

## MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:07 a.m. on February 19, 2001 in Room 526-S of the Capitol.

All members were present.

Committee staff present: Lynne Holt, Legislative Research  
Mary Torrence, Revisor of Statutes  
Jo Cook, Committee Secretary

Conferees appearing before the committee: Burton Crawford, Kansas City Power & Light  
Bruce Graham, Kansas Electric Power Cooperatives  
Jim Ludwig, Western Resources  
J. C. Long, UtiliCorp United  
Charles Benjamin, Kansas Sierra Club  
Walker Hendrix, Citizens' Utility Ratepayer Board

Others attending: See Attached List

Responses to questions posed during the hearing on **HB 2307** were provided by Jon Miles, Kansas Electric Cooperatives (Attachment 1).

**HB 2266 - Independent power producers, coal-fired generation; exemption from regulation; bonds for pollution control devices; property tax**

Burton Crawford, Manager of Deregulation Issues for the Kansas City Power & Light Company (KCPL), addressed the committee in support of **HB 2266** (Attachment 2). Mr. Crawford outlined three major provisions of the bill and noted two areas they would like to see expanded.

Bruce Graham, Vice President of Member Services and External Affairs for the Kansas Electric Power Cooperative, Inc. (KEPCo), expressed general support for **HB 2266** (Attachment 3). Mr. Graham asked that the bill be amended to include natural gas peaking/intermediate units.

Jim Ludwig, Senior Director of Regulatory Affairs for Western Resources, spoke in support of the intent of **HB 2266** (Attachment 4). Mr. Ludwig's comments also included their support of the concept and intent of **HB 2268**. Mr. Ludwig explained that the incentives proposed in these two bills were a good step in the removal of obstacles preventing new generation facilities from being built in Kansas.

The Director of Government Affairs for UtiliCorp United, J. C. Long, testified as a proponent of **HB 2266** (Attachment 5). Mr. Long stated that this bill is intended to encourage investment of electric generation facilities in the state.

Mr. Charles Benjamin, Legislative Coordinator for the Kansas Sierra Club appeared as an opponent to **HB 2266** (Attachment 6). Mr. Benjamin's testimony also included comments on **HB 2268**. He stated that they were opposed to any incentives that would use taxpayer funds to assist in building coal-fired power plants in Kansas. Mr. Benjamin said that they believe the path to our energy future lies in wind energy and in energy efficiency.

Walker Hendrix, Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB), appeared in a neutral position on **HB 2266** (Attachment 7). Mr. Hendrix said that the bill raises important issues of public concern over whether it is desirable to have the state's generating capacity outside the jurisdiction of the Corporation Commission and the protections provided ratepayers under the Public Utilities Act.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 526-S Statehouse, at 9:07 a.m. on February 19, 2001.

**HB 2268 - Electric public utilities; coal-fired generation; construction work in progress; bonds for pollution control; property tax exemption**

Burton Crawford, KCPL, spoke in support of **HB 2268** (Attachment 8). Mr. Crawford said that KCPL agrees with the intent to encourage the construction of new transmission facilities and this incentive should also be extended to include 161kV facilities.

Bruce Graham, KEPCo, expressed support of **HB 2268** (Attachment 9). Mr. Graham stated that they had consistently supported legislation that encourages the construction of generation in Kansas. He also asked that the committee review a provision that limits the advantages of this act to coal-fired generation.

J. C. Long, UtiliCorp, testified in support of **HB 2268** (Attachment 10). Mr. Long also distributed two spreadsheets (Attachments 11 & 12) that showed the tax schedule for two 600 MW Combined Cycle plants, one with a cost of \$285 million and the other \$660 million.

Walker Hendrix, CURB, addressed the committee in opposition to **HB 2268** (Attachment 13). Mr. Hendrix stated that this bill permits the Corporation Commission to allow a public utility to include construction costs into the rates of customers before the facilities are ready to provide service. This places the risk on ratepayers instead of the shareholders.

Conferees for both **HB 2266** and **HB 2268** responded to questions from the committee. Larry Holloway, Chief of Energy Operations for the Kansas Corporation Commission, also responded to questions from the committee.

**HB 2477 - Income tax credit for certain building insulation**

There were no conferees for **HB 2477**.

The meeting adjourned at 10:28 a.m.

The next meeting will be Tuesday, February 20, 2001.