

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:06 a.m. on January 9, 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: Lee Gerhard, Kansas Geological Survey

Others attending: See Attached List

Chairman Holmes announced that he would be meeting with the freshmen members of the committee over the next couple of days. Committee members and staff then introduced themselves. The chairman outlined a few of the committee guidelines. The chairman then distributed a list of twenty proposed committee bill requests (Attachment 1). Rep. Sloan moved to introduce the bills, Rep. Long seconded the motion. Motion carried. Committee rules were distributed to each committee member. Comments were shared by Rep. Tom Sloan, Vice-Chairman and Rep. Laura McClure, Ranking Minority Member.

Chairman Holmes welcomed Lynne Holt, Principal Analyst for the Legislative Research Department, who shared the Special Committee on Utilities interim report on the Kansas Natural Gas Ad Valorem Tax Refund Issue (Attachment 2). The committee report included background information on the issue and listed the committee activities. The report concluded with a committee recommendation of "if negotiations fail to resolve the issue, the Legislature take appropriate action to prevent a major flow of money out of the Kansas economy which also would result in a major injustice to Kansas royalty owners and a large reduction in the exploration capital of Kansas independent oil and gas producers." A flow chart outlining the relationship between producers, middlemen and consumers was also distributed (Attachment 3). Ms. Holt responded to questions from the committee.

Lee Gerhard of the Kansas Geological Survey and KU Energy Research Center presented a briefing on the October 2000 Water and Energy, the Basis of Human Society: Are They Globally Sustainable Through the 21st Century? Conference (Attachment 4). Mr. Gerhard explained that coal remains the fuel of choice for electrical generation and that renewable energy is not likely to provide any significant portion of the nation's energy budget. He also stated that fuel cells, powered by natural gas, may be the first replacement for petroleum products in transportation. Mr. Gerhard said that nuclear power must again become acceptable but that the long term solution to creating sustainable energy lies in new and unconventional thinking. Mr. Gerhard concluded his testimony by outlining several personal recommendations and responding to questions from the committee.

Chairman Holmes then welcomed Mr. John Wine, Chairman of the Kansas Corporation Commission and Commissioners Cynthia Clause and Brian Moline. Each Commissioner spoke briefly to the committee.

The meeting adjourned at 10:48 a.m.

Next meeting will be Wednesday, January 10, 2001.