

Approved: May 2, 2003
Date

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:06 a.m. on March 21, 2003 in Room 526-S of the Capitol.

All members were present except: Representative Nile Dillmore
Representative Carl Krehbiel

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee:
Ron Gaches, Southern Star
Diana Edmiston, Kansas Corporation Commission
Lee Allison, Kansas Geological Survey
Wayne Penrod,

Others attending: See Attached List

HB 2448 - Storage of hydrocarbons in certain underground formations where the chlorides are less than 5,000 milligrams per liter

Chairman Holmes opened the hearing on **HB 2448**.

Ron Gaches, appearing on behalf of Southern Star Central Gas Pipeline Company, addressed the committee in support of **HB 2448** (Attachment 1). Mr. Gaches explained that they had requested the bill to address an unanticipated issue that arose out of the passage of a 2001 session bill regarding regulatory control of the underground hydrocarbon industry. The issue deals with hydrocarbon storage in depleted water aquifers and the fact that normal porosity storage fields may produce small amounts of water.

Diana Edmiston, Senior Assistant General Counsel for the Kansas Corporation Commission's Conservation Division, testified in support of **HB 2448** (Attachment 2). Ms. Edmiston stated that the Commission's support balanced its statutory duty to protect the waters of the state with the public interest in allowing the economical storage of natural gas for public use.

Mr. Gaches and Ms. Edmiston responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2448** and opened the debate.

Representative Dreher moved to recommend **HB 2448** favorable for passage. Representative P. Long seconded the motion. The motion carried. Representative Dreher will carry the bill.

Chairman Holmes welcomed Dr. Lee Allison, state Geologist and Director of the Kansas Geological Survey, back to the committee.

Dr. Allison provided a power point presentation on the Hugoton Gas Field and the importance of

understanding North America's largest gas field (Attachment 3). He outlined the challenges to be met as the field's resources are depleted and how to maintain production. Dr. Allison also distributed a Kansas Geological Survey Public Information Circular on the Hugoton Natural Gas Area (Attachment 4).

Dr. Allison then addressed the committee on "Sources and Quality of Coal for Electric Power Generation in Kansas" (Attachment 5). Dr. Allison provided data on coal production and coal usage in the state.

Wayne Penrod, Senior Manager of Environment and Production Planning for Sunflower Electric Power Corporation, provided remarks to the committee on clean coal technology (Attachment 6). Mr. Penrod detailed Sunflower's recent Department of Energy awarding.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:06 a.m. on March 21, 2003.

Mr. Randy Rohn, Westar Energy, provided a copy of a presentation on the Powder River Basin that was presented by Thomas Lien of RAG American Coal Holding, Inc. at the PRB Coal Users' Group Annual Meeting on March 3, 2002 (Attachment 7). Mr. Rohn highlighted several of the slides.

Written statements were provided by Great Plains Energy (Attachment 8) and the Kansas City Board of Public Utilities (Attachment 9). Mary Galligan, Research Analyst, distributed information on the state's electricity generating capability (Attachment 10).

Dr. Allison, Mr. Penrod and Mr. Rohn responded to questions from the committee.

The meeting adjourned at 10:24 a.m.