

## MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Jay Scott Emler at 9:30 A.M. on March 1, 2005 in Room 526-S of the Capitol.

Committee members absent: Senator Pat Apple- excused  
Senator Roger Reitz- excused

Committee staff present: Athena Andaya, Kansas Legislative Research Department  
Raney Gilliland, Kansas Legislative Research Department  
Bruce Kinzie, Revisor of Statutes' Office  
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

Janet Buchanan, Kansas Corporation Commission  
Dave Kerr, SBC Kansas  
Michael Byington, Kansas. Assoc. Of Blind & Visually Impaired  
Rep. Tom Sloan  
Charles Benjamin, Sierra Club Kansas Chapter  
Carl Huslig, Aquila  
Dave Holthaus, Kansas Electric Power Cooperative, Inc.  
Dr. Lee Allison, Science & Energy Policy Advisor to Governor  
Larry Holloway, Kansas Corporation Commission

Others in attendance: See attached list

Chairman Emler opened the hearing on

**HB 2042 - Promotions by local exchange carriers within an exchange or group of exchanges, conditions**

Proponents:

Janet Buchanan, KCC Chief of Telecommunications, noted the Commission is not opposed to the legislation as currently drafted. The language change would apply similar criteria for review to promotions that is now utilized for standard offerings. (Attachment 1)

David D. Kerr, president, SBC Kansas, presented graphs which illustrated changes in the market over several years and showed that competition is robust in both urban and rural areas. **HB 2042** would allow customers the opportunity for lower prices by allowing incumbent local exchange companies to compete on equal footing with competitors. (Attachment 2)

Opponents:

Michael Byington, President, Kansas Association for the Blind and Visually Impaired, Inc., voiced objection to the discriminatory treatment allowed by the wording in the proposed bill. (Attachment 3)

After pro and con discussion on the language in **HB 2042** which allowed discriminatory treatment, the chair closed the hearing on **HB 2042**.

Chair opened the hearing on

**HB 2045 - Recovery of costs of construction and upgrading of electric transmission facilities**

Proponents:

Rep. Tom Sloan noted the Kansas Legislature has been the pacesetter nationally for innovative and progressive incentives to develop generation and transmission system development. **HB 2045** provides a means by which the KCC can determine if a region of Kansas or the entire state benefits from the construction/upgrade of transmission capacity. **HB 2045** is also a tool to remove the barrier between moving power between the two halves of our state as well as to significantly increase energy exports. (Attachment 4)

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on March 1, 2005 in Room 526-S of the Capitol.

Proponents to **HB 2045** (cont.)

Charles Benjamin, Sierra Club, spoke in favor of **HB 2045** as this bill provides positive incentives for utilities to increase their transmission capacity where the need for such increased transmission capacity has been shown to exist, no matter the source of electric generation. (Attachment 5)

Carl Huslig, vice president of Transmission for Aquila Networks, voiced concerns with the language in Section 1 paragraph (a) except for the arbitrary nature of 5 miles in length. He suggested the 5 miles limit be removed. In Section 1 paragraph (b) a change be made from “may” to “shall”. (Attachment 6)

Dave Holthaus, manager of Government Relations for Kansas Electric Cooperatives, spoke for all the electric cooperatives in favor of **HB 2045** and offered an amendment which would add the following language in line 19 after the word ‘line’ ... “with an operating voltage of 115 kilovolts or more” ... and appurtenances. Lines 20 and 21 were to be deleted. (Attachment 7)

Dr. Lee Allison, Science and Energy Policy Advisor to Governor Sebelius, endorsed **HB 2045** as a timely and appropriate contribution to improving the reliability of the state’s electric transmission grid, economically benefitting electric transmission systems and consumers, and opening new economic opportunities for Kansans. (Attachment 8)

Neutral

Larry Holloway, Chief of Energy Operations, Kansas Corporation Commission, testified that the Commission recognizes that there is a need to construct new transmission in Kansas and in the region generally, and that this legislation attempts to address this concern. (Attachment 9)

Chairman closed the hearing on **HB 2045**.

Announcement:

The House and Senate Utilities committees are invited to attend a meeting in the Westar offices, 818 South Kansas, on Thursday, March 10, 2005 starting at 9:15 a.m. and ending about 10:45. The topic of the meeting will be on the restoration activities surrounding the January ice storm. This presentation will be made in their crisis center and there will be a tour of the transmission operations floor. Any committee member who can arrange his/her schedule to attend, please advise Senator Emler’s office by March 9 so that Mark Schreiber can be notified.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 9