

Approved: Carl Dean Holmes
Date 2/1/94

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Carl Holmes at 3:30 p.m. on January 25, 1994 in Room 526-S of the Capitol.

All members were present except: Representative Lloyd - Excused

Committee staff present: Raney Gilliland, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Mary Torrence, Revisor of Statutes
Shirley Wilds, Committee Secretary

Conferees appearing before the committee: Brian Moline, General Counsel - KS Corporation Commission
Don Low, Director of Utilities - KS Corporation Commission
Tom Whitaker, Governmental Relations Director
KS Motor Carriers Association

Others attending: See attached list

Chairperson Holmes called the meeting to order.

Representative Kjer made a motion to approve the Committee minutes for dates January 10, 12, 13, 18, 19 and 20. Representative Powers seconded the motion. Motion carried.

Chairperson Holmes announced that the agendas henceforth will be sent to Committee members via E-mail. It was the consensus of Committee members to continue receiving personal copies of Committee minutes for their perusal, delivered at regular meeting time, rather than being sent to them through E-mail.

The Chairperson reviewed the Committee calendar for the remainder of this week and into next week.

Hearing on HB 2665:

Brian Moline. Mr. Moline explained to the Committee that striking the word "affecting" and inserting "changing" is merely a technical change. He said the Kansas Corporation Commission basically has a two-tier complaint process, an informal complaint process and their general complaint statute (KSA 66-101e). The Commission feels the word "affecting" could be deemed to mean that just simply affirming the status quo in a complaint could effect the process. The import of the word change would mean that under the current process if there is a written complaint the staff must have an investigation; than an order could not be entered without a public hearing, unless it changed some sort of a practice, rate, toll, etc. The Commission feels the word "changing" is more definitive, with the intent to make certain that only an order which makes a change shall not be entered without notice of a formal public hearing.

Hearing on HB 2714:

Don Low. (See Attachment #1) Mr. Low reported to the Committee that **HB 2714** amends the current statute dealing with penalties for violation of the Kansas Corporation Commission's Natural Gas Pipeline Safety Act rules and regulations to incorporate by reference the federal law dealing with the same subject. He said, in order to continue to qualify as an agent and receive funds, the KCC must be able to impose penalties comparable to the federal law. The law was amended last year to increase the maximum penalty from \$10,000 to \$25,000 per violation. Mr. Moline said rather than amending the specific dollar amount in the Kansas statutes when the federal law is changed to merely reference the federal law. A recommendation was made by staff if the federal law is mentioned, to reference a date the federal law was amended by the federal government and by the State. Mr. Low said the Corporation sees no problem leaving the original language, Lines 17 through 19) in the bill, replacing only the increase in penalty fee to \$25,000.

Hearing on HB 2715:

Don Low. (See Attachment #2) Mr. Low stated there are minor changes recommended in this bill. On Line 32, capitalize

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 526-S Statehouse, at 3:30 p.m. on January 25, 1994.

"Statements"; Line 35 strike "April 30" and change to May 1; Line 43, change to "a civil penalty of more "more" than \$500, striking "less." He said the bill addresses some problems regarding the filing of annual reports, allowing the Commission and Utilities to avoid some of the paperwork involved in routinely extending the annual report filing deadline and also increases the incentive to file by the later date by subjecting noncompliance to \$500-a-day penalty.

Tom Whitaker. (See Attachment #3) Mr. Whitaker said the KS Corporation Commission is in agreement for plans to propose an amendment to reduce the \$500 penalty per day for failure to meet a report deadline. Also, the Corporation Commission believes a motor carrier is not subject to the requirement set forth in Line 32 of **HB 2715** and assumes the adoption of this proposal would not subsequently submit their motor carriers to such a report requirement.

Mr. Whitaker stated this bill could impose major penalties over and above those currently required of motor carriers. He asked the Committee to carefully consider the proposed revisions, because without them the Kansas Motor Carriers Association would strongly oppose the bill.

Mr. Whitaker and Mr. Moline plan to meet and discuss any discrepancies they find in **HB 2715** and will present a draft of changes to the Committee at their meeting on February 1.

Chairperson Holmes announced that upon adjournment of today's meeting the Reservoir Water Purchase Sub-committee; Energy Policy Act Sub-committee; and Tire Sub-committee will remain for their respective meetings.

Upon completion of its business, the meeting adjourned at 4:45 p.m.

The next meeting is scheduled for January 26, 1994.



Date: January 25, 1984

[illegible]

BEFORE THE HOUSE
ENERGY AND NATURAL RESOURCES COMMITTEE

PRESENTATION OF THE
KANSAS CORPORATION COMMISSION ON
H.B. 2714

This bill, requested by the Commission, simply amends the current statute dealing with penalties for violation of the KCC's natural gas pipeline safety rules and regulations to incorporate by reference the federal law dealing with the same subject. The KCC is an agent of the United States Department of Transportation for enforcement of federal pipeline safety regulations and receives funds for such purpose. In order to continue to qualify as an agent and receive funds, the KCC must be able to impose penalties comparable to the federal law, which was amended last year to increase the maximum penalty from \$10,000 to \$25,000 per violation. Rather than amending the specific dollar amount in the Kansas statutes when the federal law is changed, we suggested merely referencing the federal law.

1/25/94
Energy & Natural Resources
Attachment # 1

BEFORE THE HOUSE
ENERGY AND NATURAL RESOURCES COMMITTEE

PRESENTATION OF THE
KANSAS CORPORATION COMMISSION ON
HB 2715

This Commission-requested bill addresses some problems regarding the filing of annual reports. Currently 225 utilities are required to file annual reports and almost all routinely ask for extensions of time beyond the current February 28th statutory deadline. In almost all cases, such extension requests are granted, as long as information concerning intrastate gross operating revenues is provided. The operating revenues information is necessary for the quarterly assessment of Commission costs. However, even with the extensions, some utilities do not file their annual reports as required.

This bill will allow the Commission and utilities to avoid some of the paperwork involved in routinely extending the annual report filing deadline and also increases the incentive to file by the later date by subjecting noncompliance to a \$500 a day penalty.

1/25/93
Energy & Natural Resources
Attachment 2

HOUSE BILL No. 2715

By Committee on Energy and Natural Resources

1-21

8 AN ACT concerning certain public utilities and common carriers;
9 providing penalties for failure to make certain filings; amending
10 K.S.A. 66-123 and repealing the existing section.
11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 66-123 is hereby amended to read as follows:
14 66-123. Every public utility and common carrier governed by the
15 provisions of this act when, and as required by the corporation
16 commission, shall file with the corporation commission an annual
17 report and such monthly or other regular reports, or special reports,
18 and such other information as the corporation commission may re-
19 quire. The forms of such report shall follow as nearly as possible
20 the forms prescribed by the interstate commerce commission. When
21 required by the corporation commission such reports and information
22 shall be certified under oath by a duly authorized officer having
23 knowledge of the matters therein contained. The corporation com-
24 mission may at any time require from any public utility or common
25 carrier specific answers to any questions upon which it may desire
26 information in connection with matters pending before them.

27 The corporation commission may, in its discretion, grant extensions
28 of the time within which reports and information are required to be
29 filed. ~~Annual reports, however, shall be filed within two months~~
30 ~~after the close of the fiscal year as fixed by the corporation~~
31 ~~commission, and any extensions of such period shall not exceed~~
32 ~~in the aggregate sixty days~~ *Statements outlining gross intrastate*
33 *operating revenues shall be filed on or before February 28 for the*
34 *preceding calendar year. Annual reports shall be filed on or before*
35 ~~April 30~~ *for the preceding calendar year.* The forms of reports of
36 the common carriers and the public utilities which report to the
37 interstate commerce commission shall, as nearly as possible, follow
38 the form prescribed by the interstate commerce commission.

39 *Any public utility or common carrier governed by this act which*
40 *fails, neglects or refuses to file with the corporation commission any*
41 *annual reports, statements, monthly or regular reports or special*
42 *reports required by the commission pursuant to statute or rules and*
43 *regulations shall be subject to a civil penalty of not less than \$500*

MJR

STATEMENT

By The

KANSAS MOTOR CARRIERS ASSOCIATION

Expressing the Motor Carrier
Industry's concerns with the
proposed revisions in H.B.2715

Presented to the House Committee on Energy
and Natural Resources, Rep. Carl Holmes,
Chairman; Statehouse, Topeka, Tuesday,
January 25, 1994.

MR. CHAIRMAN AND MEMBERS OF THE COMMITTEE:

I am Tom Whitaker, Governmental Relations Director for the
Kansas Motor Carriers Association. I appear here today on behalf
of our members and the highway transportation industry.

We initially were directly concerned with the proposed civil
penalty of not less than \$500 per day for failure to meet a report
deadline. This would have been confiscatory for any motor carrier
but particularly for our smaller carriers who, for any number of
reasons, might miss a report deadline and be required to pay a civil
penalty of \$500 or more. We understand the corporation commission
has or will propose an amendment to reduce the harshness of this
proposed penalty.

We also currently must file annual reports with the commission
by May 1. (See K.A.R. 82-4-46). The April 30 date initially proposed
would require a costly revision of the commission's own rules and add
a complexity which easily can be corrected by substituting in line 35,
the date, May 1.

1/25/93
Energy & Natural Resources
Attachment #3

To our knowledge, a motor carrier is not subject to the requirement set forth in line 32 of the proposed bill. We assume the adoption of this proposal would not subsequently submit our motor carriers to such a report requirement.

House Bill 2715 could impose major penalties over and above those currently required of motor carriers. We ask the Committee's careful consideration of the proposed revisions. Without those revisions, the Kansas Motor Carriers Association strongly opposes the bill.

I will try to answer any questions you may have.

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