

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Emler at 9:30 A.M. on January 30, 2007 in Room 526-S of the Capitol.

Committee members absent:

Committee staff present: Tatiana Lin, KSU Legislative Fellow
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee: Dr. Tim Carr, Kansas Geological Survey
Kimberly Gencur, ITC Great Plains

Others in attendance: See attached list

Introduction of bills

Tom Day of the Kansas Corporation Commission requested introduction of two bills: (1) legislation that would allow the KCC the ability to charge a fee for applications of intent to drill wells. Fees for drilling intents would be set by administrative rules and regulations; and (2) legislation regarding the powers and duties of the Kansas Corporation Commission relating to energy resources and emergency management. (Attachment 1)

Moved by Senator Francisco, seconded by Senator Apple, approval of the committee to introduce the two pieces of legislation proposed by the Kansas Corporation Commission. Motion carried.

Announcement

Senator Apple announced the Subcommittee on **SB 20** comprised of Senators Apple, chairman; Francisco and Taddiken, would meet on January 31 at 12:00 Noon in Room 241-N.

Approval of Minutes

Moved by Senator Reitz, seconded by Senator Taddiken, the minutes of the Senate Utilities meeting on January 25, 2007 be approved. Motion carried.

Presentation on Tar Sands Oil

Dr. Tim Carr, Energy Research Section of the Kansas Geological Survey at the University of Kansas, provided background on heavy and extra-heavy oil and bitumen (tar sands) production and resources on a world-wide and Kansas basis. He defined Heavy Oil according to its measured API gravity and noted the price is dependent on the location of its origin. He explained various aspects of tar sands oil; (1) oil resources vs. reserves; (2) distribution of natural bitumen and extra-heavy oil; (3) production of heavy oil and bitumen; and (4) the impact to Kansas. He noted the increased use by Kansas refineries of imported heavy crude oil from Canada should help to stabilize oil prices. It may also encourage the increased production of Kansas heavy crude oil. (Attachment 2)

Overview of ITC Great Plains

Kimberly Gencur, Vice President, Government Affairs and Community Relations, made a power point presentation. She stressed that ITC Great Plains is a Kansas company dedicated to customers of Kansas. They are a transmission-only entity committed to constructing, owning, operating and maintaining transmission assets. ITC Holdings is the first fully independent transmission company in the U.S. and the only publicly traded company engaged exclusively in the transmission of electricity. ITC Great Plains will operate a fully-regulated, high-voltage transmission system that transmits electricity to local electricity distribution facilities from generated stations through Kansas and surrounding area. The transmission system is infrastructure not a commodity.

The benefits to transmission customers include singular focus on transmission, independence, access to capital, increased reliability, pricing and uniformity and non-discrimination equal access for generation resources. She explained the steps they were taking to become a utility in Kansas. ITC Great Plains is committed to: (1) improving Kansas' electricity transmission infrastructure to further improve reliability; (2) creating the most efficient and cost-effective transmission system for the Kansas consumer; (3) Ensuring low cost energy is available to the Kansas economy to support economic development and attract business to the

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MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on January 30, 2007 in Room 526-S of the Capitol.

State; (4) helping Kansas once again be a net exporter of energy; (5) removing the market participant bias from both the planning and operation of the transmission system; and (6) constructing a more robust transmission system across the state as soon as prudently possible. (Attachment 3)

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 3