ludwig, Western Resources
 Jon Miles, Kansas Electric Cooperatives
 Susan Cunningham, Kansas Corporation Commission

Others attending: See Attached List

HB 2006 - Sales tax exemption for water district purchases

Rep. Tom Sloan explained why **HB 2006** had been assigned to the committee and provided background on a proposed substitute bill (Attachment 1). Rep. Sloan also distributed a revised fiscal note from the Department of Revenue (Attachment 2). Rep. Sloan also distributed a proposed substitute for the bill. Rep. Sloan explained that this bill would do five things: 1) Create the Clean Drinking Water Fee Fund, 2) Remove sales tax on small drinking water systems in exchange for paying into the Fee Fund, 3) Give the six largest drinking water systems a choice of paying the sales tax or paying into the Fee Fund, 4) Sets the fee at three cents per 1,000 gallons of treated water sold, and 5) establishes that the Kansas Water Office may spend the money only on projects coordinated with the Advisory Committee.

Ron Appletoft, Governmental Affairs Coordinator for the Water District #1 of Johnson County, appeared in support of **HB 2006** (Attachment 3). Mr. Appletoft stated that this would help lower their costs and, by doing so, the public would benefit.

Mike Taylor, City of Wichita's Government Relations Director, testified in support of **HB 2006** (Attachment 4). Mr. Taylor provided additional background on the issues that prompted the introduction of this legislation. He also stated that this bill would clarify and correct the confusing, inconsistent question of what's taxable and what isn't.

Elmer Ronnebaum, General Manager for the Kansas Rural Water Association, appeared as a proponent of the proposed substitute for **HB 2006** (Attachment 5). Mr. Ronnebaum stated that the bill does two things that are needed. It clarifies the issue of state sales tax application on public water systems and it will provide funds to the state to address the fiscal note.

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Mr. Douglas Allen, City Administrator for the City of Sabetha, testified as a proponent of the proposed substitute for **HB 2006** ([Attachment 6](#)). Mr. Allen explained that changing the method of payment will be a great benefit to the state and all water systems.

Larry Remmenga, Director of Utilities in Concordia, appeared in support of the proposed substitute for **HB 2006** ([Attachment 7](#)). Mr. Remmenga stated they would be able to administer this proposal at no additional cost to the ratepayers and would actually reduce their administrative costs significantly.

Written testimony in support of **HB 2006** was provided by Don Seifert, City of Olathe ([Attachment 8](#)), David Baldwin, City of Coffeyville Mayor ([Attachment 9](#)), and Bradley Mears, City of Holton City Manager provided written testimony in support of the proposed substitute for **HB 2006** ([Attachment 10](#)).

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2006**.

HB 2294 - Electric transmission line siting act; application of requirements; notice requirements

Chairman Holmes opened the hearing on **HB 2294** by welcoming Representative Sue Storm, who requested the bill and who introduced her constituents supporting the proposed legislation.

Boone Porter appeared in support of **HB 2294** ([Attachment 11](#)). Mr. Porter stated he believes the bill fills a gap in current law and embodies good public policy.

Marceline Hunter appeared in support of **HB 2294** ([Attachment 12](#)). Ms. Hunter stated that a vote in favor of this bill would mean that people such as herself could protect their most valuable asset, their homes.

Ms. Leigh Mutert spoke in favor of **HB 2294** ([Attachment 13](#)). Ms. Mutert asked that this bill be passed to create a forum to give citizens the opportunity to be part of the decisions that affect the public interest such as the relocation of utility easements.

Melissa Schlader testified as a proponent of **HB 2294** ([Attachment 14](#)). Ms. Schlader shared her concerns about the safety issues associated with power lines, whether they are overhead or buried.

Susan Moore testified in favor of **HB 2294** ([Attachment 15](#)). Ms. Moore stated that there was no forum for public discussion on the fairness of construction or relocation of a distribution line.

Cynthia Smith, appearing on behalf of Kansas City Power & Light, spoke in opposition to **HB 2294** ([Attachment 16](#)). Ms. Smith stated that the bill was intended to prevent utilities from relocating small transmission lines and poles without going through the same siting process that applies to large transmission lines.

Jim Ludwig, representing Western Resources, appeared as an opponent to **HB 2294** ([Attachment 17](#)). Mr. Ludwig stated that enacting this legislation would impose more burdens and obstacles on electric utilities and their customers than any transmission statutes now in effect.

Testifying in opposition to **HB 2294**, Jon Miles of Kansas Electric Cooperatives, Inc. stated that this bill creates a regulatory process that could potentially involve both public and evidentiary hearings ([Attachment 18](#)). This process could cause additional costs that would ultimately be passed on to the ratepayer.

Susan Cunningham, Acting General Counsel for the Kansas Corporation Commission, appeared in opposition to **HB 2294** ([Attachment 19](#)). Ms. Cunningham explained that there were few state public utility commissions that require an application for electric distribution lines within a certificated area, much less a formal siting proceeding. She added that this bill could impact the Corporation Commission's budget upwards of \$10.9

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million, in the event that 600 applications were filed in a given year. These estimates do not consider the impact on the electric utilities. Ms. Cunningham stated that they believe it is far more efficient to regulate electric line construction in the current manner than to consider the changes proposed by **HB 2294**.

The conferees responded to questions from the committee. Although they did not provide formal testimony; Kim Gulley, Kansas League of Municipalities and Mark Dolejac, Kansas Corporation Commission, also responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2294**.

SCR 1607 - In support of the development of a federal energy policy

Chairman Holmes opened the hearing on **SCR 1607**. No conferees appeared. Chairman Holmes closed the hearing on **HB 2294**.

Chairman Holmes announced that **HB 2266**, **HB 2268**, and **SCR 1607** would be worked the following week.

The meeting adjourned at 10:57 a.m.

Next meeting will be Thursday, March 1, 2001.