

February 3, 2012

The Honorable Carl Holmes, Chairperson  
House Committee on Energy and Utilities  
Statehouse, Room 174-W  
Topeka, Kansas 66612

Dear Representative Carl Holmes:

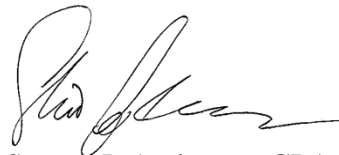
**SUBJECT:** Fiscal Note for HB 2489 by House Committee on Energy and Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2489 is respectfully submitted to your committee.

HB 2489 would establish a mechanism through which members of a natural gas cooperative utility could elect to be exempt from the jurisdiction, regulation, supervision, and control of the Kansas Corporation Commission (KCC). A cooperative would be required to poll its members and the board of trustees could hold an election not less than 180 days after receiving a valid petition signed by at least 10.0 percent of the members of the cooperative. The proposition for deregulation would then be presented at a meeting of the members, who would be notified of the meeting at least 21 days in advance. Any expenses related to the mailing of information to members would be paid by the signatories to the petition. If the proposition is approved by a majority of the members voting on the proposition, the cooperative would then notify the KCC within ten days of the election. The KCC would be required to investigate all rates, charges, classifications, and schedules of the cooperative to verify that the rates are just, reasonable, and non-discriminatory. Upon completion of the investigation, the KCC would issue a final order. The bill would include procedures for violations of the bill, including civil penalties.

The bill would not have a fiscal effect on the Kansas Corporation Commission or the Citizens Utility Ratepayer Board.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Tom Day, KCC  
Shonda Smith, CURB