

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 9:30 A.M. on February 21, 2007 in Room 526-S of the Capitol.

Committee members absent: Senator Jay Scott Emler- excused

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Tatiana Lin, Legislative Fellow
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Jack Glaves, DCP Midstream
Dick Brewster, BP America Inc.
Jon M. Callen, Kansas Independent Oil & Gas Assn. (KIOGA)
Charles Sizemore, Pioneer Natural Resources USA Inc.

Others in attendance: See attached list

Chair Apple continued the hearing from February 20, 2007 on
SB 325 - State Corporation Commission jurisdiction over gas gathering systems

Opponents

Jack Glaves, representing DCP Midstream (formerly Duke Energy Field Services), provided a critique of the provisions of **SB 325** and his company's concerns. He stressed that the threat of **SB 325** to the integrity of their system and their ability to continue to provide the vital service to their customers of getting their gas transported, processed and marketed is real and undefinable. He noted that DCP is not a public utility and has no end-use customers and would be more favorably disposed to accommodate future requests for special service by NPUs if there was assurance the regulatory authorities were not part of the negotiations. (Attachment 1)

Dick Brewster, on behalf of BP America, Inc. echoed the concerns of Jack Glaves and provided a proposed substitute bill for **SB 325**. He briefed the committee on the substitute bill and urged their consideration of the proposed substitute as an attempt to let the issues presented here be resolved in voluntary negotiations. (Attachment 2)

Jon M. Callen, representing Kansas Independent Oil and Gas Association (KIOGA), stated KIOGA's mission is to improve the market for oil and gas produced in Kansas and to promote the welfare of the oil and gas industry in Kansas. **SB 325** creates an environment that would upend the natural gas industry by reintroducing regulatory controls over private enterprise without just compensation. (Attachment 3)

Charles M. Sizemore, on behalf of Pioneer Natural Resources USA, Inc., opposed **SB 325** for several reasons, which were set out in his written testimony in detail, and stated they can generally support the proposed substitute bill. He urged the committee to report **SB 325** out adversely or take no action. (Attachment 4)

Due to the shortness of time, the Chair indicated those still scheduled to testify as opponents would be heard at a later date by the Senate Utilities Committee, and asked the committee for any questions for those who had just presented their testimony. Questions on the fluctuating of rates, free gas users, creation of vacuum, distribution centers for processed gas, and other fuels available when natural gas is depleted.

Approval of minutes

Moved by Senator Taddiken, seconded by Senator Pyle, approve the minutes of Senate Utilities Committee meetings held on February 12, 2007, February 13, 2007, February 14, 2007 and February 19, 2007. Motion carried.

Adjournment.

Respectfully submitted,
Ann McMorris, Secretary - Attachments - 4