

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:30 a.m. on March 14, 2001 in Room 231-N of the Capitol.

All members were present except:

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

Conferees appearing before the committee:
 Tom Day, KCC

Others attending: See attached list.

Chair called attention to the various handouts before the committee:

1. Meeting with Industry Leaders held in McPherson on March 9, 2001 which listed those attending and stated that the purpose of this meeting was to relay information and issues that had been researched and examined over the past six weeks and to assist the industry, general public and environment regarding underground storage caverns in Kansas. (Attachment 1)

2. Draft of Governor's proposed **Senate Substitute for Substitute for House Bill No. 2244** - lrsll24 - an act establishing an energy policy division of the KCC and position of director. (Attachment 2)

3. Bill draft of amendment to **SB 299** on net metering k1166-1,184#2 (Attachment 3)

Chair opened hearing on

HB 2200 - Payment for plugging of abandoned oil and gas wells

Proponent Tom Day of the Kansas Corporation Commission appeared in support of HB 2200 which sets up an assurance fund for wells drilled after July 1, 1996. Prior legislation in 1996 set up an assurance fund for plugging of abandoned wells drilled prior to that date. He stated that there are about 400 priority abandoned wells that should be all plugged by July 1, 2002. The number of other levels of abandoned wells that are not plugged is around 11,000 to 12,000. (Attachment 4)

Discussion held on reason for two assurance funds and the legislative intent of the fund established by the 1996 legislature.

Closed hearing on **HB 2200**.

Revisor staff distributed draft 'bkpsecs' - gas storage proposal. (Attachment 5)

Bruce Kinzie reviewed the new section which incorporated the suggestions from the Senate Utilities Committee discussion held on March 13, 2001. After considerable discussion, additional language was added to (6) safety requirements "*and public notification*". And on page 11, where new language was inserted in (g) the committee added language at the end of the paragraph "...gas " & oil formations" and struck the word "fields".

Moved by Senator Emler, seconded by Senator Taddiken, to adopt the draft on net metering "bkpsecs"

CONTINUATION SHEET

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(Attachment 5) with the following changes & additions - (1) adding “and public notification” to (6) safety requirements on page 1 in the new section; and (2) after the new language on page 11 to insert the words “& oil formations” and strike the word “fields”. Motion carried.

Chair opened discussion on **HB 299 - k1166-1,184#2** - prepared by the revisor’s staff. (Attachment 3)
The utility industry was in agreement with the definition of “utility”, and the language on renewable generator residential and commercial owners and on the compensation for energy supplied to the utility by such customer, of not less than 150% of the utility’s monthly system average cost of energy per kilowatt hour. Much discussion from both committee and utility representatives.

Opened hearing on:

SB 112 - Corporation Commission, energy cost adjustment clauses.

Moved by Senator Lee, seconded by Senator Brownlee, to delete all current sections of **SB 112** and amend by inserting **k1166-1,184#2**. (Attachment 3) Motion carried.

Moved by Senator Brownlee, seconded by Senator Lee, to pass out **SB 112** favorably as amended. Motion carried.

Approval of Minutes

Moved by Senator Emler, seconded by Senator Lyon, the minutes of the Senate Utilities Committee meeting held on March 13, 2001 be approved. Motion carried.

The next meeting of the Senate Utilities Committee will be held on March 15, 2001.

Adjournment.

Respectfully submitted

Ann McMorris, Secretary

Attachments - 5