

MINUTES OF THE JOINT MEETING OF THE HOUSE COMMITTEE ON UTILITIES AND THE SENATE COMMITTEE ON UTILITIES.

The meeting was called to order by Senate Utilities Chairman Stan Clark at 9:05 a.m. on January 23, 2001 in Room 313-S of the Capitol.

All members were present except:     Rep. Ward Loyd  
                                                          Rep. Don Myers  
                                                          Rep. Dixie Toelkes

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

Conferees appearing before the committee:     Kevan Vick, Farmland Industries  
                                                          Sandra Hazlett, Dept. of Social and Rehabilitation Services  
                                                          Richard Crum, Department of Revenue  
                                                          Kim Gulley, League of Kansas Municipalities  
                                                          Walker Hendrix, Citizen's Utility Ratepayers Board

Others attending:     See Attached List

Chairman Clark welcomed Kevan Vick, General Manager of Nitrogen Manufacturing with Farmland Industries, Inc. (Attachment 1). Mr. Vick spoke about the current natural gas prices' impact on the nitrogen fertilizer industry. He explained that anhydrous ammonia is the source of nearly all nitrogen fertilizer and natural gas, both as a feedstock and energy source, is the major cost component in it's production.

Ms. Sandra Hazlett, Director of Economic and Employment Support for the Department of Social and Rehabilitation Services, provided information about SRS's Low Income Energy Assistance Program (LIEAP) (Attachment 2).

Richard Cram, appearing on behalf of the Office of Policy & Research for the Kansas Department of Revenue, addressed the joint committees (Attachment 3). Mr. Cram spoke about the estimates of fiscal year 2001 increases to the state general fund from mineral and sales taxes attributed to the natural gas price increases and about the increases to gas leasehold assessed values for 2000 and 2001.

Kim Gulley, Director of Policy Development & Communications for the League of Kansas Municipalities, spoke about the effects of higher energy costs on the cities in Kansas (Attachment 4). Ms. Gulley stated that this recent dramatic increase in natural gas rates has had a serious negative impact on the budgets in many Kansas communities.

Conferees from the previous days' meeting and those appearing today responded to questions from the joint committee members.

Walker Hendrix, Consumer Counsel for the Citizens' Utility Ratepayer Board, addressed the concerns of consumers regarding high prices for natural gas (Attachment 5).

Senator Barone distributed a memorandum from Joseph White, Director of Utilities for the Kansas Corporation Commission, regarding gas price differential concerns (Attachment 6).

Conferees responded to additional questions from the committee members.

Chairman Holmes reminded those in attendance of the joint meeting to be held Wednesday evening and that it would be a public forum for consumers to express their views and concerns about the natural gas pricing issue.

Meeting adjourned at 10:58 a.m.

House Utilities next regular meeting will be Wednesday, January 24, 2001 at 9:00 a.m.