

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES.

The meeting was called to order by Chairman Carl D. Holmes at 9:11 a.m. on February 9, 2005 in Room 231-N of the Capitol.

All members were present except: Representative Annie Kuether - Excused
Representative Judy Showalter - Excused

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, Lawrence, KS
Bill Griffith, Sierra Club, Leavenworth, KS
Bruce Snead, Kansas Energy Council, Manhattan, KS
Bruce Graham, Kansas Electric Power Cooperatives, Topeka, KS
Lois Liechti, KCPL, Kansas City, MO
David Spring, Citizens' Utility Ratepayer Board, Topeka, KS
Larry Holloway, Kansas Corporation Commission, Topeka, KS
Mike Klein, Salvation Army, Kansas City, MO
Candace Shively, KS Dept of Social & Rehabilitation Services, Topeka, KS
Dave Wilson, AARP, Topeka, KS
Glenda Cantrell, Kansas Gas Service, Topeka, KS

Others attending: See Attached List

HB 2048 -Generation from renewable resources; requirements for state agency use
HB 2084 -Energy efficiency and conservation programs for certain residential utility customers
HB 2240 -Electric and natural gas public utilities; energy conservation programs

Chairman Holmes opened the joint hearing on **HB 2048**, **HB 2084**, and **HB 2240**.

Representative Tom Sloan testified in support of **HB 2048** (Attachment 1) and **HB 2084** (Attachment 2). Representative Sloan told the committee that **HB 2048** requires that most state agencies obtain a percentage of their electrical usage from renewable energy resources. He stated that **HB 2084** attempts to merge two concepts - that of energy efficiency conservation and helping consumers reduce their energy bills.

Bill Griffith, Chairman of the Kansas Chapter of the Sierra Club, appeared before the committee in support of **HB 2048** (Attachment 3) and **HB 2240** (Attachment 4). Mr. Griffith stated that **HB 2048** would show a commitment from the state to encourage renewable energy development. He told the committee that **HB2240** is a model piece of legislation that will jumpstart energy efficiency and conservation programs for public utility customers in Kansas.

Bruce Snead, Kansas Energy Council - Energy Efficiency representative, appeared in support of **HB 2240** (Attachment 5). Mr. Snead explained that this bill was needed because there is demonstrated potential to delay or avoid adding costly generation, to stabilize total utility bills, to reduce demand for natural gas, to reduce pollution, and to enhance economic development.

Written testimony in support of **HB 2048** was submitted by Trudy Aron, AIA Kansas (Attachment 6).

Bruce Graham, appearing on behalf of the Kansas Electric Power Cooperative, Inc.; Sunflower Electric Power Corporation, Kansas Electric Cooperatives, Inc., Midwest Energy, and Westar Energy, presented testimony in opposition to **HB 2048**, **HB 2084**, and **HB 2240** (Attachment 7). Mr. Graham stated that **HB 2048** would create a Renewable Portfolio Standard for state agencies that would be subsidized at the expense of Kansas ratepayers. He told the committee that **HB 2084** that the energy conservation programs addressed in the bill were already permitted under current Kansas law. In regards to **HB 2240**, Mr. Graham stated the bill would require additional investment by Kansas utilities in energy conservation programs that would be borne by the ratepayers.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON UTILITIES, Room 231-N, Statehouse, at 9:11 a.m. on February 9, 2005

Lois Liechti, Manager of regulatory Affairs for Kansas City Power & Light Company, testified as an opponent to **HB 2048**, **HB 2084**, and **HB 2240** (Attachment 8). Ms. Liechti told the committee that **HB 2048** was intended to further the development of renewable generation resources by mandating state agencies to use a specific percentage of their electric energy requirements with renewable resources. She told the committee that they oppose **HB 2084** because they believe current law provides the Corporation Commission authority to allow utilities recovery of energy efficiency and conservation programs. Ms. Liechti stated that they supported the concept in **HB 2240**, however, they had many reservations as to the details in the bill.

David Springe, Consumer Counsel for the Citizens' utility Ratepayer Board (CURB), offered testimony in opposition to **HB 2048**, **HB 2084**, and **HB 2240** (Attachment 9). Mr. Springe stated that CURB did not support the mandate set forth in **HB 2048** that required utilities to provide a set level of energy from renewable resources. He told the committee that **HB 2084** requires a utility to develop a policy for identifying high risk customers and that policy must be approved by the Corporation Commission, while appearing to take away the protections provided under the cold weather rule. Mr. Springe explained that the opposition to **HB 2240** was because of the estimated spending levels required by the bill that could amount to \$30 to \$50 million annually on utility customers.

Larry Holloway, Chief of Energy Operations for the Kansas Corporation Commission, testified in opposition to **HB 2084** and as a neutral conferee on **HB 2240** (Attachment 10). Mr. Holloway stated that the legislation offered in **HB 2084** would not allow the Commission to review, investigate, or decide if the utilities' distribution network for pre-paid cards was adequate or available to customers placed on the program. Addressing **HB 2240**, Mr. Holloway said the Commission recognizes that this legislation provides adequate authority for the Commission to assure such programs are done in a cost effective and responsible manner.

Michael Klein, Divisional Government Relations Director for The Salvation Army, appeared in opposition to **HB 2084** (Attachment 11). Mr. Klein expressed concerns about the portion of the bill dealing with allowing utilities to develop programs for customers identified as high risk in requiring prepayment for utility bills.

Candace Shivley, Deputy Secretary for the Kansas Department of Social and rehabilitation Services, provided testimony in opposition to **HB 2084** (Attachment 12). Ms. Shivley stated they were concerned with the provisions in the bill that would remove the protection of the Cold Weather Rule for consumers who participate in a prepaid energy card program. This would limit the amount of service provided based on a pre-payment.

David Wilson, Executive Council Member for AARP Kansas, testified in opposition to **HB 2084** (Attachment 13). Mr. Wilson shared concerns about the lack of guidance as to what constituted total cost as outlined in the bill. He felt that such wide freedom of interpretation does not appear to be prudent public policy.

Glenda Cantrell, Customer Service Manager for Kansas Gas Service, addressed the committee in opposition to **HB 2240** (Attachment 14). Ms. Cantrell outlined the company's concerns about the proposed legislation. She stated that it would appear to require utilities to target conservation improvements in areas of the state that use propane and fuel oil, which are not major energy sources in the state.

Written testimony in opposition to **HB 2048** (Attachment 15) was submitted by Richard Nelson, Kansas Energy Council, Manhattan, KS.

The conferees responded to questions from the committee.

Chairman Holmes closed the hearing on **HB 2048**, **HB 2084**, and **HB 2240**.

The meeting adjourned at 10:31 a.m.

The next meeting is Thursday, February 10, 2005 at 9:00 a.m.