

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:14 a.m. on March 21, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Eric Carter - Unexcused
Representative Bonnie Huy - Excused

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee:
Representative Ward Loyd, Garden City, KS
David Springe, Citizens' Utility Ratepayers Board, Topeka, KS
Kimberly Gencur, Aquila, Inc., Topeka, KS
Leo Haynos, Kansas Corporation Commission, Topeka, KS
Steve Johnson, OneOk, Overland Park, KS
Doug Smith, Southwest Kansas Royalty Owners Assn., Topeka, KS

Others attending: See Attached List

HB 2530 -Natural gas service to consumer on gas gathering system; curtailment of service; corporation commission authority

Chairman Holmes opened the hearing on **HB 2530**.

Representative Ward Loyd, R-Garden City, appeared in support of **BH 2530 (Attachment 1)**. Representative Loyd stated that the bill provides the mechanism by which Kansans can be protected from any arbitrary loss of a property right. The shutdown of gas supply, due to unacceptable concentrations of hydrogen sulfide, affected farmers whose gas is taken directly from a rural natural gas gathering system before processing. Their rights to the gas are embodied in the leases they have. There has appeared to be no basic due process in the shutdowns and this legislation addresses that issue.

David Springe, Consumer Counsel for the Citizens' Utility Ratepayer Board, addressed the committee as a proponent of **HB 2530 (Attachment 2)**. Mr. Springe said the bill addresses a level of uncertainty regarding jurisdictional authority over end-use customers on gathering systems. He expressed concerns about the language regarding notification to each end use customer and suggested an amendment.

Kimberly Gencur, Director of Government Affairs for Aquila, Inc., testified in favor of **HB 2530 (Attachment 3)**. Ms. Gencur stated they supported the bill because it provide the Corporation Commission the authority to regulate and supervise any curtailment of natural gas that results in the loss of service to customers.

Leo Haynos, Supervisor of Natural Gas for the Kansas Corporation Commission, provided testimony in support of **HB 2530 (Attachment 4)**. Mr. Haynos told the committee that this legislation would ensure that the Commission can address the issues of non-contract related curtailments under the public utility statutes rather than the gas gathering statues. He also provided information about the Study Group that had been formed to develop a clear technical understanding of the impact that hydrogen sulfide has on consumers of unprocessed natural gas.

Written testimony in favor of **HB 2530** was submitted by the Southwest Kansas Irrigators Association (**Attachment 5**). Southwest Kansas Royalty Owners Association submitted a proposed amendment to the bill (**Attachment 6**).

Steve Johnson, appearing on behalf of OneOk, shared the company's concerns for the health and safety of their customers and assured the committee that was a primary concern.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N, Statehouse, at 9:14 a.m. on March 21, 2005

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2530**.

HR 6024 - Task force on information to be provided to royalty interest owners by oil and gas producers

Chairman Holmes opened the hearing on **HR 6024**. Representative Don Myers provided a report from the subcommittee on **HB 2146**, which had prompted the introduction of the resolution.

Doug Smith, appearing on behalf of the Eastern Kansas Oil & Gas Assn., the Kansas Independent Oil & Gas Assn., the Kansas Petroleum Council, the Southeast Kansas Royalty Owners, and the Southwest Kansas Royalty Owners Assn., testified in support of **HR 6024** (Attachment 7). Mr. Smith said that all the parties concerned were willing to work together to see if improvements can be made and asked for favorable consideration from the committee. Mr. Smith responded to questions from the committee.

Chairman Holmes closed the hearing on **HR 6024** and opened the debate.

Representative Myers moved to recommend **HR 6024** favorable for adoption. Representative Kuether seconded the motion. The motion carried. Representative Myers will carry the resolution.

Chairman Holmes announced the committee would work **HB 2530** tomorrow.

The meeting adjourned at 10:27 a.m.

The next meeting will Tuesday, March 22, 2005 at 9:00 a.m.