

SESSION OF 2005

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2530

As Amended by House Committee on
Utilities

Brief*

The bill would amend existing law to authorize the Kansas Corporation Commission (KCC) to determine the reasonableness of and regulate and supervise curtailment of service from a gas gathering system to an end-use customer. The KCC specifically would not be authorized to become involved in contractual disputes involving gas gathering systems.

The bill would require providers of end-user services from a gas gathering system to provide notice to the KCC and to customers at least 30 days prior to a curtailment of services, except in the case of an emergency. The Commission would be required to hold a hearing and to issue any orders relating to the proposed service curtailment within 30 days of receiving notice.

In the case of an emergency, notice would have to be provided within 24 hours prior to curtailment unless the customer service is provided to a residence, in which case service could be cut off immediately. In the latter instance, the company that turned off the gas service would be required to report within 24 hours to the KCC the basis for and evidence upon which the company based its good faith belief that immediate curtailment of service was necessary. If the Commission determines that there was no good-faith basis for the curtailment and that the curtailment was unnecessary, the company would be responsible for the cost of the service curtailment, including reconnection and temporary heating costs.

The bill would become effective upon publication in the *Kansas Register*.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Background

The bill was introduced by the House Committee on Utilities as a response to the termination of service for a number of gas gathering system customers in southwest Kansas. Service to those customers was stopped because high levels of hydrogen sulfide were detected in some gas lines. The degree of danger and the need to place those gas gathering system customers on an alternative energy source was disputed. Under current law, the KCC has no authority to intervene in matters involving gas gathering systems.

Proponents of the bill at the House Utilities Committee hearing included Representative Ward Loyd, and representatives of the Kansas Corporation Commission, the Citizens' Utility Ratepayer Board, and Aquila, Inc. The Southwest Kansas Irrigation Association and the Southwest Kansas Royalty Owners Association provided written testimony to the House Committee. No opponents to the bill presented testimony at the House Committee hearing.

The House Committee amended the bill to:

- specify that the service covered by the bill involves end use customers who obtain gas by direct connection to a gas gathering system;
- clarify that the KCC's authority does not extend to curtailment of service that results from contractual disputes;
- require that non-emergency cut-off notice be provided at least 30 days prior to curtailment and that the KCC conduct a hearing and issue relevant orders within 30 days of receiving notice;
- require cut-off notice in the case of an emergency within 24 hours of curtailment, except when service to a residence is to be cut off; and
- provide for KCC review of any immediate emergency curtailment of service to a residence and for the company to bear the cost of an unnecessary curtailment.

The Division of the Budget's fiscal note for the bill was not available at the time the House Committee took action.