

Approved: Carl Dean Holmes
Date 4/29/94

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 March 9, 1994 in Room 526-S of the Capitol.

All members were present except: Representative Lloyd - Excused
Representative Krehbiel - Excused

Committee staff present: Raney Gilliland, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Shirley Wilds, Committee Secretary

Conferees appearing before the committee: Brian Moline, KS Corporation Commission
William Bryson, KS Corporation Commission
Don Low, KS Corporation Commission

Others attending: See attached list

Prior to opening the hearings, Chairperson Holmes announced the agenda for tomorrow and committee members who will be absent due to legislative business.

Hearing on SB 495:

Brian Moline. (See Attachment #1) As General Counsel for the Kansas Corporation Commission, Mr. Moline reported that the Commission requested this bill. He said from time to time the Commission will initiate investigations which result in show-case hearings against a motor carrier for violations of laws and regulations. He reported that such investigations can be time consuming, involving the Commission and Kansas Highway Patrol staff. Often the Commission receives inquiries as to the appropriate disposition of funds remitted from motor carrier fines. This proposed change stipulates that the fines be remitted to the state treasurer who would then credit the monies to the public service regulation fund or the motor carrier license fee fund. Mr. Moline offered that since the fines are for violations committed upon the state highways, the logic would be that that money should be conserved for state use and allocated to implement state policies (such as maintaining a safe highway system for the public). Mr. Moline maintains, given the decrease in resources and yet increased expectations, agencies have a responsibility to determine programs and divert state funds to non-state activities and this justifies serious review by policy makers.

Hearing on SB 496:

Bill Bryson: (See Attachment #2) Mr. Bryson appeared before the Committee in favor of **SB 496**, stating the amended language is designed to eliminate unnecessary paperwork by the gas producers and corresponding time in processing such applications by the Conservation Division. In addition, the amendment depicts the manner in which the Commission currently grants allowables for gas wells. Mr. Bryson said the impact on the Commission operations is the collective legal and technical efforts of .10 FTE currently allocated to processing applications. This could be diverted to other production department activities, thereby eliminating the need to file an application for every new gas well by the industry.

Mr. Bryson reported that the Senate Energy and Natural Resources Committee concurred with the Commission that the 1945 statute (KSA 55-705a) is superfluous, since marketing of gas has changed and the review of Intents to Drill for gas wells by Conservation Division staff has replaced the original certification purpose. He recommended that particular statutory language be stricken (see Page 3 of conferee's testimony). He asks for favorable passage of **SB 496**.

Jack Clave. Mr. Clave offered a brief comment from the Floor, reiterating Mr. Bryson's comments in support of the legislation.

Don Schnacke. Mr. Schnacke also spoke from the Floor to support Mr. Clave's comments.

Hearing on 3059:

Don Low. (See Attachment #3) Mr. Low provided testimony regarding the 1992 consumer contact system. He reported that the Consumer Protection Office investigated 2,129 complaints in that year which resulted in 344 justified complaints, 1,347 unjustified complaints and 438 inquiries. The complaints and comments were generated by 570 contacts by letter and 2,069 by

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 526-S Statehouse, at 3:30 p.m. on March 9, 1994.

phone and 11 walk-ins. Mr. Low defined the complaints:

- Justified complaint: A violation of commission rules and regulations or situations where the company failed to take timely or appropriate action.
- Unjustified complaint: Discontentment about the Commission's rules or regulations, or unhappiness with the resolution of the matter.
- Inquiry: A question regarding utility practices, Commission rules or jurisdiction on the matter, or for information on the subject (also all non-jurisdictional matters).

Mr. Low said a total of 12,066 calls were received on the 800 consumer line. Of those calls, 4,880 were for the Consumer Protection Office and result in a total of 1,735 complaints, inquiries or comments pertaining to public comment periods. He added there are a large number of consumer calls generated through the 800 line due to multiple calls during the investigation of a complaint(s).

In addition to Mr. Low's brief summary of the KCC consumer contact system, he provided a comprehensive report presenting the nature of the calls by category.

Upon completion of its business, the meeting adjourned at 4:25.

The next meeting is scheduled for March 10, 1994.

STATEMENT OF THE
STATE CORPORATION COMMISSION

Presented to the House Committee on Energy and Natural Resources
March 9, 1994

Senate Bill No. 495

Mr. Chairman and Members of the Committee:

My name is Brian Moline and I am the General Counsel for the State Corporation Commission. The Commission requested and supports this bill.

Background

The Corporation Commission pursuant to K.S.A. 66-1,111 et al regulates motor carriers operating on Kansas highways with reference to authority and public safety.

From time to time the Commission will initiate investigations which results in show-cause hearings against a motor carrier for violations of laws and regulations. These investigations can be time consuming involving the Commission and Kansas Highway Patrol staff. In many instances the Commission has ultimately fined and invoked sanctions against the motor carrier. The fines have ranged from \$100 to \$22,500 and are remitted to the county treasurer pursuant to the present law. The counties may use these funds as they deem appropriate. Often County Treasurers will call the KCC for an explanation of these remittances.

With the proposed change the fines would be remitted to the state treasurer who would credit the money to the public service regulation fund or the motor carrier license fee fund. Pursuant to K.S.A. 66-1,142 the state treasurer transfers to the state

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highway fund all unencumbered balances in excess of \$400,000 biannually.

Since the fines are for violations committed upon the state highways, it would seem logical that those dollars should be conserved for state use and allocated to implement state policies such as maintaining a safe highway system for the public.

CONCLUSION

At a time when state institutions, even fee funded agencies, face decreasing resources and increasing expectations, it would seem that state agencies have a responsibility to locate and highlight policies and programs that divert state funds to non-state activities and that policy makers seriously review the justification and continuation of such policies.

TESTIMONY ON SENATE BILL 496
BY THE KANSAS CORPORATION COMMISSION
PRESENTED BEFORE THE HOUSE ENERGY AND
NATURAL RESOURCE COMMITTEE

March 9, 1994

I am Bill Bryson, Director of the Conservation Division for the Kansas Corporation Commission. I am appearing on behalf of the Commission in support of SB 496 as amended by the Senate.

Senate Bill 496 proposes deleting all existing language of KSA 55-705b which required an applicant seeking an allowable for a gas well from the Commission to file a duly verified application. This statute currently requires the applicant to provide the well location, description of the acreage attributable thereto and the common source of supply of the produced gas. The procedure for docketing and giving the notice is the same as provided in KSA 55-706 which in turn refers to general notice procedures set forth in KSA 55-605.

We are seeking the proposed amending language because any basic gas proration order adopted by the Commission for a common source of supply contains all conditions under which an allowable for a gas well may be granted to the applicant. Similarly, all gas wells producing from unprorated sources of supply are covered under rules and regulations KAR 82-3-300, et seq. This series of regulations is applicable for all gas producing wells which are not covered under a Commission order setting forth specific allowable conditions.

At one time, the filing of an application had a purpose because there was a 25% of open flow statutory provision for unprorated wells. This provision was transferred to regulation in the mid 1980's and the suggested amendment does not change the use of 55-705b as an implementing statute. The amended language is designed to eliminate unnecessary paperwork by the gas producers and the corresponding time spent processing of such applications by Conservation Division staff. The amendment also portrays the manner in which the Commission currently considers and grants allowables for gas wells.

The impact on Commission operations is that the collective legal and technical efforts of .10 FTE currently allocated to processing applications could be diverted to other production department activities which need more attention. The impact on industry is also positive in that it would eliminate the need to file an application for every new gas well.

When we testified in the Senate, we also requested repeal of KSA 55-705a in its entirety. The Commission staff, based on the knowledge of present and past Conservation Division employees, cannot recall the last time when the Commission issued a certificate to a gas producer for the construction of the facilities necessary or

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required to produce gas nor the utilization of that gas once produced. This statute is of 1945 vintage and in the early stages of Hugoton field development, there was a concern over the economic waste of gas at a time when marketing opportunities for gas were more limited than the potential supply. The marketing of gas has changed through the years and certification of facilities to be constructed no longer applies. In addition, the review of Intents to Drill for gas wells by Conservation Division staff has essentially replaced the original certification purpose.

The Senate Energy and Natural Resources Committee concurred with our recommendation that KSA 55-705a represented statutory language that is no longer applicable to the current regulatory situation. Your passage of SB 496 as amended by the Senate will be sincerely appreciated.

ATTACHMENT

~~55-705a. Certificate required; notice and hearing. Before any gas shall be produced from a well producing gas only, or from a well which is primarily a gas well, for any of the purposes specified in KSA 55-702 and amendments thereto, a certificate shall be obtained from the commission for the construction of the facilities necessary or required and the utilization of the gas in the manner and for the purposes intended. The commission shall issue such certificate unless it finds, upon application and after hearing in accordance with the provision of the Kansas administrative procedure act, that the contemplated production or use of such gas is in violation of this act, except that no such certificate shall be required on account of such facilities as were in existence or under construction, or such uses as were being made of such gas, on February 1, 1945.~~

KANSAS CORPORATION COMMISSION

Consumer Contact System - 1992

Summary

The Consumer Protection Office investigated 2,129 complaints in 1992 which resulted in 344 justified complaints, 1,347 unjustified complaints, and 438 inquiries. These complaints and comments were generated by 570 contacts by letter and 2,069 by phone and 11 walk-ins.

A total of 12,066 calls were received on the 800 consumer line. Of these, 4,880 calls were for the Consumer Protection Office and resulted in a total of 1,735 complaints, inquiries or comments pertaining to public comment periods. Many consumers call the KCC on the 800 line more than once during the investigation of their complaint, resulting in a large number of calls on the 800 line.

Consumer Contacts by Industry - 1992

UTILITY	JUSTIFIED	UNJUSTIFIED	INQUIRY	TOTAL	% of all calls
ELECTRIC	87	589	36	712	33.44%
GAS	87	293	30	410	19.26%
PHONE	170	465	371	1006	47.25%
WATER	0	0	1	1	0.05%
TOTAL	344	1347	438	2129	100.00%

Justified Complaint - A violation of commission rules and regulations or situations where the company failed to take timely or appropriate action.

Unjustified Complaint - Discontentment about the commission's rules or regulations, or unhappiness with the resolution of the matter.

Inquiry - A question regarding utility practices, commission rules or jurisdiction on the matter, or for information on the subject. Also all non-jurisdictional matters.

Prepared by the Office of Public Affairs, Kansas Corporation Commission

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KCC Consumer Contacts January - December 1992

PHONE					Monthly Avg.	
	Justified	Unjustified	Inquiry	Total	Percent of Contacts	Justified per 10,000
Communigroup of K. C. Inc.	1	3	1	5	0.23%	0.119 *
MCI Telecommunications Corporation	13	7	16	36	1.69%	0.108 *
US Sprint Communications Company	3	6	2	11	0.52%	0.010 *
Valu-Line of Kansas, Inc.	1	0	0	1	0.05%	0.278 *
AT&T Comm. of the Southwest, Inc.	6	12	31	49	2.30%	0.006 *
Assaria Telephone Exchange, Inc.	2	0	0	2	0.09%	3.823
Blue Valley Telephone Company	0	1	0	1	0.05%	0.000
Contel of Kansas, Inc.	0	3	2	5	0.23%	0.000
Council Grove Telephone Company	0	3	1	4	0.19%	0.000
Craw-Kan Telephone Coop., Inc.	0	6	1	7	0.33%	0.000
H&B Communications, Inc.	0	0	1	1	0.05%	0.000
Haviland Telephone Company, Inc.	2	6	3	11	0.52%	0.494
Home Telephone Company, Inc.	0	2	0	2	0.09%	0.000
J. B. N. Telephone Company, Inc.	0	2	0	2	0.09%	0.000
LaHarpe Telephone Company, Inc.	0	1	2	3	0.14%	0.000
Madison Telephone Company, Inc.	0	0	1	1	0.05%	0.000
Moundridge Telephone Company	0	1	1	2	0.09%	0.000
Pioneer Telephone Assn., Inc.	0	2	1	3	0.14%	0.000
Rural Telephone Service Company, Inc.	0	0	1	1	0.05%	0.000
S&A Telephone Company	1	2	0	3	0.14%	1.108
Southern Kansas Telephone Co., Inc.	1	3	0	4	0.19%	1.266
Southwestern Bell Telephone Company	102	263	154	519	24.38%	0.092
Sunflower Telephone Company, Inc.	2	6	2	10	0.47%	0.437
Totah Telephone Company, Inc.	0	0	2	2	0.09%	0.000
Tri-County Telephone Assn., Inc.	0	0	2	2	0.09%	0.000
United Telephone Assn., Inc.	0	3	0	3	0.14%	0.000
United Telephone Co. of Kansas	24	72	24	120	5.64%	0.319
United Telephone Company of Arkansas	0	4	0	4	0.19%	0.000
United Telephone Company of Iowa	11	54	17	82	3.85%	0.237
United Telephone Company of Missouri	1	2	0	3	0.14%	0.157
No jurisdiction- long distance	0	1	106	107	5.03%	0.000
Total	170	465	371	1006	47.25%	*estimated

Statistics continued on next page

Continued from previous page
January-December 1992

ELECTRIC					Monthly Avg.	
Investor Owned	Justified	Unjustified	Inquiry	Total	Percent of Contacts	Justified per 10,000
Centel Corporation	1	2	1	4	0.19%	
Empire District Electric Company	1	2	0	3	0.14%	0.090
Kansas City Power and Light Company	6	33	3	42	1.97%	0.032
Kansas Gas and Electric	27	244	20	291	13.67%	0.089
Kansas Power and Light Company	39	257	9	305	14.33%	0.108
West Plains Energy	2	11	0	13	0.61%	0.032
No jurisdiction-electric	0	0	3	3	0.14%	0.000
Total	76	549	36	661	31.05%	

Cooperatives						
Ark Valley Electric Coop., Assn., Inc.	0	1	0	1	0.05%	0.000
Caney Valley Elec. Coop. Assn., Inc.	2	3	0	5	0.23%	0.319
D.S.& O. Rural Elec. Coop., Assn, Inc.	1	0	0	1	0.05%	0.227
Flint Hills Electric Coop. Assn., Inc.	0	2	0	2	0.09%	0.000
Jewell-Mitchell Coop. Elec. Co., Inc.	2	0	0	2	0.09%	0.375
Kaw Valley Elec. Coop. Assn. Co., Inc.	0	4	0	4	0.19%	0.000
Leavenworth-Jefferson Elec. Coop., Inc.	2	8	0	10	0.47%	0.305
Lyon County Electric Cooperative, Inc.	0	1	0	1	0.05%	0.000
Nemaha-Marshall Ele. Coop. Assn., Inc.	1	1	0	2	0.09%	0.325
Norton-Decatur Coop. Electric Co., Inc.	0	2	0	2	0.09%	0.000
P.R.&W. Electric Coop. Assn., Inc.	0	1	0	1	0.05%	0.000
Radiant Electric Cooperative, Inc.	0	2	0	2	0.09%	0.000
Sedgwick County Elec. Coop. Assn., Inc.	0	5	0	5	0.23%	0.000
Sumner-Cowley Electric Coop., Inc.	0	8	0	8	0.38%	0.000
United Electric Cooperative, Inc.	2	1	0	3	0.14%	0.346
Wheatland Electric Cooperative, Inc.	1	1	0	2	0.09%	0.066
Total	11	40	0	51	2.40%	

Statistics continued on next page

Continued from previous page
January-December 1992

GAS	Justified	Unjustified	Inquiry	Total	Percent of Contacts	Monthly Avg. Justified per 10,000
Arkla, Inc.	3	8	0	11	0.52%	0.117
Greeley Gas Company	2	7	1	10	0.47%	0.069
K N Energy, Inc.	1	1	0	2	0.09%	0.027
KPL Gas Service	67	250	25	342	16.06%	0.097
Kansas Public Service Company	6	12	1	19	0.89%	0.220
Peoples Nat. Gas Co. Div of Utilicorp	3	2	1	6	0.28%	0.080
Twin County Gas Company, Inc.	1	0	0	1	0.05%	1.569
United Cities Gas Company	4	13	2	19	0.89%	0.053
Total	87	293	30	410	19.26%	

WATER	Justified	Unjustified	Inquiry	Total	Percent of Contacts	Monthly Avg. Justified per 10,000
Valleywood Water District	0	0	1	1	0.05%	0.000
No Jurisdiction	0	0	0	0	0.00%	0.000
Total	0	0	1	1	0.05%	
Grand Total	344	1347	438	2129	100.00%	

1992 800 CALLS

Date	Consumer Protection	Other Divisions (1)	Other Agencies (2)	Utility Companies (3)	Wrong Numbers	Total
January	339	70	256	313	54	1032
February	257	52	224	247	22	802
March	442	94	242	283	37	1098
April	612	53	231	328	34	1258
May	657	76	212	413	56	1414
June	405	48	219	238	47	957
July	344	67	227	246	74	958
August	437	54	234	356	64	1145
September	343	42	244	208	81	918
October	493	49	215	226	77	1060
November	300	33	173	154	49	709
December	251	38	189	166	71	715
Total	4880	676	2666	3178	666	12066

NOTES:

Of the 4,880 Consumer Protection calls, 1,735 resulted in cases investigated by staff or comments received pertaining to public comment periods.

- (1) Other Divisions - calls for other KCC divisions.
- (2) Other Agencies - calls for other state agencies.
- (3) Utility Companies - calls intended for utility companies.