

SENATE BILL No. 547

AN ACT establishing the rural Kansas self-help gas act; amending K.S.A. 66-1,150 and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. As used in sections 1 through 6, and amendments thereto, the following words and phrases shall have the following meanings:

(a) “Certificate” means authority granted to a natural gas public utility to transact business pursuant to chapter 66 of the Kansas Statutes Annotated, and amendments thereto, to include any certificated area, territory or exclusive service rights;

(b) “city limits” means the area within the defined corporate limits of an incorporated city;

(c) “existing gas service utility” means a natural gas public utility that presently owns, operates, maintains and is responsible for an existing gas service line that the public utility, or its predecessor in interest, constructed from its distribution system to the point of service physically located on the property being served and which is currently being used to provide the property with firm gas service. In no event will it include a natural gas public utility that merely owns, operates, maintains or is responsible for a meter or meter station and incidental pipeline connections;

(d) “firm gas service” means the level of gas service which obligates the natural gas public utility, unless otherwise agreed between the natural gas public utility and the customer, to provide their customer with an unlimited supply of gas, available at all times and delivered to the customer’s property without interruption for any reason other than force majeure;

(e) “gas” means natural gas as the term is commonly understood in the natural gas industry to include the meanings ascribed to the terms “gas” and “natural gas” in chapter 66 of the Kansas Statutes Annotated, and amendments thereto;

(f) “gas provider” means any person that provides gas, gas transportation, gas supply management or other gas services and any related facilities associated with delivering gas to a rural gas user;

(g) “gas supply system” means any well, pipeline, plant tailgate, meter or other facility which is a source of gas or which is associated with the transportation, treatment, processing or delivery of gas;

(h) “person” means an individual, association or other legal entity;

(i) “public utility” means a natural gas public utility or common carrier as defined in chapter 66 of the Kansas Statutes Annotated, and amendments thereto;

(j) “rural gas service” means all activities necessary or convenient to procure, manage, transport and deliver gas to a rural gas user; and

(k) “rural gas user” means any person currently using natural gas from a wellhead or gathering facility for agricultural purposes on property they own, lease or operate that is located outside city limits and not presently receiving gas service from an existing gas service utility.

New Sec. 2. Any rural gas user who desires to construct its own pipeline connection to a gas supply system, and any gas provider assisting the rural gas user, shall not be considered a public utility. If the rural gas service is provided within an area where a public utility holds a certificate, the rural gas user or the rural gas user’s gas provider shall first notify the existing gas service utility of their intent to provide rural gas service. If the public utility holding the certificated area is not an existing gas service utility, then the existence of such public utility and its certificate will not in any way limit the rural gas user or the rural gas user’s provider in establishing and maintaining the rural gas service provided for by this act.

New Sec. 3. (a) When notified pursuant to section 2, and amendments thereto, an existing gas service utility shall have 30 days to develop plans and propose an offer to the potential rural gas user for providing rural gas service. The proposed plan shall include plans for installing facilities, price of natural gas and projected completion date.

(b) Failure of the existing gas service utility to propose an offer or complete the project by the projected completion date pursuant to subsection (a), unless otherwise agreed to by the rural gas user and the existing gas service utility, shall cause the existing gas service utility to waive such utility’s exclusive right to serve the rural user.

(c) If the potential rural gas user does not accept the offer presented by the existing gas service utility, the existing gas service utility shall release the rural gas user from the certificated area or may request from the state corporation commission a determination to approve the utility's plan or allow the rural gas user to use a different public utility or gas provider to provide rural gas service.

(d) Upon request for determination described in subsection (c) and upon receipt of the proposed plans from the existing gas service utility and from the rural gas user or their provider, the state corporation shall have 30 days to complete such determination.

New Sec. 4. When two or more rural gas users combine pursuant to K.S.A. 66-104c, and amendments thereto, to operate as a nonprofit public utility (NPU), if the rural gas service is provided within an area where a public utility holds a certificate, the existence of such public utility and its certificate will not in any way limit the rural gas users, the NPU, or their gas provider, in establishing and maintaining the rural gas service provided for by this act.

New Sec. 5. All providers of rural gas service under the provisions of sections 1 through 6, and amendments thereto, will comply with all applicable pipeline safety laws including rules and regulations adopted by the state corporation commission pursuant to K.S.A. 66-1,150, and amendments thereto.

New Sec. 6. The provisions of sections 1 through 6, and amendments thereto, shall be known as the rural Kansas self-help gas act.

Sec. 7. K.S.A. 66-1,150 is hereby amended to read as follows: 66-1,150. (a) The state corporation commission is hereby authorized to adopt such rules and regulations as may be necessary to be in conformance with the natural gas pipeline safety act of 1968 (49 USCA 1671 *et seq.*), as amended. Notwithstanding the exemption provisions of K.S.A. 66-104 and 66-131, and amendments thereto, and related statutes, for the purpose of gas pipeline safety such rules and regulations shall be applicable to: (1) All public utilities and all municipal corporations or quasi-municipal corporations transporting natural gas or rendering gas utility service; (2) all operators of master meter systems, as defined by 49 C.F.R. 191.3; ~~and~~ (3) all operators of privately or publicly owned pipelines providing natural gas service or transportation directly to the ultimate consumer for the purpose of manufacturing goods or generating power; *and* (4) *providers of rural gas service under the provisions of sections 1 through 6, and amendments thereto.*

(b) As used in subsection (a)(3), "manufacturing goods" does not include farming or activities associated with production of oil or gas.

(c) Nothing in this section shall be construed as invalidating any present rules or regulations of the state corporation commission, concerning the regulation of pipelines and pipeline companies.

Sec. 8. K.S.A. 66-1,150 is hereby repealed.

Sec. 9. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

President of the Senate.

Secretary of the Senate.

Passed the HOUSE _____

Speaker of the House.

Chief Clerk of the House.

APPROVED _____

Governor.