

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 10, 2000 in Room 522-S of the Capitol.

All members were present.

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

Conferees appearing before the committee: Rep. Mike O'Neal
Larry Kleeman, League of Kansas Municipalities
Dick Rohlfs, Western Resources
Walker Hendrix, Citizens' Utility Ratepayer Board
Larry Holloway, Kansas Corporation Commission

Others attending: See Attached Guest List

HB 2710 - Use of proceeds of 911 tax; vehicle preemption and priority control systems

Chairman Holmes opened the hearing on **HB 2710**.

Representative Michael O'Neal, as lead sponsor, submitted testimony on **HB 2710 (Attachment 1)**. He provided a brief overview of the request in the bill, that is to add to the approved list of expenditures from 911 tax money 'vehicle preemption and priority control devices'. He also provided copies of literature that explains the technology (Attachment 2).

Rep. O'Neal responded to questions from Rep. Vining, Rep. Sloan, Rep. McClure, Rep. Morrison, and Rep. Kuether.

Larry Kleeman, on behalf of Kim Gulley from the League of Kansas Municipalities, presented testimony in support of **HB 2710 (Attachment 3)**. The League believes that funding this service through the use of a dedicated fee fund makes good common sense.

Mr. Kleeman responded to questions from Rep. Krehbiel, Rep. Sloan, Rep. Vining, Rep. Myers, Rep. McClure, Rep. Alldritt and Rep. Morrison.

Chairman Holmes distributed a copy of a letter sent to Rep. McKinney about the use of 911 tax money (Attachment 4).

HB 2849 - Certain electric public utility construction work in progress allowed in rate base

Mr. Dick Rohlfs, Senior Manager of Regulatory Requirements for Western Resources, testified as a proponent of **HB 2849 (Attachment 5)**. Mr. Rohlfs stated that this bill would permit all utilities to request the inclusion of Construction Work in Progress (CWIP) in rates. He explained that CWIP is the accumulation of costs associated with a major construction project. It is an accumulation of the costs of a project prior to inclusion in rate base of a regulated utility. If this bill passed, and with approval from the Kansas Corporation Commission, the utility would not need to accumulate the interest associated with the amount of CWIP allowed in rates, thereby effectively reducing rates by the interest component. He stated that there would be three benefits to both the utility and its customers. They are 1) avoidance of rate shock, 2) lower construction costs and 3) freedom of

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the KCC to regulate effectively.

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Mr. Rohlf responded to questions from Rep. Myers, Rep. Krehbiel, Rep. Sloan, Rep. Klein and Rep. Kuether.

Cynthia Smith, Kansas City Power & Light, distributed written testimony in support of **HB 2849** (Attachment 6).

Walker Hendrix, Consumer Counsel for the Citizens' Utility Ratepayer Board, testified in opposition to **HB 2849** (Attachment 7). He stated that CWIP was anti-competitive. In a competitive world there is no regulation, therefore no return on plant investment until the facility is on-line and providing service to the public. Mr. Hendrix stated that the inclusion of CWIP in the rate base can lead to a mismatch of rate base with revenues and expenses to the inclusion of property not used and useful in the rate base.

Mr. Hendrix responded to questions from Rep. Dal, Rep. Klein, Rep. Sloan, Rep. Myers and Rep. Loyd.

Mr. Larry Holloway, Acting Director of Utilities of the Kansas Corporation Commission also responded to questions from Rep. McClure and Rep. Krehbiel

Meeting adjourned at 10:55 a.m.

Next meeting will be Friday, February 11, 2000 at 9:00 a.m.