

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:30 a.m. on February 19, 2001 in Room 231-N of the Capitol.

All members were present except:

Committee staff present:       Raney Gilliland, Legislative Research  
                                      Bruce Kinzie, Revisor of Statutes  
                                      Lisa Montgomery, Revisor of Statutes  
                                      Ann McMorris, Secretary

Conferees appearing before the committee:     none

Others attending: See attached list.

Cynthia Smith, Kansas City Power & Light, distributed copies of Federal Energy Regulatory Commission (FERC) code of federal regulations on Electric Plant Accounts. (Attachment 1)

**SB 177 - Independent Power Producer Property, taxation, assessed rate**

Chairman Clark opened for discussion   Western Resources had proposed an amendment to **SB 177**. which provides that any portion of an electric utility plant not in rate base could qualify for the lower 25% assessment. The remaining portion in rate base would be assessed at 33%. Question asked how many utilities in Kansas have a non-rate base entity. Much discussion on difference of utilities being in a rate base or non-rate base and whether this would allow non-rate base plants to sell on the open market without regulation by KCC. Purpose of bill is to increase generation and prevent brownouts and provide incentive to build new plants in Kansas.

Moved by Senator Lee, seconded by Senator Tyson, to amend **SB 177** by deleting line 24, page 2 “(2) (A) is coal-fired; or (B) uses natural gas to generate electricity.”. Motion carried.

It is the intent of the committee to allow all fuel sources to qualify.

Moved by Senator Barone, seconded by Senator Wagle, to amend **SB 177** by adding language on page 2, line 32, “all or any portion of” after the word ‘means’ and before the word ‘property’. Motion carried.

Intent of this was to encourage new generation. If a public utility constructed new generation capacity and none or only a portion was placed in rate base which would be taxed at 33%, the remaining plant not in rate base would be assessed at 25%.

Moved by Senator Lee, seconded by Senator Barone, amend **SB 177** by adding language on page 2, line 23 “newly constructed and ” after the word ‘is’ and before the word ‘placed’. Motion carried.

It is the intention that remodeling, replacing existing equipment or refurbishing to increase efficiency would not qualify as an addition to an electric generation facility.

Approval of Minutes

Moved by Senator Emler, seconded by Senator Taddiken, minutes of the Senate Utilities Committee meetings held on February 14, 2001, February 15, 2001 and February 16, 2001, be approved. Motion carried.

Continuation of the discussion on **SB 177** at the next committee meeting on February 20, 2001.

Adjournment.

Respectfully submitted

Ann McMorris, Secretary

Attachments - 1