

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Stan Clark at 9:30 a.m. on February 5, 2004 in Room 526-S of the Capitol.

All members were present.

Committee staff present:

Bruce Kinzie, Revisor of Statutes
Raney Gilliland, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:

Susan Cunningham, General Counsel, KCC
Stuart Lowry, Corporate Counsel, Kansas Electric Cooperatives

Others attending:

See Attached List.

Chairman Clark opened the hearing on:

SB 310 - Public utilities subsidization of non-regulated affiliates

Proponents:

Susan Cunningham, General Counsel, Kansas Corporation Commission, noted that KCC supports **SB 310** as it is designed to prevent regulated public utilities from using their regulated operations to subsidize their non-regulated operations or to impair the financial integrity of the public utility, as well as to protect ratepayers from the financial burdens and related risks associated with non-regulated affiliates. **SB 310** clarifies the Commission's authority to develop comprehensive rules and regulations which would address the primary issues of cost allocations and pricing guidelines between regulated utilities and their affiliates. She provided a copy of **Senate Bill 310** with revised language as proposed by the KCC. (Attachment 1)

Much discussion and questions regarding two issues (1) appropriate pricing and (2) proper allocation to deal with subsidies.

Stuart Lowry, Corporate Counsel for Kansas Electric Cooperatives, Inc. supports **SB 310** and KCC proposed language changes. (Attachment 2)

Chair asked if there were any others present who wished to speak on this matter. None were forthcoming.

Chair closed hearing on **SB 310**.

The next meeting of the Senate Utilities Committee is February 9, 2004.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

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