



**Testimony In Support of Senate Bill No. 303
Senate Utilities Committee
March 21st, 2005**

*Presented by
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Good morning Mr. Chairman and members of the committee. Thank you for the opportunity to provide testimony before you this morning. My name is Kimberly Gencur, and I am the Director of Government Affairs for Aquila, Inc.

Aquila provides natural gas service to over 105,000 customers in Kansas, including the communities of Lawrence, Dodge City, Garden City, Liberal, Goodland and parts of Wichita.

As part of our gas operations in Kansas, Aquila provides natural gas supply to more than 2,800 rural customers through gas pipeline facilities including gas gathering lines and interstate pipelines.

Aquila supports the passage of Senate Bill No. 303 to provide the Kansas Corporation Commission with authority to regulate and supervise any curtailment or proposed curtailment of natural gas that results in the loss of service to end-use customers.

Aquila's recent experience in Southwest Kansas points to the need for this legislation. On February 3, 2005, ONEOK, one of Aquila's natural gas suppliers, notified Aquila that: **"effective immediately they will cease delivery of gas and remove from service the Delivery Point Taps..." of 190 customers.**

ONEOK's notice indicated that:

"This action is being taken because of the continued deterioration of the gas quality that could compromise the safety of Aquila's customers. ONEOK was...unaware of any practical measures that can be taken to correct the gas quality that would permit any further deliveries."

As a result of the abrupt notice of immediate shutoff due to a concern over safety, Aquila was left with no choice but to proceed with shut-off of service – on a Friday night in the beginning of February. Aquila took the necessary steps to ensure the safety of customers, offering lodging assistance and arranging for alternative sources of heat, so that no customer was left in danger of the cold, winter conditions.

Due to the permanent shut off of supplies, Aquila assisted customers with the conversion of heating equipment to an alternative source of energy, such as propane.

On Monday, February 7 ONEOK contacted Aquila and indicated that the problem was much more encompassing than first thought. On Wednesday, February 9, ONEOK indicated that **“based upon further investigation and development of new facts, they intended to cease delivery of gas without undue delay to all residential customers of Aquila along with removal of their delivery point taps. At that time, ONEOK, did however temporarily withdraw notice of discontinuance of gas deliveries to Aquila’s commercial and irrigation customers.**

Clearly, this is a situation that needs attention. Aquila believes it is in the public’s interest and is essential public policy to have an effective set of rules and regulations addressing curtailment of supplies on gas gathering systems. Senate Bill No. 303 will provide the KCC with appropriate regulatory authority to determine the reasonableness of, and regulate and supervise, curtailment of gas service by gas gathering companies. Utilities and customers alike need and deserve the advance notice of service shut-offs that would be provided under this bill, while allowing appropriate action to be taken in the event of emergencies.

Aquila supports this bill and urges your favorable consideration as well. Thank you for the opportunity to provide testimony before you today. We are happy to stand for questions at the appropriate time.