MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:30 a.m. on March 13, 2001 in Room 231-N of the Capitol.

All members were present except:

Committee staff present:

Raney Gilliland, Legislative Research Emalene Correll, Legislative Research Bruce Kinzie, Revisor of Statutes Lisa Montgomery, Revisor of Statutes

Ann McMorris, Secretary

Conferees appearing before the committee:

Rep. Ward Loyd John Arnold, Chief Administrative Officer, City of Topeka Sandy Jacquot, League of Kansas Municipalities Jim Kaup, City of Garden City Anne Tymeson, Acting General Counsel, KCC Walker Hendrix, CURB

Others attending:

See attached list.

The following information requested by the committee was distributed:

From Utilitcorp United, Inc - Cogeneration purchase schedule; special isolated generating plant electric service; Parallel generation contract service (<u>Attachment 1</u>)

From Kansas Electric Cooperatives - Cogeneration and Small Power Production 100 KW or less standard schedule; and Parallel Generation Service Agreement. (Attachment 2)

Opened hearing on:

HB 2397 - Intervention of cities in rate hearings before the corporation commission

Proponents

Rep. Ward Loyd explained that the current law allows cities to appear at rate cases on their own behalf as consumers and the proposed change in this bill would permit municipalities to appear before KCC on rate cases for their citizens. Cities have the resources to prepare for rate hearings which an individual wouldn't have. Much discussion on how this would change the current procedures and whether this would create a conflict of interest.

John E. Arnold, chief administrative office, City of Topeka, KCC's rationale for prohibiting cities from representing the interests of their own citizens is problematic for several reasons. (1) cities are charged with the responsibility for representing and protecting the interests of their respective citizenry; (2) in some dockets, the interests of cities are identical to the interests of their citizen ratepayers; (3) CURB may be unable to provide adequate representation in certain utility proceedings. (Attachment 3)

Sandy Jacquot, League of Kansas Municipalilties, believed that a city should be authorized to intervene in behalf of all its citizens and offer comments pertaining to those citizens. (Attachment 4)

Jim Kaup, on behalf of the City of Garden City, spoke in support of **HB 2397** which would provide an express statutory right for cities to intervene on behalf of their residents in rate proceeding matters before the KCC. (Attachment 5)

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE at 9:30 a.m.on March 13, 2001 in Room 231-N of the Capitol.

Neutral

Anne Tymeson, Assistant General Counsel for the Kansas Corporation Commission, shared several concerns the Commission has with the bill. She noted that the Citizens' Utility Ratepayer Board is authorized by statute to function as the official intervener in rate cases filed with KCC. KCC has regulations in place which govern intervention in proceedings before it, which require a petitioner to demonstrate its legal rights, duties, or privileges may be substantially affected by the proceeding. However, she also noted that the KCC rarely, if ever, denies intervention to any party. She also mentioned the possibility of conflict of interest that may arise when a city intervenes on behalf of its citizens. (Attachment 6)

On questioning, it was determined that the definition of municipalities includes counties.

Walker Hendrix, CURB, explained the regulations on intervention and the procedures adopted where they automatically permit intervention. The question is on what level should they be able to participate. More flexibility in the administrative process would be helpful.

Closed hearing on HB 2397.

Storage of Natural Gas

Senator Dave Kerr offered direction on the next step to take in closure of the Hutchinson issue. He noted the current law refers only to protection of water and should be expanded to include people and property. The law also regulates three industries in one category and possibly should include individual regulations for storage of LPG and other hydrocarbons, solution mining and natural gas. Kansas Department of Health and Environment needs some help from consultants in developing these regulations. The Utilities Committee should request funds for this purpose from the Senate Ways and Means Committee. Also the regulations need to be provided promptly.

The proposed regulations should include guidance on mechanical integrity tests to determine pressure availability, assess the potential need for dual casing; periodic analysis of equipment, and public notification in the event of possible emergency.

Senator Kerr suggested the committee may want to include a two-year moratorium on storage of natural gas in salt caverns until the new regulations governing that aspect are written and approved. It might be prudent to say no additional gas can be added to the current facility and no new caverns can be opened until the regulations are in place. The moratorium to cover natural gas storage only.

Joe Palacioz, city manager, City of Hutchinson and Dr. Joe Ratigan, consultant, reported on the outcome of the executive committee meeting of the Solution Mining Research Institute, and noted their reluctance to spearhead the investigation into the Hutchinson issue as there is a conflict of interest with some of their members being investigated in this matter.

Staff was directed to prepare a conceptual bill amending current law to: (1) include people and property in addition to water; (2) recommend three categories of industries for regulations; (3) separate section on KCC regarding depleted natural gas and oil caverns; (4) authority for KDHE to hire a consultant and to recommend a fiscal amount needed to draft new regulations; (5) reference to pressure tests, mechanical integrity, emergency notification, 2 year moratorium, and analyzing of equipment; (6) completed aquifers to be included.

Discussion on findings to be included in minutes to show intent of committee. A letter from the committee signed by the Chair and copy of the minutes with findings and comments will be sent to the Secretary of the Department of Health and Environment..

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE at 9:30 a.m.on March 13, 2001 in Room 231-N of the Capitol.

Approval of Minutes

Moved by Senator Emler, seconded by Senator Lee, the minutes of the Senate Utilities Committee meeting held on March 12, 2001 be approved. Motion carried.

Respectfully submitted,

Ann McMorris, Secretary

Enclosures - 6

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: **MARCH 13, 2001**

Name	Representing
- John Cronder	sen. Star clark
JOE PALACIOZ	CHY OF HUTCHINSON
JOE RATIGAN	71 / 11
Dennis M. Clennan	City of Hetelinson
John Pinegar Kevin Fowler	City of Topka
Caffen amord	City of Copelia,
AC. Long	Sen Joyanis & Jea Hay UtiliCorp United
WALKER HENDRIV	CURB -
Myka-Recht	ATT KCPL
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Judy Bronick	Sen Pres. Office
Amy A. Campbell	Sen Pres. Office Midwest Erugu

SENATE UTILITIES COMMITTEE GUEST LIST

DATE: **MARCH 13, 2001**

Name	Representing
- Study Kramer Lee Eisenhauer	Wester Reserve, Inc. Propane Marketers acer
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UtiliCorp United, Inc.

UCU Regulatory 20 W. 9th Street Kansas City, MO 64105 FAX # 816-467-8010

TELECOPY MESSAGE

DATE: 03. 12-01				
TO: JC Long		FAX NO. <u>785</u>	23	2 4536
FROM:		NO. OF PAGES COVER PAGE	5, INC :	LUDING _5
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IF YOU DO NOT RECEIVE ALL MATERIAL IN GOOD CONDITION, PLEASE CALL SANDY HORVAT @ 816-467-3558

Thank You!

			6th	(Original)	SHEET NO.	38
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Consulling	P.S.C. MO. No.	2	5th	(Original) (Revised)	SHEET NO.	W 4 2 11 113
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	MISSOURI PUBLIC SERVICE		FOR: All Territory Served by	y Missouri Publ	ic Service	
MISSOURI POBLIC SERVICES KANSAS CITY, MO 64138	-	Rate Schedule CGP		MAR 2	8 2000	
		COGEN	ERATION PURCHASE SCHEI ELECTRIC)SSIM solvisSolidu ⊂	DURI Commissio

AVAILABILITY

This schedule is available to customers located within Missouri Public Service's service territory and located on or adjacent to Missouri Public Service's secondary service lines and having cogeneration units of 100 kW or less. This service is not available to resale electric customers.

APPLICABLE

This schedule is applicable to Missouri Public Service electrical energy purchases from cogeneration customers of 100 kW or less that have been approved by Missouri Public Service and where a contract has been executed between Missouri Public Service and such cogeneration customers. Customer's cogeneration unit shall carry the same ratio of reactive to real power as is carried by Missouri Public Service's facilities at the customer's location and as determined by Missouri Public Service's measurements.

CHARACTER OF SERVICE

Alternating current, 60 cycles, sinusoidal wave form, and at the standard voltage and phase available at the location of the cogeneration unit.

CHARGES TO COGENERATION CUSTOMER (CIS+ RATE CODE MO700)

Cogeneration customers to which this schedule is applicable shall pay Missouri Public Service a monthly charge of \$4.50 to pay for additional customer related costs of Missouri Public Service.

CHARGES TO MISSOURI PUBLIC SERVICE

- Minimum There shall be no monthly minimum charge for purchases made by Missouri Public Service. 1)
- Rate Purchases shall be made by Missouri Public Service from a cogeneration customer at the rate of \$.01929 2) per kWh.

RULES AND REGULATIONS

Customer's system and cogeneration facilities shall be subject to any applicable Rules and Regulations of Missouri Public Service or of the Missouri Public Service Commission or any other authority having jurisdiction. Conditions of service shall be in accordance with Missouri Public Service's standard filed contract plus any applicable conditions for special circumstances. Conditions of service and contract modifications for special circumstances can provide greater flexibility in both the customer's and Missouri Public Service's operations.

MAY 01 2000

MISSOURI Public Service Commission

EFFECTIVE DATE: May 1, 2000

DATE OF ISSUE: March 29, 2000 ISSUED BY: Gary Clemens, Regulatory Services

1-2

		SPECIAL ISOLATI	ELECTRIC	.011	MO. PUBLIC SE	RVICE COMM
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KANSAS	MISSOURI PUBLIC SERVICE KANSAS CITY, MO 84138	Rate Schedule IGP		MAR 18	1000	
MICCOLL	RI PUBLIC SERVICE		FOR: All Territory Served to	oy Missouri Pub	Ic Service RECE	IVED
Cancellin	g P.S.C. MO. No.			(Revised)		
	The second contract of	2	1st	(Original)	SHEET NO	39
	P.S.C. MO. No.	2	2nd	(Original) (Revised)	SHEET NO.	

This schedule is available for any type service to isolated generating plants constructed or operating by a retail customer. Any such customer with an isolated generating plant that partially or completely fails who accepts service from Missouri Public Service for any period of time will be billed under this schedule for a minimum period of twenty years. All customers receiving service under this schedule shall sign a contract covering the amount of special capacity to be furnished prior to Missouri Public Service purchasing or installing any of the necessary facilities. The maximum amount of capacity to be made available to any such customer under this rate schedule will be the amount that exists in the Missouri Public Service's system which can be provided without affecting service to other customers at the time or in the future.

Any customer who constructs an isolated generating plant, after such construction is completed, may receive under this schedule capacity and energy for sixty days provided such party agrees to the operating procedures established by Missouri Public Service. If, after such sixty day period, such customer continues to receive service, it will automatically be billed under this schedule for a minimum of twenty years.

APPLICABLE

This service is not available for peaking, seasonal use, for resale or parallel operation. Construction of any isolated generating plant shall be deemed completed when the customer first uses such plant to carry all or part of its load. The terms of this schedule do not apply to customer receiving full service from Missouri Public Service who have a small emergency plant for use when Missouri Public Service's service is interrupted and such plant is approved by Missouri Public Service.

CHARACTER OF SERVICE

Service is to be 60 cycles, three-phase at the available primary voltage. The nominal voltage level of primary voltage will be established by Missouri Public Service.

APR 1 7 1998

MO. PUBLIC SERVICE COMM

DATE OF ISSUE: March 18, 1998

ISSUED BY: Maurice L. Amall, Regulatory Services

EFFECTIVE DATE: April 17, 1998

STATE OF MISSOURI, PUBLIC SERVICE CO	MAIRAIDOICE			
P.S.C. MO. No. 2	2nd	(Original) (Revised)	SHEET NO.	
Cancelling P.S.C. MO. No. 2	151	(Original) (Revised)	SHEET NO	40
MISSOURI PUBLIC SERVICE KANSAS CITY, MO 64138	FOR: All Territory Served Rate Schedule IGP			
SPECIAL ISOLATE	D GENERATING PLANT ELECTRIC ELECTRIC	SERVICE (CO	NTINUE MAR 18	1998
MONTHLY BILLING	=		MO. PUBLIC SE	RVICE COMM

Billing under this schedule will consist of: (1) capacity charge; (2) excess capacity charge; (3) energy charge; (4) local facilities charge; (5) reactive demand adjustment; and (6) any applicable taxes and franchise payment.

CAPACITY CHARGE

The capacity charge shall be \$5.51 per kW per month times the capacity reserved by the customer but not less than \$5,484.88 per month. If any service is furnished prior to the execution of the contract by the customer, it will be billed on the amount of his total connected load.

EXCESS CAPACITY CHARGE

All capacity delivered to the customer in excess of the contracted amount will be billed at \$7.05 per kW per month. Such a charge will continue the next eleven months following the month in which the demand is established unless a new higher excess demand is established in which case such higher demand will be used for billing purposes and will also continue for the following eleven consecutive months.

ENERGY CHARGE

All kWh used at \$0.0391 per kWh.

LOCAL FACILITIES CHARGE

The monthly charge for local facilities will be computed by multiplying 20% times such investment estimated by Missouri Public Service divided by 12.

MINIMUM MONTHLY BILL

The minimum monthly bill shall be the charge for the amount of capacity contracted for or the connected load capacity, plus any excess capacity charge and local facilities charge, but in no event shall it be less than \$5,484.88.

MO. PUBLIC SERVICE COMM

DATE OF ISSUE: March 18, 1998

ISSUED BY: Maurice L. Amall, Regulatory Services

EFFECTIVE DATE: April 17, 1998

		SPE	CIAL ISOLATED GENE	ELECTRIC	SERVICE (CON	MO PUBLIC SERI	V0=
〜	MISSOURI KANSAS (PUBLIC SERVICE CITY, MO 64138		FOR; All Territory Served II Rate Schedule IGP RATING PLANT ELECTRIC ELECTRIC			
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		P.S.C. MO. No.	2	2nd	(Original)	SHEET NO.	_^^

REACTIVE DEMAND ADJUSTMENT

Missouri Public Service shall determine customer's maximum reactive demand in kVar. Each month a charge or credit of \$0.28 shall be made for each kVar by which the maximum reactive demand is respectively, greater or less than 50% of customer's maximum kW demand for that month, provided, however, that the number of kVar for which credit is given shall not be more than 50% of the customer's maximum kW demand in that month.

The reactive demand adjustment will be based on the ratio of the customer's maximum monthly 15-minute reactive demand in kVar to the customer's maximum kW demand in that month.

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DATE OF ISSUE: March 18, 1998

ISSUED BY: Maurice L. Amall, Regulatory Services

EFFECTIVE DATE: April 17, 1988

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WESTERN RESOURCES, INC., dba KPL

(Name of Issuing Utility)

SCHEDULE____PGC

ENTIRE SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule__PGC Sheet 1

which was filed Ma

March 26, 1992

No supplement or separate understanding shall modify the tariff as shown hereon. Sheet 1 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

AVAILABLE

Electric service is available under this schedule at points on the Company's existing distribution facilities.

APPLICABLE

To Residential or General Service customers who contract for service supplied at one point of delivery where part or all of the electrical requirements of the customer can be supplied from customer owned generation sources, and where such sources are connected for parallel operation of the customer's system with the system of the Company. Customer sources may include but are not limited to windmills, water wheels, solar conversion and geothermal devices.

This schedule is not applicable to breakdown, standby, or resale electric service.

CHARACTER OF SERVICE

Jim Martin, Vice

Alternating current, 60 hertz, at the voltage and phase of the Company's established secondary distribution system most available to the service location.

NET MONTHLY BILL

Rate

1. For capacity, energy and services supplied by the Company to the customer, the Company's rate schedules and terms and conditions normally applicable to the customer absent parallel generation shall apply.

.96WSRE101DRS

Secretary

				Commission File Number 193307 - U
Issued	January	15	1997	FILED FEB 3 1997
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WESTERN RESOURCES, INC., dba KPL

(Name of Issuing Utility)

SCHEDULE____PGC

ENTIRE SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule PGC Sheet 2

which was filed March 26, 1992

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 2 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

2. For capacity and energy supplied by customer to the Company, the Company shall pay:

1.036 x

0.268¢ per kWh plus the per kWh cost of fuel, purchased power and net interchange.

kWh x Supplied

Minimum

When a special or additional transformer installation is necessary for the benefit of the customer, or to protect the quality of service to other customers, the minimum shall be not less than \$0.75 per kVA of required transformer capacity. Such minimum shall be in addition to the rate minimum required for a Company to customer sale as provided in the Company's standard tariffs.

OTHER TERMS AND CONDITIONS

1. The per kWh cost of fuel, purchased power and net interchange to be used in the calculation of the amount paid for capacity and energy supplied by customer to Company shall be determined as follows:

$$\frac{F + P + NI + C}{.01 \times S}$$

Where: F = Estimated dollar cost of nuclear fuel used⁽¹⁾ and fossil fuel burned⁽²⁾ during the current month⁽³⁾ to supply electric energy to customers.

P = Estimated total cost of purchased power⁽⁴⁾ during the current month to supply electric energy to customers.

NI = Estimated net dollar cost⁽⁶⁾ (positive or negative) of interchange received less interchange sales during the current month.

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Secretary

WESTERN RESOURCES, INC., dba KPL

SCHEDULE PGC

(Name of Issuing Utility)

ENTIRE SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule PGC Sheet 3

which was filed March 26, 1992

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 3 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

- S = Estimated kWh to be delivered to retail and wholesale customers during the current month, which equals: (sum of the estimated net kWh generated, kWh purchased, and net kWh interchanged during the month) times (1 minus the line loss factor⁽⁵⁾).
- C = Correction of estimated cost to actual costs for the second month preceding the current month calculated as:

(all for the second month preceding the current month).

C' = Correction dollars used in the calculation for the second month preceding the current month.

NOTES TO THE FORMULA:

- (1) Costs includable under nuclear fuel are those properly recorded as nuclear in FERC Account Number 518.
- (2) Costs includable under fossil fuel burned shall include only those costs properly recorded as fossil fuel costs in FERC Account Number 151, except that fuel costs should be reduced by the amount of supplier refunds normally credited to FERC Account Number 501. For natural gas or other fuels for which no inventory is maintained, the costs recorded in FERC Account Number 501 are includable as fossil fuel burned. Costs of each type of fuel burned shall be computed by the following formula:

96WSRE101DRS

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	Jim Martin.	Vice Pres	sident		Occirciary

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WESTERN RESOURCES, INC., dba KPL

(Name of Issuing Utility)

SCHEDULE PGC

ENTIRE SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule PGC Sheet 4

> which was filed March 26,1992

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 4 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

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Where:

- В Estimated dollar cost of fuel stocks at beginning of the current month.
- = Estimated dollar cost of additions to fuel stocks during the current month.
- = Estimated units of fuel (ton, barrels, or MCF) in stock at the beginning of the current month.
- = Estimated units of fuel to be added to stocks during the current month.
- = Estimated units of fuel to be burned during the current month.
- (3) The current month is defined as the month for which the energy costs are estimated.
- (4) Costs includable under purchased power are those properly recorded as purchased energy costs in FERC Account Number 555, and are exclusive of capacity, demand or other fixed charges.
- (5) The line loss or unaccounted for losses factor is the amount of total kWh losses divided by the net kWh generated, purchased, and interchanged during the most recent twelve-month period ended December 31.

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Jim Martin, Yice President

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WESTERN RESOURCES, INC., dba KPL

(Name of Issuing Utility)

SCHEDULE	PGC	
	1 40	

ENTIRE SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule PGC Sheet 5

which was filed March 26, 1992

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 5 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

- (6) Net dollar costs of interchange are energy costs, and are exclusive of capacity, demand, or other fixed charges.
- 2. The Company will supply, own, and maintain all necessary meters and associated equipment utilized for billing. In addition, and for purposes of monitoring customer generation and load, the Company may install at its expense, load research metering. The customer shall supply, at no expense to the Company, a suitable location for meters and associated equipment used for billing and for load research.
- 3. For the purposes of insuring the safety and quality of utility system power, the Company shall have the right to require the customer, at certain times and as electrical operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the customer's facility of which the generating facility is a part.
- 4. The customer shall furnish, install, operate, and maintain in good order and repair, and without cost to the Company, such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by the Company as being required as suitable for the operation of the generator in parallel with the Company's system. In addition, the Company will install, own, and maintain a disconnecting device located near the electric meter or meters at no cost to the customer. Interconnection facilities shall be accessible at all times to Company personnel.

The customer may be required to reimburse the Company for any equipment or facilities required as a result of the installation by the customer of generation in parallel with the Company's service.

96WSRE101DRS

Secretary

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Jim Martin, Xice President

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WESTERN RESOURCES, INC., dba KPL (Name of Issuing Utility)

ENTIRE SERVICE AREA
(Territory to which schedule is applicable)

Replacing Schedule PGC Sheet 6

which was filed March 26, 1992

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 6 of 6 Sheets

PARALLEL GENERATION CONTRACT SERVICE

The customer shall notify the Company prior to the initial energizing and start-up testing of the customer-owned generator, and the Company shall have the right to have a representative present at said test.

- 5. The Company requires a special contract for conditions related to technical and safety aspects of parallel generation.
- 6. This schedule is not applicable where the customer's maximum generating capacity exceeds 100 kW.
- Customer owned generation sources shall be subject to the fuel use restrictions imposed by the Public Utilities Regulatory Policy Act of 1978 (P.L. 95-617) and the Federal Energy Regulatory Commission's regulations related to cogeneration and Small Power Production.
- 8. Service hereunder is subject to the Company's General Terms and Conditions as approved by the State Corporation Commission of the State of Kansas.

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Commission File Number 193307-U

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THE STATE CORPORATION COMMISSION OF KANSAS	Index 1.325		
	SCHE	DULEPG-94	
Lyon-Coffey Electric Cooperative, Inc.	Replacing Schedule _	PG-87 Sheet 1	
Entire Service Area	which was filed	Jan.11, 1989	
		Sheet 1 of 4 Sheets	

COGENERATION AND SMALL POWER PRODUCTION 100 KW OR LESS

DESCRIPTION OF OFFERING:

This is a standard schedule for the purchase of the output of qualifying cogeneration or small power production facilities with a total capacity of 100 kW or less.

AVAILABILITY:

This schedule is available in all areas served by the Cooperative to Customers who:

- 1. Own and/or operate an electric power generating facilities using cogeneration or fuels derived from biomass, waste, or renewable energy sources, including wind, solar insolation, or water, which is a "qualifying facility" as prescribed by rules of the Federal Energy Regulatory Commission pursuant to Sections 201 and 210 of the Public utility Regulatory Policies Act of 1978, and which has a total nameplate or effective capacity (whichever is greater) of 100 kW or less, in parallel with the Cooperative's electric system for the purpose of generating power for the Customer's own consumption, or for sale to the Cooperative, or both; and
- 2. Employ equipment which is compatible with the Cooperative's electric system at the Customer's delivery point which will cause no damage to the Cooperative's electric system or equipment, or present an undue hazard to Cooperative personnel; and
- 3. Execute a special Electric Service Agreement for interconnection and parallel operation with the Cooperative.

PURCHASE RATES:

1. Energy. The Cooperative will pay the Customer for the metered energy output of the Customer's qualifying facility at a rate equal to the avoidable fuel and energy components of the Cooperative's wholesale rate. The exact value of the rate will be determined in each billing period from the actual avoided fuel and energy components in the Cooperative's most recent wholesale power bill for the wholesale delivery point to which the Customer's qualifying facility is electrically connected. The total payment by Cooperative to the Customer for energy in any billing period shall not exceed the total amount of energy costs that are determined to have been avoided by the Cooperative as a result of the energy output of the Customer's qualifying facility.

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Issued	DEC 3 0 19	993	Comp	
Effective	Month Day JAN 1 1	Year 994	Senate Utilities Commit	tee
Ву	Grichard B Pret favo	Year	March 13, 2001 Attachment 2-1	
	Signature	Title	Ву	Secretary

THE STATE CORPORATION COMMISSION OF KANSAS	Index		
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Lyon-Coffey Electric Cooperative, Inc.	Replacing Schedule _	PG-87 Sheet 2	
Entire Service Area	which was filed	Jan. 11, 1989	
	*****	Sheet 2 of 4 Sheets	

COGENERATION AND SMALL POWER PRODUCTION 100 KW OR LESS

(Continued)

PURCHASE RATES: (Continued)

- 2. <u>Capacity</u>. If it can be determined that the Cooperative can avoid any capacity components of the Cooperative's wholesale rate as a result of the metered capacity output of Customer's qualifying facility, then the Cooperative will negotiate a capacity purchase rate with the Customer. The negotiated value of the rate shall be based on the actual net reduction in the Cooperative's wholesale capacity costs resulting from the metered capacity output of the Customer's qualifying facility. The total payment by the Cooperative to the Customer for capacity in any billing period shall not exceed the total amount of capacity costs that are determined to have been avoided by the Cooperative as a result of the capacity output of the Customer's qualifying facility.
- 3. Optional Time Differentiated Rates. At the Customer's request, the Cooperative will purchase, install and maintain, at the Customer's expense, a meter for recording the energy and/or capacity output of the Customer's qualifying facility by time of use. The Cooperative will pay the Customer for the metered output of the Customer's qualifying facility at time differentiated rates which:
 - a. reflect any time differentiation of the avoidable components of the Cooperative's wholesale rate; or
 - b. incorporate time differentiated costing methodologies which have been ordered by the Kansas Corporation Commission.

The total payment by the Cooperative to the Customer under time differentiated rates in any billing period shall not exceed the total amount of wholesale power costs that are determined to have been avoided by the Cooperative as a result of the output of the Customer's facility.

4. Avoided Cost Information. Because the rates for purchase of the output of the Customer's qualifying facility are to be based on actual wholesale billing analyses which may cause the effective purchase rate to vary somewhat from month to month, the Cooperative will, at a Customer's request, provide any Customer with example calculations of the avoidable wholesale power components for a twelvemonth period.

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THE STATE CORPORATION COMMISSION OF KANSAS		Index No. 27
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Lyon-Coffey Electric Cooperative, Inc.	Replacing Schedule	PG-87 Sheet 3
Entire Service Area	which was filed	Jan. 11, 1989
	1	Sheet 3 of 4 Sheets

COGENERATION AND SMALL POWER PRODUCTION 100 KW OR LESS

(Continued)

PURCHASE RATES: (Continued)

- 5. <u>Calculation of Payments</u>. Because the total amount of payments by the Cooperative to the Customer in any billing period will depend on actual wholesale power bill components, the Cooperative will calculate and make payments for the output of the Customer's qualifying facility in any billing period only after the Cooperative has received both:
 - a. All necessary information on the metered output of the Customer's qualifying facility, including data processing of capacity output metering data in the event that capacity payments are being made; and
 - b. The wholesale power bill which coincides with the billing period for which the output of the Customer's qualifying facility has been metered.

INTERCONNECTION COSTS:

The Customer shall reimburse the Cooperative for any equipment or facilities required as a result of the installation by the Customer of generation in parallel with the Cooperative's electric system.

The Customer shall pay all costs of the Cooperative to extend its facilities or modify them at the time of interconnection or at some future time, in order to purchase the output of the Customer's qualifying facility.

ELECTRIC SERVICE:

The Cooperative will provide electric service to the Customer and charge the Customer customer charges, minimum charges, metered billing period consumption, and other charges in accordance with the applicable Electric Service Agreement, and filed Rate Schedules and Rules and Regulations in effect for electric service customers in like circumstances.

This schedule is not applicable to breakdown, standby, or resale electric service.

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Lyon-Coffey Electric Cooperative, Inc.	Replacing Schedule	PG-87 Sheet 4		
Entire Service Area	which was filed	Jan. 11, 1989		
		Sheet 4 of 4 Sheets		

COGENERATION AND SMALL POWER PRODUCTION 100 KW OR LESS

(Continued)

TERMS AND CONDITIONS:

The Cooperative requires that the Customer execute a special Electric Service Agreement which establishes the terms and conditions under which the Cooperative will interconnect with the purchase energy from the Customer. A copy of the special agreement can be obtained for review at the Cooperative's main office. The Cooperative and the Customer, as mutually agreeable, may negotiate terms and conditions different than those in the special Electric Service Agreement.

Service under this schedule is subject to the Cooperative's Rules and Regulations on file with the Kansas State Corporation Commission.

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THE STATE CORPORATION COMMISSION OF KANSAS

SCHEDULE	SPG-85

The	C&W	Rural	Electric	Cooperative	Ass'n.,	Inc.
	••••••••	•••••••	(Name of Issuin	g Utility)	•••••••	

Replacing Schedule SPG-83-2 Sheet 1

Entire Operating Territory

(Territory to which schedule is applicable)

which was filed August 22, 1983

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 3 Sheets

COGENERATION AND SMALL POWER PRODUCTION 100 KW OR LESS

DESCRIPTION OF OFFERING

This is a standard schedule for the purchase of the output of qualifying cogeneration or small power production facilities with a total capacity of 100 kW or less.

AVAILABILITY

This schedule is available in all areas served by the Cooperative to Customers who:

- 1. Own and/or operate an electric power generating facility using cogeneration or fuels derived from biomass, waste, or renewable energy sources, including wind, solar insolation, or water, which is a "qualifying facility" as prescribed by rules of the Federal Energy Regulatory Commission pursuant to Sections 201 and 210 of the Public Utility Regulatory Policies Act of 1978, and which has a total nameplate or effective capacity (whichever is greater) of 100 kW or less, in parallel with the Cooperative's electric system for the purpose of generating power for the Customer's own consumption, or for sale to the Cooperative or both, and
- Employ equipment which is compatible with the Cooperative's electric system at the Customer's delivery point which will cause no damage to the Cooperative's electric system or equipment, or present an undue hazard to Cooperative personnel, and
- 3. Execute a special Electric Service Agreement for interconnection and parallel operation with the Cooperative.

PURCHASE RATES

1. Energy. The Cooperative will pay the Customer for the metered energy output of the Customer's qualifying facility at a rate equal to the avoidable fuel and energy components of the Cooperative's wholesale rate. The exact value of the rate will be determined in each billing period from the actual avoided fuel and energy components in the Cooperative's most recent wholesale power bill for the wholesale delivery point to which the Customer's qualifying facility is electrically connected. The total payment by the Cooperative to the Customer for

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Month Day Year

Effective On Commission Approval

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THE STATE CORPORATION COMMISSION
OF KANSAS

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Secretary



SCHEDITE	SPG-85

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Replacing Schedule SPG-83-2

Entire Operating Territory (Territory to which schedule is applicable)

which was filed August 22, 1983

No supplement or separate understanding shall modify the tariff as shown hereon.

energy in any billing period shall not exceed the total amount of energy costs that are determined to have been avoided by the Cooperative as a result of the energy output of the Customer's qualifying facility.

- Capacity. If it can be determined that the Cooperative can avoid any capacity components of the Cooperative's wholesale rate as a result of the metered capacity output of the Customer's qualifying facility, then the Cooperative will negotiate a capacity purchase rate with the Customer. The negotiated value of the rate shall be based on the actual net reduction in the Cooperative's wholesale capacity costs resulting from the metered capacity output of the Customer's qualifying facility. The total payment by the Cooperative to the Customer for capacity in any billing period shall not exceed the total amount of capacity costs that are determined to have been avoided by the Cooperative as a result of the capacity output of the Customer's qualifying facility.
- Optional Time Differentiated Rates. At the Customer's request, the Cooperative will purchase, install and maintain, at the Customer's expense, a meter for recording the energy and/or capacity output of the Customer's qualifying facility by time of use. The Cooperative will pay the Customer for the metered output of the Customer's qualifying facility at time differentiated rates which:
 - a. reflect any time differentiation of the avoidable components of the Cooperative's wholesale rate, or
 - b. incorporate time differentiated costing methodologies which have been ordered by the Kansas Corporation Commission.

The total payment by the Cooperative to the Customer under time differentiated rates in any billing period shall not exceed the total amount of wholesale power costs that are determined to have been avoided by the Cooperative as a result of the output of the Customer's facility.

4. Avoided Cost Information. Because the rates for purchase of the output of the Customer's qualifying facility are to be based on actual wholesale billing analyses which may cause the effective purchase rate to vary somewhat from month to month, the Cooperative will, at a Customer's request, provide any Customer with example calculations of the avoidable wholesale power components for a twelve-month period based on the most recent available wholesale power bill.

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SCHEDULE SPG-85

Inde

The C&W Rural Electric Cooperative Ass'n., Inc. (Name of Issuing Utility)

Replacing Schedule...SPG-83-2....Sheet ...2

Entire Operating Territory

(Territory to which schedule is applicable)

which was filed August 22, 1983

No supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 3 of 3 Sheets

- Calculation of Payments. Because the total amount of payments by the Cooperative to the Customer in any billing period will depend on actual wholesale power bill components, the Cooperative will calculate and make payments for the output of the Customer's qualifying facility in any billing period only after the Cooperative has received both:
 - a. All necessary information on the metered output of the Customer's qualifying facility, including data processing of capacity output metering data in the event that capacity payments are being made and
 - b. The wholesale power bill which coincides with the billing period for which the output of the Customer's qualifying facility has been metered.

INTERCONNECTION COSTS

The Customer shall reimburse the Cooperative for any equipment or facilities required as a result of the installation by the Customer of generation in parallel with the Cooperative's electric system.

The Customer shall pay all costs of the Cooperative to extend its facilities or modify them at the time of interconnection or at some future time, in order to purchase the output of the Customer's qualifying facility.

ELECTRIC SERVICE

The Cooperative will provide electric service to the Customer and charge the Customer customer charges, minimum charges, metered billing period consumption, and other charges in accordance with the applicable Electric Service Agreement, and filed Rate Schedules, and Rules and Regulations in effect for electric service Customers in like circumstances.

This schedule is not applicable to breakdown, standby, or resale electric service.

TERMS AND CONDITIONS

The Cooperative requires that the Customer execute a special Electric Service Agreement which establishes the terms and conditions under which the Cooperative will interconnect with and purchase energy from the Customer. A copy of the special agreement can be obtained for review at the Cooperative's main office. The Cooperative and the Customer, as mutually agreeable, may negotiate terms and conditions different than those in the special Electric Service Agreement.

Service under this schedule is subject to the Cooperative's Rules and Regulations on file with the State Corporation Commission of the State of Kansas.

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Issued January 25 1985

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Signature of Officer Title

THE STATE CORPORATION COMMISSION OF KANSAS CC

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.....Secretary

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PARALLEL CENERATION SERVICE AGREEMENT

	Inis AGREEMENT, made this	day of	, 19 💉 .
	between	COOPERATIVE ASSOCIATION,	INC, hereinafter referred
	to as "Cooperative," and	. hereir	nafter referred to as 'Member."
	WITNESSETH: That		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
	1. Subject to all the term and Member agree to interconnect electric energy requirements to located at rates and charges due and payable Electric Rate Schedules attached as a part hereof, and unative's Rules and Regulations, at of Kansas, or as may be reissued law. Such energy shall be imately volts.	be installed in , Kansas, upon the ter e therefore pursuant to and pon the terms and condit ll as now on file with T and made effective from	ms and conditions and at the the Cooperative's applicable copies of which are ions set forth in the Cooperhe State Corporation Commission
;		xtend and maintain its 1 switches, lightning arross	ines to the premises of Member estors, meters, recording
-	Such facilities of Community		<u> </u>
t	Such facilities of Cooperative shall quirement by Member of the Contract Capacity hereunder. substantial increase in capacity to date of such increase, and adj	Member shall notify Cox requirement not less tha	power, which shall constitute operative of any anticipated an ninety (90) days prior
I t t s s t	Member shall install and mai Cooperative, all other facilities necessary for the generation of a use beyond such point. Such faci types which will not interfere wi subject to inspection by Cooperat suspend electric service in accorthis agreement at any time the fa approved standards.	s on Member's side of poi and proper exchange of el lities and Member's plan th other service rendered tive at reasonable times dance with its Rules and	int of delivery which are lectrical energy and for its at equipment shall be of ed by Cooperative and be. The Cooperative may a Regulations or cancel
ĭ	3. Member agrees to provide right-of-way on Member's premises installed by and at cost of Coope	for necessary lines and	d apparatus. All apparatus

- installed by and at cost of Cooperative shall remain its property and it shall have the right to inspect, repair or remove the same.
- 4. This Agreement shall continue for a period of years from 19 _____, (referred to as "primary period") and thereafter from year to year (referred to as "yearly period") until terminated by either party giving ninety (90) days written notice prior to expiration of the primary or any yearly period thereafter.

- 5. Cooperative will render bills monthly for electric service furnished under this Agreement in accordance with Cooperative's filed Rules and Regulations and the applicable rate schedules. In the event any such bill is not so paid, the Cooperative may suspend the supply of electric service in accordance with its filed Rules and Regulations or cancel this Agreement, but such action shall not release Member of Cooperative from the obligation to pay for services furnished or from liability for damages because of any breach hereof.
- 6. In case service should be interrupted or fail by an act of God or public enemy, fire, explosion, flood, strike, other cessation of work by personnel, picketing, insurrection, mob violence, governmental interference, break down of or injury to machinery or distributing lines, extraordinary repairs, or other accident or other causes not reasonably within its control, the Cooperative shall not be liable for damages on account of interruption of service. The parties shall resume delivery and receipt of electric energy when such causes or contingencies cease to be operative. Any minimum charges provided in said rate schedules shall be suspended should Member be prevented from receiving energy for a period in excess of thirty (30) days because of shut down of its plant occassioned by the occurrence of any of the above events.
- 7. Cooperative shall not be liable for any loss or damage to property or injuries to or death of persons, whether suffered by member, its agents, or employees or by any third person, persons or corporations, resulting from the location, use or operation of electrical or other equipment located on Member's side of the point of delivery or from electric energy present therein or escaping therefrom, and Member agrees to indemnify and save Cooperative harmless from all such loss, damages, injuries or death.
- 8. The energy to be delivered hereunder shall be measured by meters of standard type installed and operated by Cooperative. Adjustment of errors in the measurement of energy or computation of bills shall be made for the known period of error.
- 9. The provisions of the Agreement shall not be changed except in writing duly signed by Cooperative and Member; however, the Agreement is subject to valid order of legally constituted regulatory bodies having jurisdiction over the Cooperatives' rates.
- 10. This Agreement shall insure to the benefit of and be binding upon the parties hereto, their respective successors and assigns.

	IN WI	INESS	WHEREOF,	the	parties	hereto	have	executed	this	Agreement	the	dav	and
year	first	above	written.								~~~	ريت	

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CITY OF TOPEKA

Chief Administrative Officer 215 S.E. 7th Street Room 355 Topeka, Kansas 66603-3914 785-368-3725

Testimony to the Senate Committee on Utilities Supporting House Bill No. 2397 By John E. Arnold, Chief Administrative Office, City of Topeka March 13, 2001

Mr. Chairman and Members of the Committee:

It is a pleasure to appear before you today to support House Bill No. 2397. I'm speaking in Mayor Wagnon's absence.

The need for this legislation has arisen as a result of several recent Orders by the Kansas Corporation Commission allowing cities to intervene in public utility proceedings in their limited capacities as utility customers, but prohibiting cities from representing the interests of their own citizens. A series of such Orders were issued in KCC Docket No. 97-WSRE-676-MER involving the proposed merger between Western Resources, Inc. and Kansas City Power & Light Company ("the Western/KCPL Merger Docket"). While the City of Topeka and the City of Wichita were allowed to participate in that docket as customers of KPL and KGE, respectively, their requests to represent the interests of their own citizens were denied.

In the Western/KCPL Merger Docket, the KCC initially reasoned that the interests of each city are distinct from that of its citizens and that the interests of municipal citizens would be represented by CURB. See, e.g., KCC Docket No. 97-WSRE-676-MER (Order, filed Jan. 25, 1999, at para. 3). In acting upon Wichita¹s request for reconsideration, the KCC stated: "While the desire of the City to advocate a position on behalf of its individual and commercial citizens may be understandable, it is simply not provided for by law." Id. (Order No. 25, filed Feb. 19, 1999, p. 2 at para. 5) (emphasis added).

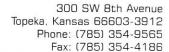
The KCC's rationale for prohibiting cities from representing the interests of their own citizens is problematic for several reasons. First, as municipal corporations, cities are charged with the responsibility for representing and protecting the interests of their respective citizenry just like corporations must represent and protect the interests of their shareholders. Second, in the Western/KCPL Merger Docket, the interests of intervening cities were identical to the interests of their citizen ratepayers. For example, Topeka and its citizens uniformly opposed shifting the costs of Wolf Creek to KPL ratepayers.

Third, CURB may be unable to provide adequate representation to the commercial and individual citizens of a municipality in certain utility proceedings. For example, when the interests of commercial and resident ratepayers are divided, CURB cannot credibly or reasonably attempt to represent the conflicting interests of such ratepayers. It would be unreasonable to suggest that CURB can adequately represent the interests of all commercial and residential consumers in Kansas on an issue such as "rate parity" between KPL and KGE since the interests of KPL ratepayers clearly conflict with the interests of KGE ratepayers. This sort of conflict existed in the Western/KCPL Merger Docket and currently exists in Western¹s pending rate case scheduled for hearing in May of this year. In addition, because CURB has a fixed budget with limited staff and resources, it must carefully allocate its resources in a manner that does not coincide with municipal citizens in a particular docket.

Mr. Chairman, I would be happy to answer any questions regarding my testimony. Thank you for allowing me the opportunity to appear before the Committee.

John E. Arnold

Chief Administrative Officer City of Topeka, Kansas





League of Kansas Municipalities

TO:

Senate Utilities Committee

FROM:

Sandy Jacquot, Legal Counsel

DATE:

March 13, 2001

RE:

HB 2397

Thank you for allowing the League of Kansas Municipalities to testify today in favor of HB 2397. It has been our understanding that cities have had the ability to intervene in utility rate cases as individual consumers, but have been denied the ability to intervene on behalf of their citizens. We believe that a city, as a representative of all of its citizens, should be authorized to intervene on their behalf and offer comments pertaining to those citizens, rather than just as a large consumer. Therefore, the League requests that the Committee report HB 2397 out favorably. Thank you again for allowing the League to testify as a proponent on this bill.



CATHERINE P. LOGAN* DOROTHEA K. RILEY** MARY F. CARSON JAMES M. KAUP

ADMITTED IN KANSAS AND MISSOURI ALL OTHERS ADMITTED IN KANSAS

9200 Indian CREEK PARKWAY, SUITE 230 OVERLAND PARK, KS 66210 (913) 661-0399

FACSIMILE (913) 661-9757

700 JACKSON STREET JAYHAWK TOWER BUILDING ROOF GARDEN SUITE A TOPEKA, KS 66603 (785) 233-5223 FACSIMILE (785) 233-9247

300 UMB BANK BUILDING 1310 CARONDELET DRIVE KANSAS CITY, MO 64114 (816) 221-7757 FACSIMILE (816) 221-0550

LEGISLATIVE TESTIMONY-----CITY OF GARDEN CITY **HOUSE BILL 2397**

To:

Chairman Clark and Members, Senate Utilities Committee

From: Jim Kaup, on behalf of the City of Garden City

Support for House Bill 2397; Intervention in KCC Rate Matters

Date:

March 13, 2001

The City of Garden City appears today in support of HB 2397, which would provide an express statutory right for cities to intervene on behalf of their residents in rate proceeding matters before the KCC.

Kansas law recognizes that a city is both a "body corporate" and a "body politic".

There is no issue as to the propriety, the necessity, of a city being able to intervene in utility rate matters before the Kansas Corporation Commission when it does so in its corporate capacity-as a consumer of the service provided by that utility. A city which, for example, buys and uses electricity to operate its public water supply and treatment system, or buys natural gas to heat the public library and the fire station-that city can intervene in rate proceedings, as a consumer of the utility's product.

There should likewise be no question that a city should also be allowed to intervene in that very same KCC rate matter in its role as the "body politic", the political body which it is. Cities are people. They are public entities whose residents elect representatives and charge them with protecting and advancing the public's health, safety and welfare at the city level-just as you are elected and charged to do at the state level.

We can think of no argument -other than convenience-that can be offered up in support of a position that city residents should not be able to use the collective voice of their elected city government to express their interests in utility rate matters.

Yes, CURB has the statutory authority to intervene in rate proceedings on behalf of residential customers-but where in the legislative history of the establishment of CURB is there any indication of the legislature's intent to thereby preempt cities from appearing as interveners on behalf of their citizens?

Convenience is not enough to justify a state law, policy or practice that prevents the collective voice of citizens from being heard.

The City of Garden City respectfully asks for your favorable action on HB 2397.

BEFORE THE SENATE UTILITIES COMMITTEE PRESENTATION OF THE KANSAS CORPORATION COMMISSION March 13, 2001 HOUSE BILL 2397

Thank you, Chairman and members of the Committee. I am Anne Tymeson, Assistant General Counsel for the Kansas Corporation Commission. I appreciate the opportunity to testify for the Commission today on House Bill 2397.

The Commission takes no formal position on House Bill 2397, but I would like to share several concerns the Commission has with the bill. If passed, the bill requires the Commission to permit a city to intervene, on behalf of its residents, in any rate proceeding that involves the rates of a public utility serving the residents of that city.

The Commission first notes that the Citizens' Utility Ratepayer Board's consumer counsel is authorized by statute¹ to represent the interests of all residential and small commercial customers in the State of Kansas. In fact, the statutes specifically permit CURB's consumer counsel to function as the official intervener in rate cases filed with the Kansas Corporation Commission. Since CURB was established by law, at one time CURB must have been deemed to be the appropriate entity to represent the interests of residential and small commercial customers. If this bill is passed, the Commission suggests that CURB's enabling statutes must also be amended. Without also amending CURB's enabling statutes, the passage of House Bill 2397 could result in two separate and unaffiliated attorneys purporting to represent the same client, namely residential and small commercial ratepayers.

An additional concern with House Bill 2397 is the legal question of standing. The

¹K.S.A. 66-1222 et seq.

Commission has regulations in place which govern intervention in proceedings before it.² To be granted intervention, a petitioner must demonstrate that its legal rights, duties, or privileges may be substantially affected by the proceeding. It may be arguable whether a city will be able to demonstrate that its legal rights or duties will be affected if it is not permitted to intervene on behalf of its residents. It is important to note that the Commission rarely, if ever, denies intervention to any party. To my knowledge, a city has never been denied intervention in any proceeding before the Commission. The Commission does on occasion limit a party's intervention to certain issues, or requests that one or more interveners consolidate discovery or cross-examination.

A final concern with House Bill 2397 is the possibility of conflict of interests that may arise when a city intervenes on behalf of its residents. If a city is a franchiser to a public utility through the granting of access to rights-of-way, the city has a particular interest in a Commission proceeding for which it should intervene. If the same city also intervenes on behalf of its residents, the interests of the city on behalf of its residents may be divergent from the city's interests as a franchiser, thereby resulting in a conflict of interest.

Unless there are questions from the Committee, I have no further comments on House Bill 2397. Thank you for the opportunity to appear before you this morning.

²K.A.R. 82-1-225