

## 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 14, 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: J. C. Long, UtiliCorp  
Burton Crawford, Kansas City Power & Light  
Earl Watkins, Sunflower Electric  
Bruce Graham, Kansas Electric Power Cooperatives

Others attending: See Attached Guest List

Rep. Dreher moved to approve the minutes of the February 1, February 2, and February 3 meetings. Rep. Compton seconded the motion. Motion carried.

**HB 2826 - Oil and gas; unitization and unit operations**

Chairman Holmes opened the debate on **HB 2826**. Copies of definitions used during the testimony on the bill were distributed (Attachments 1 and 2). Rep. Sloan moved to change the effective date from publication in the statute book to publication in the Kansas Register. Rep. Dreher seconded the motion. Motion carried. Rep. Alldritt moved to recommend **HB 2826**, as amended, favorable for passage. Rep. Loyd seconded the motion. Motion carried. Rep. Dahl will carry the bill.

**HB 2779 - Independent power producers, deregulation and taxation as commercial and industrial property**

Chairman Holmes opened the hearing on **HB 2779**.

J. C. Long, Director of Government Affairs for UtiliCorp United, testified as a proponent to **HB 2779** (Attachment 3). Mr. Long emphasized that this bill would reduce the tax burden on independent power plants and could encourage the building of a merchant power plant in Kansas.

Mr. Long responded to questions from Rep. Loyd, Rep. McClure, Rep. Sloan and Rep. O'Brien.

Burton Crawford, Manager of Deregulation Issues for Kansas City Power & Light, appeared as an opponent to **HB 2779** (Attachment 4). Mr. Crawford stated that KCPL had four concerns with the bill. They were: 1-It creates unequal tax treatment of similar property, 2-This unequal treatment will continue for an indefinite period of time, 3-With the advent of retail competition, it will increase the level of stranded costs, and 4-It provides a disincentive to build regulated generation to serve retail customers.

Sunflower Electric Power Corporation's General Counsel, Earl Watkins, testified in opposition to **HB 2779** (Attachment 5). Mr. Watkins stated that Sunflower supported the goal of the bill, to encourage construction of new generation resources through lower tax rates. However, that reduction could be mitigated by a local mill levy increase, which is difficult to support. He also raised a concern about the KCC's role in the process.

## CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES in Room 522-S on February 14, 2000 at 9:08 a.m.

Mr. Bruce Graham, Vice President of Member Services and External Affairs for Kansas Electric Power Cooperatives, presented testimony as an opponent of **HB 2779** (Attachment 6). Mr. Graham explained that they were concerned about the equity of the bill and felt the most equitable solution would be to redefine all generation as non-utility property. He also stated that removing the non-nuclear verbiage would help equalize the bill.

Written testimony provided in opposition to **HB 2779** (Attachment 7) was distributed on behalf of Jim Ludwig, Senior Director of Regulatory Affairs for Western Resources.

Mr. Crawford, Mr. Watkins and Mr. Graham responded to questions from Rep. Kuether, Rep. Loyd, Rep. Sloan, Rep. Holmes, Rep. McClure and Rep. Krehbiel.

Susan Cunningham, Assistant General Counsel for the KCC, also responded to questions from Rep. McClure and Rep. Sloan.

Chairman Holmes announced his intent to hold hearings on **HB 2983** on February 21 and work the bill on February 22.

Meeting adjourned at 10:14 a.m.

Next meeting will be Tuesday, February 15, 2000 at 9:00 a.m.