

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Sen. Pat Ranson at 1:30 p.m. on February 15, 2000 in Room 531-N of the Capitol.

All members were present except:

Sen. Hensley was excused

Committee staff present:

Lynne Holt, Legislative Research Department

Mary Torrence, Revisors of Statute Office

Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:

Leo Haynos, Supervisor of Natural Gas, Pipeline Safety, Kansas Corporation Commission

Larry Holloway, Acting Director of Utilities, Kansas Corporation Commission

Walker Hendrix, General Counsel, Citizens' Utility Ratepayer Board

Others attending:

See attached list

Sen. Ranson recognized members of the Junior ROTC in Wichita, who are paging for her today and have assisted the committee. Sen. Ranson announced the committee will hold a hearing on the following bill: **SB 514-natural gas pipeline safety; relating to compromise of civil penalties**. She then asked Lynne Holt to brief the committee on the bill and the Kansas Underground Utility Damage Protection Act. Ms. Holt gave an overview of the One-Call System in Kansas (Attachment 1), which includes a diagram of the One-Call process, a copy of the 1998 Operator Information Summary and a copy of the statutes effected. She also pointed out the Kansas Corporation Commission is responsible for administering and enforcing the act, which came about in response to a federal requirement that each state adopt a one-call damage prevention program to receive federal aid for pipeline safety programs. The Kansas One Call Center, Inc. is comprised of utility companies, who are required to be members and are assessed \$25.00 for yearly memberships and pay \$1.14 for each locate request. Ms. Holt also discussed how the One Call Center functions, emergency notifications and complaints. Sen. Clark stated that cable does not meet the definition of a utility and also why fiber optics was not included in the utility group. Sen. Morris told of difficulty finding owners of lines in rural areas, and Sen. Salisbury discussed penalties assessed and what portion of the fine goes into the general fund. Sen. Barone questioned if utilities are required or obligated to locate utility lines on private property, and if so, to what extent. Mr. Haynos responded that the utilities are not required to locate lines on private property, but that most utilities will respond as a matter of courtesy, up to the building wall. He added that the gas company will voluntarily locate gas lines to the primary building. Sen. Pugh questioned what section of the statute contains the penalty assessed, then noted it is in KSA 66-1,155. The committee discussed the summary attached to Ms. Holt's briefing, and Mr. Haynos stated the damages reported are voluntary and based on a survey, as the utilities are not required to report damages

Sen. Ranson then introduced Leo Haynos, who presented additional information to the committee (Attachment 2). Sen. Salisbury questioned Mr. Haynos regarding the fines that the Commission assessed and the consent agreement, which must be approved by the Commission, after being negotiated between the offending party and the Commission staff. In answer to a question, Mr. Haynos stated the establishment of the Kansas Underground Utility Damage Prevention Act and fines for violations to that Act are in response to a federal requirement. Mr. Haynos stated the Commission's legal staff do not believe they have the authority to negotiate compromises regarding the fines or other penalties it may deem appropriate. Ms. Holt also stated the proposed change would allow consent agreements to be entered into by the Commission in lieu of assessing penalties. Mr. Haynos added that the Commission would like additional flexibility to go beyond the fines to allow negotiation of consent agreements for public awareness programs and educational activities to be levied against a utility who has violated the Act. The committee also discussed the minimum and maximum amounts which can be assessed - \$25,000 to \$500,000; they also expressed opposition to the words, "voluntary contribution". Sen. Ranson asked for clarification as to what the Commission wants by proposing the bill they are discussing, and Mr.

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Haynos answered that the Commission would like to have the ability to investigate violations, to determine if it is serious enough for penalties to be assessed and to be able to assess a penalty or stipulate in a consent agreement other avenues in place of the penalty. Sen. Ranson stated the committee would like to look at additional language and requested Ms. Torrence to draft an amendment to be discussed at the next meeting.

Sen. Ranson then announced the committee will hear testimony on **Sub HB 2290-certain loans and pledges of credit by certain public utilities**. She introduced J.C. Long, who presented testimony in support of the bill (Attachment 3) and stated this is the second round for this bill - the committee held hearings for it during the 1999 session. He also outlined amendments on the second page of his testimony and stated opposition to the House amendment. Sen. Pugh asked who proposed the House amendment, and Mr. Long stated it was Rep. McKinney, with the assistance of Walker Hendrix. Mr. Hendrix then presented additional information (Attachment 4) on the bill and stated that transactions need to be recorded so the Commission will be able to monitor them. He outlined responses to Mr. Long's proposed amendments and agreements with them, except deleting the language "terms and conditions". He stated the basic terms and conditions of affiliate transactions should be reported and would indicate whether a loan was prudent or not. He also stipulated the report need only include the principal nature of the loan agreement. Sen. Ranson asked Larry Holloway (from the KCC) to return to the committee tomorrow for additional information.

Sen. Ranson announced the committee has received word of being moved to another meeting room - Room 231-N in the immediate future. The committee will continue hearing the above bill tomorrow in this room.

Meeting adjourned at 2:30.

Next meeting will be February 16, 2000.