

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES BUDGET
COMMITTEE

The meeting was called to order by Vice Chairman John Grange at 1:30 P.M. on January 29, 2008 in Room 431-N of the Capitol.

All members were present except:

Larry Powell - excused
Carl Holmes - excused
Sharon Schwartz - excused

Committee staff present:

Heather O'Hara, Kansas Legislative Research Department
Amy Van House, Kansas Legislative Research
Joyce Bishop, Committee Assistant

Conferees appearing before the committee:

David Springe, Consumer Counsel, Citizens' Utility Rate Payer's Board
Susan Duffy, Executive Director, Kansas Corporation Commission
Jackie Montfort Paige, Chief Financial Officer, Kansas Corporation Commission

Others attending:

See attached list

Vice Chairperson John Grange called the meeting to order at 1:33 pm.

The agency briefing for the Citizens' Utility Ratepayer's Board (CURB) was given by David Springe, Consumer Counsel (Attachment 1).

Representative Jason Watkins asked if their budget would be better dealt with bi-annually.

David said the dollar rollover would have to be dealt with in that case.

Representative Watkins then asked about the budget amount of \$250,000 for experts and consultants. He asked if this might not be better accomplished with two or three additional internal staff.

David said the amount for experts and consultants tends to vary year to year. Also their workload has increased in recent years and become more complicated, thus making the need for outside experts. The current way of handling this seems to work for them.

Representative Doug Gatewood asked if they were handling telecommunications cases versus wireless.

David said they have two consultants they use to handle these companies. Regarding telecommunications, they are handled by the Kansas Universal Service Fund. Small electric companies and co-ops are not covered by their agency, but cases concerning electric and power issues are getting larger. Steve Rirecick is the telecommunications staff person and is cross training to work the electric and gas issues. They do not deal much with broadband at this time.

Vice Chairperson Grange asked if David could give a five minute walk through of a typical case.

David said the cases are first filed through the KCC website dockets or through company contact. Then the case has to be decided in 240 days. In the case of Westar, they file, CURB intervenes and does four months of discovery. CURB evaluates, audits and deals with policy. CURB forms a position and files testimony with the Kansas Corporation Commission. Westar then has two to three weeks to rebut CURB's findings. Then public hearings are held by the Kansas Corporation Commission. Following that there is a trial held at the Kansas Corporation Commission office, and the Commissioners issue their final order. That order can and is frequently appealed to District or Appellate Courts, who then have 120 days to turn these cases.

In the case of the Westar request for pre-approval, that was new, and CURB was only given 90 days to

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Budget at 1:30 P.M. on January 29, 2008 in Room 431-N of the Capitol.

complete it.

Vice Chairperson Grange asked for committee members to review the minutes from January 24th. Representative Watkins moved the minutes be approved. Representative Gatewood seconded the motion. The motion passed unanimously.

Vice Chairperson Grange then introduced Susan Duffy, Executive Director of the Kansas Corporation Commission (KCC), who presented the agency briefing (Attachment 2)

Vice Chairperson Grange asked if the ESF works.

Susan explained this has to do with KSFF & bills brought by the legislature.

Representative Watkins asked what cases were making things more complicated for them.

Susan gave the example of Westar & their security business. Also, the buyouts and mergers like Aquila, and other not necessarily utility related matters.

Representative Vaughn Flora said he is a member of Utilities Committee. Westar had wanted to put the energy efficiency savings into the rate base. CURB thought KCC should handle it. Westar said they had to wait 240 days to be reviewed by KCC. When you have multiple dockets it gets heavily loaded and it is difficult to meet the 240 day deadline.

Susan said there is a Clinton Climate Change Initiative, a program to improve efficiencies with the schools. They want to come to Kansas and begin the program with our without the schools to work on energy efficiency issues.

KCC is also working with co-ops in other nearby communities through the League of Municipalities. Another project they have is creating a record of where all the rural pipelines are to keep centrally stored. This will include water, waste water, and utilities.

UCR was new in 2007, it is done and fees are being collected. In 18 months trucks will be billed for the years 2006, 2007 & 2008. The prices have gone down, and it has been expanded. Congress is just trying to get a hold on who is on our highways. The fee is \$10.00 per year for 2006 forward.

Representative Clay Aurand asked if farmers can cross state lines with such things as anhydrous tanks and farm equipment without having to register.

The KCC's Chief Financial Officer, Jackie Montfort Paige, answer was they can cross state lines with farm implements without breaks or lights as they are not currently enforcing this. Co-ops however, will need to do it right. The first leg of an interstate trip, from field to elevator is considered intrastate. Farm Bureau may seek clarification from FMCSA. Oklahoma and Nebraska are not currently enforcing this but Missouri is.

Representative Gatewood asked about the \$102,000 for KETA. He also wanted to know, if he wanted to install a transmission line, would KETA be the one to talk to?

Susan said KCC pays KETAs bills and KETA uses their office for meetings and also pays contracts for them. KETA has no staff support. As for transmission lines, those requests would come to KCC.

Susan then requested introduction of an amendment to **KSA 55-193** Extension of Sunset Provision for the Abandoned Oil & Gas Well Fund. (See last page of Attachment 2)

Vice Chairperson Grange asked staff if this could be done in the committee.

Heather O'Hara said it is usually necessary to have a representative from the Revisor's office to take such an action.

CONTINUATION SHEET

MINUTES OF THE House Agriculture and Natural Resources Budget at 1:30 P.M. on January 29, 2008 in Room 431-N of the Capitol.

Representative Gatewood moved to introduce the amendment to **KSA 55-193**, Extension of Sunset Provision for the Abandoned Oil & Gas Well Fund. Representative Watkins seconded the motion. The motion carried.

Representative Sydney Carlin asked what it costs to plug a well.

Susan said the cost is \$3,500 per well, and they are normally only plugged if they are venting.

Representative Gatewood asked about the individual who had been plugging wells in the past but had not plugged his own well.

Susan said he now has his wells plugged and continues to plug wells.

Vice Chairperson Grange requested the information from the agencies be put in notebooks with indexes for each member.

Joyce Bishop said this would be difficult to accomplish, due to the thickness of such a notebook and the various methods of binding different agencies use.

Representatives Watkins and Gatewood offered their assistants to help with this.

The meeting adjourned at 3:10pm.

The next meeting is scheduled for January 30th.