

Approved: March 1, 2012

(Date)

## MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairperson Carl Holmes at 9:00 AM on Monday, January 30, 2012 in 785 of the DSOB.

All members were present except:

Representative Nile Dillmore-excused  
Representative Stan Frownfelter-excused  
Representative Mike Slattery-excused

Committee staff present:

Cindy Lash, Kansas Legislative Research  
Mike Sterling, Kansas Revisor of Statutes  
Tamara Lawrence, Kansas Revisor of Statutes  
Rena Hansen, Committee Administrative Assistant

Conferees appearing before the Committee:

Laurel Murdie, Legislative Post Audit  
Vance Crocker, Black Hills Energy  
Jim Bartling, Atmos Energy  
Tom Day, KCC  
Dave Springe, CURB  
David Wilson, AARP

Others in attendance:

Thirty including the attached list.

Bill Introductions

There were no bill introductions brought before the committee.

Hearing on:

### **HB 2512-Natural gas public utilities and interim rates**

Matt Sterling, Revisor of Statutes, ([Attachment 1](#)), presented the committee with a brief outline of what **HB 2512** proposes.

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### Proponents

Black Hills Energy, Vance Crocker, general manager (Attachment 2), spoke in favor of **HB 2512** and noted why they believe this legislation is important. He noted this legislation would provide to gas companies a more efficient manor to file rate cases for expenses that are incurred. In particular the bill allows for a refund to customers of rates that might have been overcharged due to a difference in interim rates charged and actual rates finally approved. Additionally, this interim rate process would help them and other companies to attract investment capitol, in that, the actual costs incurred are collected from rate payers at a more real time of incurrence.

Atmos Energy, Jim Bartling, (Attachment 3), offered testimony in support of **HB 2512**. He noted that there is no good time to file a rate case but it is necessary to do when a company is not realizing their authorized rate of return. The interim rate allows for a more timely allocation of costs and helps them incur less financing costs and therefore would make their overall costs less.

### Neutral

KCC, Tom Day, (Attachment 4), spoke to **HB 2512** from a neutral standpoint. The KCC feels it is a policy decision that should be made from a legislative viewpoint. Mr. Day gave the committee some background information on the regulatory lag time. He made comments specific to **HB 2512** and brought forth several questions they have concerning the bill. Additionally, he presented both pros and cons to the proposed legislation.

### Opponents

CURB, Dave Springe, (Attachment 5), offered testimony in opposition to **HB 2512**. He noted why the regulatory lag period is important and is mitigated by existing Kansas laws and policies. He commented that the current Kansas law and policy already minimizes the utility's revenue risk and regulatory lag. He notes that it is clear that **HB 2512** is unnecessary and it eliminates important due process protections for customers.

AARP, David Wilson, past volunteer state president, (Attachment 6), spoke to the committee in opposition to **HB 2512**. He noted that in a survey taken in 2010 about 50% of Kansans from all demographics responded that they have problems paying their utility bills.

Questions were asked and comments made by Representatives: Vern Swanson, Gail Finney, Don Hineman, Tom Sloan, Mike Burgess, and Forrest Knox.

Steve Jurek, Vice President, Regulatory Rates, Black Hills Energy, helped to answer committee questions about **HB 2512**.

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Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

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The hearing on **HB 2512** was closed.

Update on Kan-ed Audit

Laurel Murdie, Legislative Post Audit, presented an overview to the committee of the Kan-Ed program. Included in her testimony was an answer (Attachment 7), to the audit question: What critical services does Kan-Ed provide its connected members, and could members afford to pay for those services? The 2012 performance audit report she reviewed is available online at [http://www.kansas.gov/postaudit/audits\\_perform/r-12-001.pdf](http://www.kansas.gov/postaudit/audits_perform/r-12-001.pdf), and at the division of Legislative Post Audit in hard copy form for a fee.

Questions were asked and comments made by Representatives: Carl Holmes, and Tom Sloan.

The next meeting is scheduled for January 31, 2012 at 9:00 a.m.

The meeting was adjourned at 10:53 a.m.