

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:07 a.m. on February 20, 2001 in Room 526-S of the Capitol.

All members were present.

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

Conferees appearing before the committee: Sandy Jacquot, Kansas League of Municipalities
 Joan Wagnon, City of Topeka
 Jim Kaup, City of Garden City
 Walker Hendrix, Citizens' Utility Ratepayers Board
 Anne Tymeson, Kansas Corporation Commission
 Bill Griffith, Kansas Sierra Club
 Donna Johnson, Pinnacle Technology
 Stephen Hill, Bowersock Milling
 Bob Courtney, Olathe School District
 Greg Bryant, Individual
 Bill Jackson, Individual
 Richard Nelson, Kansas State University
 Leslie Kaufman, Kansas Farm Bureau
 Jon Miles, Kansas Electric Cooperatives
 Burton Crawford, Kansas City Power & Light
 Dick Rohlf, Western Resources
 Justin Holstin, Kansas Cooperative Council
 Larry Holloway, Kansas Corporation Commission

Others attending: See Attached List

HB 2397 - Intervention of cities in rate hearings before the corporation commission

Sandy Jacquot, Legal Counsel for the League of Kansas Municipalities, appeared as a proponent to **HB 2397 (Attachment 1)**. Ms. Jacquot stated that they believe a city should be authorized to intervene on behalf of their citizens in rate cases.

Mayor Joan Wagnon, City of Topeka, addressed the committee in support of **HB 2397 (Attachment 2)**. Mayor Wagnon explained that the need for this legislation was a result of several recent Kansas Corporation Commission orders allowing cities to intervene in public utility proceedings only in their limited capacities as utility customers. She also expressed concern over the Citizens' Utility Ratepayer Board providing adequate representation to both commercial customers and individual citizens.

Jim Kaup, appearing on behalf of the City of Garden City, appeared in support of **HB 2397 (Attachment 3)**. Mr. Kaup stated that there was no argument, other than convenience, that could be offered in support of a position that city residents should not be able to use their collective voice to express their interests in utility rate matters. He also explained that individual residents normally have neither the technical background nor the financial means to appear and represent their individual interests. Where these individual interests may be in conflict with CURB, they are not heard. Cities, through their governing bodies, are best able to do so.

Walker Hendrix, Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB), spoke to the committee as a neutral party to **HB 2397 (Attachment 4)**. Mr. Hendrix explained that current Kansas law gives CURB the official intervener status to represent residential and small business customers. CURB also works with cities to help them represent their municipal clients.

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Anne Tymeson, Assistant General Counsel for the Kansas Corporation Commission, stated that the Commission took no position on **HB 2397** (Attachment 5). Ms. Tymeson did state that the committee might wish to change CURB's enabling statutes should this bill pass.

A member of the committee specifically questioned Ms. Tymeson regarding the City of Garden City's request to intervene in a rate case last year. All conferees then responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2397**.

HB 2245 - Electric generation from renewable resources; contracts for parallel generation; income tax credits

Bill Griffith appeared on behalf of the Kansas Sierra Club in support of **HB 2245** (Attachment 6). Mr. Griffith said that the utilities will benefit from this bill by their encouragement of customer distributive generation. This would improve their distribution voltage profile and could reduce line losses.

Donna Johnson, President of Pinnacle Technology, Inc., spoke as a proponent of **HB 2245** (Attachment 7). Ms. Johnson stated that the bill was a good start at promoting renewable energy development in the state. She also addressed a few areas of concern.

Mr. Stephen Hill, owner of the Bowersock Mill in Lawrence, also spoke in support of **HB 2245**.

Bob Courtney, Energy Manager for the Olathe Unified School District, addressed the committee in support of **HB 2245** (Attachment 8). Mr. Courtney explained how this bill would enhance the school district's wind generation capability to help offset rising utility expenditures.

Greg Bryant spoke in favor of **HB 2245** (Attachment 9). Mr. Bryant explained that he is considering the feasibility of investing in a wind turbine and was encouraged by the proposals contained in the bill.

Bill Jackson appearing in favor of **HB 2245** (Attachment 10). Mr. Jackson is also considering the purchase of a wind turbine. He stated that the bill was a good start, but he had some concerns.

Richard Nelson spoke in favor of **HB 2245** (Attachment 11). Dr. Nelson works in the field of renewable energy resources and is particularly interested in biomass, biodiesel and wind. Dr. Nelson addressed those interests in his remarks.

Leslie Kaufman, Associate Director for the Public Policy Division of the Kansas Farm Bureau, testified in support of **HB 2245** (Attachment 12). Ms. Kaufman explained that the Kansas Farm Bureau had recently reaffirmed and strengthened their commitment for initiatives that can increase renewable fuel use.

Jon Miles, Vice President of Governmental and Technical Services for Kansas Electric Cooperatives, appeared as a proponent for **HB 2245** (Attachment 13). Mr. Miles stated they felt the bill correctly approaches the issue of parallel generation and the provision for compensating the consumer at a rate equal to the cooperative's avoided cost is addressed.

Burton Crawford, Kansas City Power & Light's Manager of Deregulation Issues, appeared in opposition to **HB 2245** (Attachment 14). Mr. Crawford expressed three concerns with the bill in that it: 1) requires a utility to purchase energy at a rate above their avoided cost, 2) places additional liability on the regulated utility and 3) may shift distribution costs to other customers.

Dick Rohlfs, Regulatory Requirements Senior Manager at Western Resources, spoke in opposition to **HB 2245** (Attachment 15). Mr. Rohlfs expressed concerns that this proposed legislation could be in conflict with the Public Utilities Regulatory Policy Act and suggested that utilities should be responsible for metering and the customer

responsible for the protective devices.

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Justin Holstin, representing the Kansas Cooperative Council, stated they did not have a position on **HB 2245** (Attachment 16). Mr. Holstin indicated that if an amendment were offered to allow farmer-owned cooperatives to invest in the production of renewable energy they would be able to support the bill as a whole.

The Chief of Energy Operations for the Kansas Corporation Commission, Larry Holloway, addressed the committee on behalf of the Commission (Attachment 17). Mr. Holloway stated that the Commission generally supports renewable energy, however, they are concerned that this bill would provide a subsidy for renewable energy, possibly at the expense of all ratepayers.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2245**.

The meeting adjourned at 10:25 a.m.

The next meeting will be Wednesday, February 21, 2001.