

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Vice Chairman Carl Krehbiel at 9:06 a.m. February 24, 2004 in Room 231-N of the Capitol.

All members were present except: Representative Carl Holmes
Representative Roger Reitz
Representative Roger Toelkes

Committee staff present: Mary Galligan, Legislative Research
Dennis Hodgins, Legislative Research
Mary Torrence, Revisor of Statutes
Jo Cook, Administrative Assistant

Conferees appearing before the committee: Representative Tom Sloan
Donna Johnson, Pinnacle Technology
Don Low, Kansas Corporation Commission
Larry Holloway, Kansas Corporation Commission
Trudy Aron, American Institute of Architects Kansas
Bruce Graham, Kansas Electric Power Cooperatives

Others attending: See Attached List

HB 2515 - Generation from renewable resources; requirements for state agency use; rate of return on generation facilities

HB 2523 - Electric utilities; additional rate of return allowed as a renewable energy and transmission system upgrade incentive

Vice Chairman Krehbiel opened the informational hearings on **HB 2515** and **HB 2523**.

Representative Tom Sloan addressed the committee on **HB 2515** and **HB 2523** (Attachment 1). Representative Sloan shared his concern about the availability of renewable energy necessary to meet the federal requirements outlined in President Clinton's Executive Order. He also addressed his concern that federal facilities in Kansas were receiving their required electricity generated from renewable resources in Kansas, not other states. Representative Sloan responded to questions from the committee.

Donna Johnson, President of Pinnacle Technology, testified on **HB 2515** and **HB2523** (Attachment 2). Ms. Johnson told the committee that **HB 2515** takes positive steps in establishing demand for renewable energy generated electricity and by having the state take an active role, ensures utilities are ready for energy diversity. She also stated that **HB 2523** assists the utilities move into the renewable energy generation.

Mr. Don Low, Director of the Utilities Division of the Kansas Corporation Commission, provided comments on **HB 2515** (Attachment 3). Mr. Low stated that the bill appeared to promote electric renewable energy resources through two mechanisms; a mandate to state agencies for 2.5% of electrical consumption from renewable generation and an additional 1.5% rate of return on investments in purchased power agreements or generation facilities that supply renewable resource power. Mr. Low responded to questions from the committee.

Larry Holloway, Chief of Energy Operations for the Kansas Corporation Commission, spoke to the committee on **HB 2523** (Attachment 4). Mr. Holloway said that the bill proposed broadly based incentives for renewable generation and investment in electric transmission and that they believe there are less expensive ways to achieve the same objectives. Mr. Holloway also shared a comparison of costs if the provisions in the bill were adopted versus the use of a Renewable Portfolio Standard. He indicated that customers of Westar would be charged nearly \$460 million dollars under **HB 2523**. Mr. Holloway responded to questions from the committee.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N Statehouse, at 9:06 a.m. on February 24, 2004.

Trudy Aron, Executive Director of the American Institute of Architects-Kansas, shared their support of **HB 2515** (Attachment 5). Ms. Aron stated that the use of clean, non-polluting, and sustainable sources of electricity is necessary to cut our increasing dependence on foreign and domestic fossil fuels.

Bruce Graham, appearing on behalf of Kansas Electric Power Cooperative, Sunflower Electric Power Corporation, Kansas Electric Cooperatives, and Westar Energy, presented comments on **HB2515** (Attachment 6). He stated that they supported the development of renewable generation but that the bill implements a market distorting renewable generation requirements and could be a violation of ratemaking principles prohibiting customer class subsidies. Mr. Graham responded to questions from the committee.

Vice Chairman Krehbiel closed the informational hearings on **HB 2515** and **HB 2523**.

Vice Chairman Krehbiel called the committee's attention to the minutes of the January 26, January 27, January 28, January 29, January 30, February 3, February 4, February 5, February 6, February 10, February 11, February 12, February 13, February 16, February 17, February 18, and February 19 meetings. Representative Long-Mast moved to approve the minutes of the aforementioned meetings. Representative Kuether seconded the motion. The motion carried.

The meeting adjourned at 9:58 a.m.

The next meeting will be Thursday, March 4, 2004.