

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:50 a.m. on March 21, 2001, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department  
April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Others attending: See attached list.

The minutes of the March 19, 2001, meeting were approved.

**HB 2245--Concerning certain parallel electric generation services.**

Chairman Corbin noted that **HB 2245** was heard and amended by the Senate Utilities Committee and was referred to the Assessment and Taxation Committee on March 20. Senator Clark, Chairman of the Utilities Committee, pointed out that there is an identical bill on the floor of the Senate which has not yet been worked.

Chairman Corbin called attention to written testimony in support of the concepts in **HB 2245** submitted by Leslie Kaufman, Kansas Farm Bureau. (Attachment 1)

Dick Rohlfs, Western Resources, Inc., testified in support of **HB 2245**, which would provide a payment to small power producers using renewable technologies such as wind and solar generation. He explained that the payment would be 150 percent of the utility's monthly system average cost of energy and would be paid to the customer depending on the size of the unit installed and whether the customer is residential or commercial. He went on to discuss the Public Utility Regulatory Policies Act (PURPA), which was enacted in 1978 to assure fair and equitable treatment for renewable generators and that payment is provided them at no more than "avoided cost," defined as the incremental cost of electric energy which the utility would have to generate or purchase from another source. Mr. Rohlfs called attention to an attachment to his written testimony which includes an example of the current calculation of "avoided cost" and a comparison of the 150 percent calculation as it relates to Western Resource's KPL division. He pointed out that **HB 2245**, as currently written, has no fiscal note because there is no tax credit, rather the payment would be from the utility to the renewable generator. (Attachment 2)

For informational purposes, Senator Clark asked Mr. Rohlfs to discuss the Bowersock Dam in Lawrence, which is a 2 to 2.5 megawatt or 2,000 to 2,500 kilowatt hydro facility run of the river. In 1980-81, the Kansas Corporation Commission determined that, for any facility over 100 KW, the utility and renewable generator were to negotiate a contract based on the avoided cost at that time. Western Resources has been operating under that framework with Bowersock Dam since 1992. He confirmed that Bowersock would not benefit from the provisions of **HB 2245**.

There being no others wishing to testify, the hearing on **HB 2245** was closed. Senator Clark noted that there were no tax implications in the bill after it was amended by the Utilities Committee.

**HB 2266--Concerning certain electric generation facilities; relating to regulation and taxation.**

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 10:50 a.m. on March 21, 2001, in Room 519-S of the Capitol.

Senator Clark informed the Committee that **HB 2266**, as amended by the Utilities Committee, is identical to **SB 177**, which was passed by the Senate last week on a vote of 38 to 2. He explained that **HB 2266** was passed out of the Utilities Committee for the purpose of providing a conference committee bill. With this, the hearing on **HB 2266** was closed.

Senator Clark moved to recommend **HB 2245**, as amended by the Senate Utilities Committee, favorably for passage, seconded by Senator Lee. The motion carried.

Senator Clark moved to recommend **HB 2266**, as amended by the Senate Utilities Committee to insert **SB 177**, favorably for passage, seconded by Senator Donovan. The motion carried.

The meeting was adjourned at 11:05 a.m.

The next meeting date is to be announced.