

Approved: 3-18-97
Date

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson David Corbin at 8:00 a.m. on March 14, 1997 in Room 254-E of the Capitol.

All members were present except: Quorum was present.

Committee staff present: Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Martha Neu Smith, Kansas Manufactured Housing Association
Tom Young, AARP
Nancy Seats, President, of Homeowners against deficient Dwellings
Carolyn Hall, Board Member of Homeowners Against Deficient Dwellings (HADD)
Paula Schulman, Homeowners Against Deficient Dwellings (HADD)
Robert Liming, " " " " (HADD)
Charles Nickloy, Conter Products
Shirley, Wishom, Topeka, KS
Larry Holloway, Kansas Corporation Commission
David Schlosser, Pete McGill & Associates, for The North American Insulation Manufacturers Assn.

Others attending: See attached list

Chairperson Corbin opened the hearing for the opponents on **Sub for HB 2140 - Energy efficiency new structures; standards for commercial and industrial structures; disclosure of certain information for residences.**

Martha Neu Smith, Executive Director, Kansas Manufactured Housing Association said her association did not oppose the bill if it was amended to exclude manufactured housing, as they are already complying under federal regulations. The proposed amendment is attached to Ms. Smith's testimony (Attachment 1).

Tom Young opposed the bill. AARP believes a statewide approach is needed because too many rural areas and small towns in Kansas lack the resources to adopt or adequately enforce residential construction codes. Consumer protection, lower utility bills and less expensive financing are critical issues for senior citizens looking for affordable housing in Kansas (Attachment 2).

Nancy Seats, HADD, speaking for herself and members of HADD said she strongly urged that **Sub for HB2140** be defeated, and that the model energy code be keep in place (Attachment 3).

Carolyn Hall urged a "NO" vote on the purposed legislation. She asked that the protection afforded consumers by the Model Energy Code not be taken away (Attachment 4).

Paula Schulman said it was very important that the energy codes not be repealed. If anything the building industry needs more regulations not less (Attachment 5).

Charles Nickloy, CEO, Contour Products, said the primary reason Kansas should preserve its energy policy is not to sell more insulation, but because of the benefits and protection to consumers, by offering them comfortable, affordable and energy efficient housing (Attachment 6).

Shirley Wishom, Stardusters Crime Prevention, Inc. spoke opposing the legislation. She thought too eliminated a standard minimum energy efficiency requirement for homes was not in the best interest of Kansas citizens/consumers (Attachment 7).

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES, Room 254-E Statehouse, at 8:00 a.m. on March 14, 1997.

Larry Holloway, Kansas Corporation Commission, said the purpose of his supplemental testimony was to clarify the response to the Committee's questions regarding the provision for inclusion of the non-compliance form to the recorded deed. A copy of the relevant portions of the commission staff testimony, the commission's order and the training form and memo is attached and marked up for clarification (Attachment 8).

David B. Schlosser presented testimony opposing **Sub for HB 2140**. His testimony composed of many questions. He suggested if the National Association of Home Builders have already endorsed standards that are tougher than those in the KCC order, why are they fighting this so hard (Attachment 9). He distributed three additional documents. 1. Information from nine agencies collectively, representing retirees, organized labor, consumers, public interest and environmental groups and manufacturers in Kansas. Their letter states the Model Energy Code is important to them because homes built to MEC specifications are more desirable, and the initial cost is off set by the energy bill savings and slight increase in mortgage payment (Attachment 10). 2. A letter from Energy Efficient Building Association Inc., opposing the repeal of an energy code in Kansas (Attachment 11). Finally, the third item distributed was from Jim DeFroff, Executive Secretary of the Kansas AFL-CIO urging that SB 74 (which was the senate's version of the bill), be reported unfavorable for passage (Attachment 12).

The meeting adjourned at 9:00 a.m.

The next meeting is scheduled for March 17, 1997.

SENATE ENERGY & NATURAL RESOURCES
COMMITTEE GUEST LIST

DATE: 3/14/97

NAME	REPRESENTING
E.R. "Woody" Moses	Ks. Ag. Prod. Assn
Robin Lehman	Lawrence Home Builders
Jon Kyles	KCC
Jim Ploger	KCC
Larry Holloway	KCC
Bob Hogue	KBIA
JANET STUBBS	KBIA
Ed Kuhl	WESTERN RESOURCES
Kelly B. Harrison	Western Resources
ED SCHAUB	WESTERN RESOURCES
KAREN FRANCE	Ks. Assoc. of REALTORS
Martha New Smith	Ks. Manufactured Housing Assn.
Pete McNeil	DMcNeil & Associates
Nancy Seath	HADD
Paula Schulman	HADD
John W. Hill	HADD
Robert L. Loring	HADD
Jim Allen	KBIA
JASON PITSENBERGER	BRAD SMOOT

Disa Meyer

KS Gov. Consulting

KANSAS MANUFACTURED HOUSING ASSOCIATION

TESTIMONY BEFORE THE
SENATE COMMITTEE
ON
ENERGY AND NATURAL RESOURCES

TO: Senator David Corbin, Chairman and
Members of the Committee

FROM: Martha Neu Smith, Executive Director

DATE: March 14, 1997

RE: Sub. HB 2041 - Energy Efficiency Standards

Mr. Chairman and Members of the Committee, my name is Martha Neu Smith and I am the Executive Director of Kansas Manufactured Housing Association (KMHA). KMHA is a statewide trade association representing all facets of the manufactured housing industry.

I am here today to ask for your support of the attached amendment.

The reason for this amendment is threefold. But to start off, I'll give you a brief background on manufactured housing. Manufactured housing is regulated by the U.S. Department of Housing and Urban Development (HUD). All manufactured housing is built to the National Manufactured Housing Construction and Safety Standards Act (42 U.S.C. s 5403), **which is a federal preemptive building code**. This Act went into effect on June 15, 1976, and is commonly referred to as the HUD Code.

The first reason we are requesting this amendment is, the federal Energy Policy Act of 1992 specifically addressed manufactured housing. It required HUD to "significantly upgrade the existing energy conservation requirements" for manufactured housing. These new standards were to be completed by January 1, 1995. On October 24, 1994, our new upgraded energy requirements were implemented as part of the National Manufactured Housing Construction and Safety Standards Act. So every home built on or after October 24, 1994, is in compliance with the Energy Policy Act of 1992.

Second, with respect to thermal disclosure, we comply with two federal laws. The first being the HUD Code, which requires Heating and Cooling Certificates for all our homes. Besides heating and cooling information, these Certificates also contain information such as U-values. The second federal law

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we comply with, is the Federal Trade Commission Rule, Labeling and Advertising of Home Insulation, 16 CFR Section 460.16. Through this law we are required to disclose insulation R-values, type of insulation used and insulation thickness (in inches) for each home.

Third, and maybe most importantly, this bill makes a fundamental change in the regulation of manufactured housing. We are, and have been regulated by federal preemptive law since 1976. Under Sub. HB 2140 we would also be regulated by the state of Kansas. This change may seem like no big deal since we are meeting the requirements of Sub. HB 2140, but what happens down the road, when either the federal law or state law is modified or changed?

Since we are already disclosing thermal standards, and are in compliance with the Energy Policy Act of 1992, we do not feel an additional state regulation is necessary for manufactured housing. The proposed amendment does not make any other change except to exempt structures which are subject to the federal manufactured home construction and safety standards established pursuant to 42 U.S.C. s 5403. While we believe that this was an oversight, we feel this amendment is critical to maintain the clear line of federal regulation for manufactured housing.

I understand that Sub. HB 2140 is a compromise. Had we known that negotiations were going on we would have voiced our concerns at that time, or, if this bill in its current form would have been the bill introduced in the House committee, we would have offered our amendment in the House committee. But neither of these two options were available to us.

I also understand that there might be concern that, if this amendment is adopted, the bill could get stuck in conference committee. But I remind you, Sub. HB 2140 easily passed the House on a 104 to 20 vote and a motion to concur would eliminate that concern.

In closing, I would urge you to adopt our amendment. Please don't penalize manufactured housing for upgrading our energy standards and disclosing thermal values, or rewarded us with yet another layer of regulation for complying with federal regulations.

Thank you for the opportunity to comment and I would be happy to answer any questions.

Substitute for HOUSE BILL No. 2140

By Committee on Utilities

2-19

9 AN ACT concerning energy efficiency of new structures; adopting certain
standards; relating to powers of the state corporation commission; re-
quiring certain disclosures; repealing K.S.A. 66-131a.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. (a) The American Society of Heating and Air Conditioning
15 Engineers/Illuminating Society of North America 1989 90-1 Standard or
16 Code (ASHRAE/IES 90.1-89) is hereby adopted as the applicable thermal
17 efficiency standard for new commercial and industrial structures in this
18 state.

19 (b) The state corporation commission has no authority to adopt or
20 enforce energy efficiency standards for residential, commercial or indus-
21 trial structures.

22 Sec. 2. The person building or selling a previously unoccupied new
23 residential structure shall disclose to the buyer, in writing, the following
24 information regarding the structure:

25 (a) Insulation values (R-value of insulation installed) for each of the
26 following:

- 27 (1) Ceiling with attic above.
28 (2) Cathedral ceiling.
29 (3) Opaque walls.
30 (4) Floors over unheated spaces.
31 (5) Floors over outside air.
32 (6) Foundation type: (A) Slab-on-grade; (B) crawlspace; and (C) base-
33 ment and percent of basement walls underground.

34 (b) Thermal properties of windows and doors for each of the follow-
35 ing:

- 36 (1) Entry door(s) R-value.
37 (2) Sliding door(s) R-value.
38 (3) Other exterior doors R-value.
(4) Garage to house door R-value.
(5) Window U-value (determined from NFRC rating label or default
41 table).

42 (c) HVAC equipment efficiency levels:

- 43 (1) Heating systems: Gas fired forced air furnace AFUE rating and

, except such structures do not include structures
which are subject to the federal manufactured home
construction and safety standards established
pursuant to 42 U.S.C. § 5403,

1-4

- 1 electric heat pump HSPF rating.
- 2 (2) Air conditioning systems: Electric air conditioning unit SEER rat-
- 3 ing; electric heat pump air conditioning EER rating; and ground source
- 4 heat pump air conditioning EER rating.
- 5 (3) Duct insulation levels: Insulation R-value of ducts outside enve-
- 6 lope.
- 7 (4) Thermostat: Manual control type or automatic set-back type.
- 8 (d) Water heating efficiency levels:
- 9 (1) Water heater fuel type;
- 10 (2) water heater capacity; and
- 11 (3) NAECA energy factor.
- 12 Sec. 3. K.S.A. 66-131a is hereby repealed.
- 13 Sec. 4. This act shall take effect and be in force from and after its
- 14 publication in the Kansas register.

AARP URGES ALL LEGISLATORS TO OPPOSE HB 2140 WHICH, IF PASSED, WOULD ELIMINATE AN IMPORTANT CONSUMER PROTECTION FOR ALL KANSANS. IT WOULD ELEMENATE THE REQUIREMENT TO HAVE A NEW HOME GURARANTEED TO HAVE AT LEAST A MINIMUM ENERGY EFFICIENCY STANDARD. I AM AWARE THERE IS ,IN THE BILL, A LONG LIST OF INSULATION REQUIREMENTS BUT NO TEST TO GUARANTEE THAT THE NEW HOME WILL HAVE A MINIMUM ENERGY EFFICIENCY.

ALTHOUGH THE KCC HAS BEEN MONITORING OR AT LEAST REQUIREING MINIMUM ENERGY EFFICIENCY STANDARDS FOR RESIDENTIAL CONSTRUCTION. I DON'T CARE WHO OVERSEES THE MINIMUM EFFICIENCY STANDARD. I DO BELIEVE HOMEBUILDERS SHOULD BE REQUIRED TO CERTIFY THAT NEW HOMES EITHER MEET MINIMUM ENERGY EFFICIENCY STANDARDS, OR TELLTHE HOME BUYER THAT THE NEW HOME DOES NOT MEET THE STATE'S ENERGY EFFICIENCY STANDARDS.

WE BELIEVE THAT NOTIFICATION THAT MINIMUM ENERGY EFFICIENCY STANDARDS HAVE BEEN MET IS THE IMPORTANT ISSUE HERE NOT MINIMUM INSULATION STANDARDS SUCH AS THOSE WHICH HAVE BEEN AMENDED INTO THE BILL AARP BELIEVES IT IS IMPORTANT THAT ALL KANSANS AS WELL AS THE ELDERLY BE ABLE TO ASSESS THE POTENTIAL COST OF UTILITIES BEFORE BUYING A NEW HOME. ALSO SINCE FUTURE SELLERS WOULD NOT HAVE TO NOTIFY BUYERS ABOUT ENERGY EFFICIENCY IT BECOMES IMPERATIVE THAT CERTIFICATION ON NEW CONSTRUCTION BE GIVEN. PASSAGE OF HB 2140 WOULD LARGELY ELIMINATE THE NEED FOR BUILDERS TO PUT FORTH THE INFORMATION NECESSARY TO MAKE A DECISION ON UTILITY COST.

AARP BELIEVES A STATEWIDE APPROACH IS NEEDED BECAUSE TOO MANY RURAL AREAS AND SMALL TOWNS IN KANSAS LACK THE RESOURCES TO ADOPT OR ADEQUATELY ENFORCE RESIDENTIAL CONSTRUCTION CODES. AT THE PRESENT TIME A LOCAL AREAS OR A CITY CAN ASSUME CONTROL OF ENERGY EFFICIENCY BUILDING CODES IF THE LOCALITY HAS TOUGHER STANDARDS THAN THE MINIMUM THAT HAS SET BY THE STATE.

HOW DOES THIS AFFECT SENIOR CITIZENS? MANY SENIOR CITIZENS RELOCATE AFTER RETIREMENT. THIS MEANS A NEW LOCATION, A NEW HOME , A NEW COMMUNITY , AND AN UNKNOWN BUILDER. THEY TAKE THE PROCEDES FROM THE OLD HOME AND PAY CASH. IT CERTAINLY BEHOVES SOMEONE TO SEE THAT A MINIMUM STANDARD OF ENERGY EFFICIENCY IS GUARANTEED IN THE NEW HOME.

WHILE COMPLYING WITH THE PRESENT MINIMUM STANDARD WILL ADD ABOUT \$120 A YEAR TO THE COST OF THE TYPICAL MORTGAGE IN KANSAS, IT WILL SAVE OVER \$210 PER YEAR IN UTILITY BILLS.

THERE IS ALSO THE POSIBILITY THAT A NEW HOME BUILT IN KANSAS WHICH DOES NOT MEET THE ENERGY EFFICIENCY STANDARDS WOULD FAIL TO MEET THE REQUIREMENTS FOR FEDERALLY BACKED MORTGAGES SUCH AS FHA, VA, AND HUD. LAST YEAR 20% OF THE HOMES SOLD IN KANSAS WERE FINANCED IN THIS MANNER.

CONSUMER PROTECTION, LOWER UTILITY BILLS, AND LESS EXPENSIVE FINANCING ARE CRITICAL ISSUES OF AFFORDABLE HOUSING IN KANSAS. WE ASK THAT YOU AND YOUR COLLEAGUES VOTE NO ON HB 2140

*Sen. Energy & Nat Res
3-14-97
attachment 2*



Homeowners Against Deficient Dwellings

P.O. Box 25201
Shawnee Mission, KS 66225-5201
Tel./Fax 816-781-1590

7-14-97

I came here today as President of HADD - Homeowners Against Deficient Dwellings. I'm here on behalf of our many members who couldn't attend because they had to go to work to pay their high energy bills & to try to scrape together enough money to repair their structurally deficient, shodily built new houses.

The only consumer protection the State of Kansas has for a new home buyer is the model energy code. That's it folks! No other consumer protection. As I understand it the model energy code was watered down last year & now the Builders want to eliminate it. Why? For more affordable housing they say. Hah! That money spent on insulation will go right in the builders pocket, & the consumer will pay more & more to heat & cool their houses. I don't call this more affordable housing & I am shocked that this bill has gotten this far. I strongly urge you to do the right thing for your constituents & vote to keep the model energy code in place.

Thank you,
Nancy Seals

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Attachment 3

There's been a big uproar lately over utility company billing practices causing increases in utility bills. There needs to be an even louder uproar over HB 2140 that just passed the Kansas House. HB 2140 repeals a provision of law that currently assures you that the house you buy will be energy efficient. Although this bill appears to do more for you, it actually does less. It deserves to be defeated because it takes away the state's authority to require new structures to meet the Model Energy Code.

The homebuilding lobby would have you believe HB 2140 is consumer friendly. However, it only provides confusing information that most of us can't understand, (R-values and AFUE ratings), which makes the information useless. Once again, the homebuilders want to shirk their responsibilities and more importantly, their accountability by forcing you, the consumer to become the expert on what is needed to make your house energy efficient.

Kansas is one of many states where the homebuilding industry is trying to dial back on energy conservation. I urge you to vote NO on HB 2140; don't take away what little consumer protection we, the HOMEBUYERS of Kansas have when we buy or build a new home.

Thank you,
Carolyn Hall
Shawnee, Kansas
(913) 441-4386

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Attachment 4

MARCH 14,1997

REGARDING BILL HB2140

AS A CONSUMER AND RESIDENT IN THE STATE OF KANSAS I ASK THE COMMITTEE TO LET THE CITIZENS OF THIS STATE DECIDE IF THIS LEGISLATION SHOULD BE PASSED. NEIGHBORS AND FRIENDS THAT I HAVE SPOKEN WITH DIDN'T EVEN KNOW THAT THIS WAS UP FOR A VOTE. THEY WERE APPALLED TO THINK THAT IT WOULD EVEN BE A CONSIDERATION, BECAUSE OF HOW EVERY ONE IS THINKING ENERGY EFFICIENCY TODAY.

THERE HAS BEEN VERY LITTLE REPORTED BY THE NEWS MEDIA, WHY HAS THIS BEEN KEPT SO QUIET?

WE THE CITIZENS HAVE PUT YOU ALL IN OFFICE AND THIS IS THE THANKS WE GET, REPEALING THE ENERGY CODES, I HOPE NOT.

CAN ANYONE OF YOU ON THIS COMMITTEE TELL ME YOU DON'T WANT, OR CARE TO KNOW IF THE HOUSE YOU OR YOUR CHILDREN WILL BE BUYING DOWN THE ROAD AT LEAST MEETS MINIMUM ENERGY STANDARDS? HOW WILL YOU KNOW THIS IF YOU REPEAL THE ENERGY CODES?

THE ONLY WAY YOU ARE GOING TO KNOW THE ABOVE IS IF THE BUILDER/CONTRACTOR HAS TO FILL OUT A FORM STATING THIS, AND THAT IT IS INSPECTED BY THE UTILITIES COMPANY TO VERIFY THE BUILDERS ACCOUNTABILITY IN FILLING OUT THIS FORM.

PLEASE THINK LONG AND HARD BEFORE YOU VOTE ON THIS.

I AM VERY DISAPPOINTED IN THE HOUSE OF REPRESENTATIVES FOR PASSING THIS BILL; IT DOESN'T MAKE SENSE TO ME THAT ANY HUMAN BEING WOULD NOT WANT THIS REGULATION. THE BUILDING INDUSTRY UNFORTUNATELY NEEDS MORE REGULATION NOT LESS. AS A CONSUMER OF A CUSTOM BUILT HOME MY FAITH IN THE BUILDING INDUSTRY WAS SHATTERED ONCE. I'M GOING TO WORK VERY HARD TO EDUCATE THE CONSUMER AS TO WHAT CAN HAPPEN IF THEY DON'T DO THEIR HOMEWORK.

THANK YOU FOR YOUR TIME.

PAULA SCHULMAN
REPRESENTING HADD
HOMEOWNERS AGAINST DEFICIENT DWELLINGS
LENEXA, KS. 66216

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attachment 5

**TESTIMONY OF CHARLES NICKLOY
CEO, CONTOUR PRODUCTS
TO THE
SENATE ENERGY & NATURAL RESOURCES COMMITTEE
ON HB 2140
MARCH 14, 1997**

Good morning, Mr. Chairman and members of the committee. Thank you for the opportunity to express my concerns about House Bill 2140 to repeal the energy-efficiency standard in Kansas for building homes. My name is Charles Nickloy and I am the CEO of Contour Products. For more than 50 years, Contour Products has been in the business of manufacturing foam for various insulating uses, including packaging and building construction. Contour employs over 110 people in Kansas City and Newton.

The proponents of HB 2140 would have you believe that the driving force behind efforts to maintain minimum energy-efficiency standards in Kansas is the desire of insulation manufacturers to sell more product. While I won't deny the obvious marketing benefits of the MEC for companies that manufacture insulation and other energy-efficient products, that is not the real issue here. The primary reason Kansas should preserve its energy policy is because of the significant benefits and protections it would give to consumers: comfortable, affordable and energy-efficient housing.

The gas crisis of the 60s' was a wake-up call to Americans that we had to get serious about conserving energy in this country. It sparked the development of energy-saving technologies and products to meet growing consumer demands in a number of areas. The Model Energy Code was developed because of a desire by builders, manufacturers, architects and government to provide consumers energy-efficient housing.

HB 2140 is counter to Kansans desire to conserve energy. It would remove the authority of the Kansas Corporation Commission to adopt or enforce minimum energy-efficiency standards for residential and certain commercial construction. It also would relieve builders of their obligation to disclose to a home buyer whether or not a home was built to minimum energy standards. Without the such standards, homeowners monthly utility bills will increase because of the additional fuel needed to heat and cool drafty, under-insulated homes. Also, low-cost federal mortgages, such as VA, FHA, and HUD, would no longer be available to Kansas home buyers because such loans are contingent on compliance with MEC standards. You should be aware that 20 percent of Kansans finance homes each year with federal loans.

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Testimony of Charles Nickloy

February 14, 1997

Furthermore, HB 2140 fails to adequately address consumer concerns about being informed as to whether or not their home is energy-efficient. The bill requires home buyers be told the R-values and U-values of installed insulation, windows and doors, and the efficiencies of all heating, air conditioning and water heating equipment. The problem with providing this information is that it is meaningless without some minimum standards of efficiency or information about what the disclosed values mean.

During the debate over this issue, I've heard no good or compelling reasons why the Kansas legislature should eliminate the state's existing energy policy. It saves home buyers money -- they generally achieve a positive cash flow the fourth year of ownership. It provides minimum standards for energy efficiency in building homes that many builders are not only exceeding but doing so cost effectively. It gives builders flexibility in how to comply with the requirements by allowing trade offs among various energy-efficient systems and materials. And it promotes voluntary compliance in Kansas by allowing a utility to provide service to a home that doesn't meet the MEC when the builder or owner provides written verification of non-compliance.

The MEC is good for the consumer, good for business and it deserves to be protected. Contour Products asks that you and your colleagues vote No on HB 2140. Thank you.



Stardusters Crime Prevention, Inc.

917 1/2 SE 12th St., Topeka, KS 66607

(913) 233-5834 - Fax: (913) 354-1115

14 March 1997

Senate Energy and Natural Resources Committee
Capitol Building
Topeka, KS 66603

ENERGY EFFICIENCY LEGISLATION

Legislatures, this letter is to voice opposition to the proposed Energy efficiency legislation, which eliminates the Kansas Corporation Commissions Authority to set energy efficiency standards for homes.

The elimination of a standard minimum energy efficiency requirement for homes in our opinion is not in the best interest of Kansas citizens/consumers. This appears to be an issue of implementing the technology that we have available today which not only saves energy but will also provide energy cost savings to the Kansas Consumer. There has been argument that the up front cost of meeting the energy standards, passed on to the consumer, would take 12 years to pay. Twelve years in the life cycle of a new home is extremely minimal, especially when compared to the energy cost savings for over 50 years. The energy companies currently enjoy a monopoly over the consumer, just consider your monthly heating bills and ask yourself if I could save one fourth or one eighth of my payment to the utility vendor, how much those dollars would add up in one year or every year you have lived in a home.

It is time we start using our technology to our fullest to ignore energy saving technology today is not good for us and our kids. Our grandkids 30 years from now should not be paying the high energy cost from our cheapness today. We have already left our kids, great grandkids win thousands of dollars of debt they will have to pay off setting energy standards will save on future energy bills. Saving money today, because we want more to spend now, is not wise we must invest today in energy saving technology. Put the pressure on the builder today than the consumer of 2-3 decades from now. If lawmakers had done this years ago Kansas citizens would be saving today.

Sincerely

Shirley Wishom

Sen Energy & Nat Res
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attachment 7

BEFORE THE SENATE ENERGY AND NATURAL RESOURCES COMMITTEE

**SUPPLEMENTAL PRESENTATION OF THE
KANSAS CORPORATION COMMISSION ON
HB 2140**

The purpose of this supplemental testimony is to clarify the response to the Committee's questions regarding the provision for inclusion of the non-compliance form to the recorded Deed. A copy of the relevant portions of the Commission Staff testimony, the Commission's order and the training form and memo are attached and marked up for clarification.

- The Commission's order requires the utility to provide service to a non-complying residential building provided the owner provides the utility with written verification of non-compliance.
- The Commission's order also requires compliance and non-compliance forms to be approved by the Commission.
- The Commission Staff testimony provided an example non-compliance form as shown in the attached Exhibit LWH-8. The portions of this form meeting the minimum requirements of the Commission order are shown.
- The example training forms were initially supplied to utilities and other parties involved in the Commission's docket (attached with memo) and were described as "example forms supplied in staff testimony".
- Utility filings with non-compliance forms that do not require attachment to the recorded Deed would comply with the Commission's order.

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required each state to hold public hearings to consider adoption of CABO MEC 93 for residential construction.

6. The docket and general investigation created by the Commission for the purpose of complying with the State of Kansas' EPACT obligation was opened in 1994. The investigation, research and fact finding was culminated by hearings held on December 12, 1995. Throughout the investigation comment and participation was solicited from all interested parties who chose to respond.

IT IS THEREFORE, BY THE COMMISSION ORDERED THAT:

1. The American Society of Heating and Air Conditioning Engineers/Illuminating Society of North America 1989 90-1 Standard or Code, (ASHRAE/IES 90.1-89) shall be adopted as the applicable thermal efficiency standard for commercial buildings.

2. The Code of American Building Officials 1993 Model Energy Code (CABO MEC 93) shall be adopted as the applicable thermal efficiency standard for new residential construction.

3. Compliance with the respective codes shall be verified by the jurisdictional electric and natural gas utility prior to commencement of permanent service at the building site. The utility may provide permanent service to a non-complying residential building only if the residence owner provides the utility with written verification of non-compliance.

4. Verification of compliance or non-compliance shall be made on forms approved by the Commission.

Residential Building Energy Efficiency Compliance Certification Form

Declaration of Self-Exemption and Non-Compliance

Date: _____

_____, builder of record of the residential dwelling unit known as _____ hereby exercises his or her right to exempt said residential building from all requirements of the Kansas Corporation Commission's residential building energy efficiency standards, as set forth in the Commission's order in docket number 190,381-U.

Said builder hereby acknowledges that such home may not qualify for certain current and future federal mortgage programs, including those promoted by the Veterans Administration, Federal Housing Authority and Farmers Home Administration, and Housing and Urban Development agencies. Builder also acknowledges that such home may use more energy, and may therefore experience higher electric and/or natural gas utility bills, than a home constructed to meet the Commission's adopted energy efficiency Standards.

Said builder also certifies that a signed copy of this form will be provided the buyer or any agent offering said house for sale for first time occupancy, and that all such agents shall be instructed to provide a copy of this form to all prospective home buyers prior to acceptance of any offer to purchase said dwelling unit. Said builder further certifies that a copy of said form shall be attached to and made a part of the recorded Deed for said property at the time of sale.

Builder _____

Date _____

Owner _____

Date _____

* Actual requirement of order

** Language in Staff Testimony - Not required by order.



Kansas Corporation Commission

Bill Graves, Governor Timothy E. McKee, Chair Susan M. Seltsam, Commissioner John Wine, Commissioner
Judith McConnell, Executive Director David J. Heinemann, General Counsel

MEMORANDUM

September 16, 1996

TO: All Jurisdictional Utilities and other affected parties regarding Docket No. 190,381-U.

FROM: Larry Holloway, Chief of Electric Operations, Rates and Services
DR Dan Riley, Assistant General Counsel

RE: The General Investigation of Energy Efficiency Building Codes as Required by The Energy Policy Act of 1992.

Please take note of the following:

Pursuant to the January 23, 1996 Order of the Kansas Corporation Commission in the above referenced docket, verification of compliance with the applicable codes is to commence in the near future. This letter is intended to serve as a reminder, and to provide copies of the forms currently available. Enclosed are copies of the Commission's Order, The Prescriptive Check List, and the example forms provided in staff testimony. The Optional Trade Offs for Various Components List is currently still under construction and will be provided as available.

If your utility or others in your communities have an interest in attending or helping sponsor a workshop on the adopted codes, contact Jim Ploger of our Energy office at (913) 271-3349.



State of Kansas
Residential Building Energy Efficiency Compliance Certification Form

Declaration of Self-Exemption and Non-Compliance

Date: _____

_____, builder of record of the residential dwelling unit known as _____ hereby exercises his or her right to exempt said residential building from all requirements of the Kansas Corporation Commission's residential building energy efficiency standards, as set forth in the Commission's order in docket number 190,381-U.

Said builder hereby acknowledges that such home may not qualify for certain current and future federal mortgage programs, including those promoted by the Veterans Administration, Federal Housing Authority and Farmers Home Administration, and Housing and Urban Development agencies. Builder also acknowledges that such home may use more energy, and may therefore experience higher electric and/or natural gas utility bills, than a home constructed to meet the Commission's adopted energy efficiency standards.

Said builder also certifies that a signed copy of this form will be provided to the buyer or any agent offering said house for sale for first time occupancy, and that all such agents shall be instructed to provide a copy of this form to all prospective home buyers prior to acceptance of any offer to purchase said dwelling unit. Said builder further certifies that a copy of said form shall be attached to and made a part of the recorded Deed for said property at the time of sale.

Builder

Date

Owner

Date

Return this form to your local utility

8-5

Forms Supplied in Training/Letters

TESTIMONY PRESENTED
TO THE
SENATE
ENERGY & NATURAL RESOURCES
COMMITTEE

BY
DAVID B. SCHLOSSER
OF
PETE MCGILL & ASSOCIATES

ON BEHALF OF
THE NORTH AMERICAN INSULATION
MANUFACTURERS ASSOCIATION

SUB. FOR HOUSE BILL 2140

14 MARCH 1997

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Attachment 9

**Testimony of David B. Schlosser
of Pete McGill & Associates
on behalf of the North American Insulation Manufacturers Association
regarding Substitute for House Bill 2140
before the Senate Energy & Natural Resources Committee
14 March 1997**

Good morning, Mr. Chairman and members of the committee. Thank you for the opportunity to oppose Substitute for House Bill 2140. My name is David Schlosser. I work with Pete McGill & Associates to represent the interests of the North American Insulation Manufacturers Association, or NAIMA, in Kansas. NAIMA's members have three plants in Kansas that manufacture fiberglass insulation, and employ over 1,000 Kansans in Kansas City and McPherson.

In January 1996, the Kansas Corporation Commission issued an order that told utilities they cannot hook up a new house to permanent utility service until the home builder certifies whether or not the house meets the state's minimum energy efficiency standard. The order became effective January 23 of this year. The KCC allowed home builders six different methods to certify compliance with that standard (one, and only one, of which is the much-maligned Model Energy Code). The KCC also allowed non-compliance if the home builder notified the home buyer of such non-compliance.

Let me make this point abundantly clear: All the proponents' testimony assumes that the state mandates home builders comply with MEC 93. The state does not mandate that. Kansas' minimum energy efficiency standard is a self-regulating policy mandating only one thing: that the home builder tell the home buyer whether or not the house meets the state's minimum energy efficiency standards, as measured by one of six compliance methods.

After failing to pass legislation overturning that order in 1996, the home builders association came back in 1997 with SB 74 and HB 2140. This committee heard several days of testimony on SB 74, and let that bill die the death it so richly deserved. The House heard testimony on HB 2140, then passed a substitute bill -- an alleged compromise -- which does exactly the same thing as the original bill. That is what brings us before you today.

I'd like to tell you the story of that compromise, and then ask some questions that help illustrate the bad public policy embodied in Sub. For HB 2140.

On February 19, 1997, Representative Tom Sloan told his colleagues in the House Utilities Committee that he had a compromise on HB 2140 that would satisfy proponents and opponents by mandating that home builders give home buyers a list of the energy ratings of their new house. About five minutes later, the Revisor's office arrived with copies of a substitute motion, which was gazed upon by the members of the committee and opponents of the bill for the first time. Sloan moved his substitute. The Chair asked if there were any questions. There were

none. The motion was approved. Sloan moved the substitute bill be recommended favorable for passage. The Chair asked if there were any questions. There were none. The committee then sent to the floor of the House a bill that received no examination, no debate, and no questions from proponents, opponents, or members of the House.

According to the American Heritage dictionary in my office, *compromise* is a noun that means, "A settlement of differences in which each side makes concessions." When I suggested to the author of this bill that perhaps a compromise should have included consultation with each side, instead of just the home builders association, he kindly expressed his acknowledgement of my disappointment and directed me to clean it up in the Senate.

So here we are: the same collection of consumers, activists, manufacturers, and citizens concerned about the future of our state who addressed you on SB 74, to tell you exactly the same problems exist in this bill as in the one you let die. Here we are: to tell you that Sub. For HB 2140 is no compromise -- in fact, it is exactly the same bill dressed up in language designed to make you think you are protecting the interests of Kansas home buyers. Here we are: to -- as your colleague in the House put it -- "clean it up."

The essence of SB 74 and HB 2140 was the elimination of the state's residential energy efficiency construction standards. That is also the essence of Sub. For HB 2140. But to confuse the issue a little, the home builders association agreed to disclose the energy efficiency ratings of the insulation they install in new homes. That brings me to my **first question: What compromise did the home builders make to improve the information available to consumers?**

The answer is: nothing.

If you look at the Federal Trade Commission regulations in your packet, I will direct you to section 460.16, near the end of the second page, which says under the heading *What new home sellers must tell new home buyers:*

If you are a new home seller, you must put the following information in every sales contract: The type, thickness, and R-value of the insulation that will be installed in each part of the house.

In other words, the disclosure the home builders would make under Sub. For HB 2140 is already required of them by Federal regulation. Some compromise -- the home builders association gets everything it wants in return for doing something it already does: tell consumers R-values.

Which brings me to my **second question: What, exactly, is an R-value? What is R-14? What is R-31? Which is better -- is it scored like bowling, or is it scored like golf?**

The answer: who knows? Yesterday, you had two conferees -- a proponent of this bill and an engineer -- tell you that a list of numbers such as that required by Sub. For HB 2140 is meaningless gobbledygook without a standard -- a standard such as MEC 93 -- that puts the numbers in a context understandable to the typical home buyer. Sub. For HB 2140 eliminates that very standard.

Even more incredible: the home builders association lined up its conferees to tell you that the KCC standards are too confusing for home builders to figure out. Therefore, you should let home buyers figure it out with that list of R-values. Let me put that in terms only slightly more absurd, to make the point: Since people who build homes for a living don't want to figure out how these energy efficiency standards work, we should make people who do not build homes for a living figure it out with a collection of numbers that a couple of professionals admit is gibberish.

Well, there are a lot of numbers floating around out there -- most of them contained in that nicely bound report from Dressler Engineers. So let's look at a **third question: Is the economic analysis of the home builders a justification for passing Sub. For HB 2140?**

The answer: Not if you've ever taken a math class.

I direct your attention to the letter, dated yesterday, from William Prindle of the Alliance to Save Energy. For a second time on this debate, Mr. Prindle has been kind enough to point out the mathematical flaws of the economic analysis trotted out by the home builders association. Because it's been a while since any of us actually took a math class, I won't bore you with the details -- but I will highlight a few remarks:

All of the examples [in the Dressler study] have positive cash flow. In every case the average energy savings is greater than the added mortgage payment, so these homes cost less per month than non-MEC homes. . . . A true break-even point in a mortgage cash flow analysis is much faster than the simple payback listed in the study. . . . In most cases, with no downpayment, the break even point occurs in the first year. . . . This study does nothing to show that the MEC is harmful to consumers or builders. In fact, if viewed correctly, it reinforces the fact that MEC homes are more affordable. . . and save money for home buyers.

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If you need additional evidence, remember the testimony of Frank Purvis from Habitat for Humanity in the SB 74 debate: Habitat told you that homes built to the Model Energy Code actually decrease the income qualification for a mortgage by 11%. Over the life of a 30-year mortgage, lower utility bills put \$10,000 to \$12,000 back in the pocket of the home owner.

Bust just in case you doubt anyone's math skills, let's study the National Association of Home Builders own information about the costs of energy efficiency standards. At January's home builders trade show, NAHB distributed a list of regulations that increase the cost of housing. *Nowhere* in the list of 57 requirements do the builders mention energy efficiency standards as a regulation that affects the cost of housing. Even their own propaganda doesn't support their claims, contrary to Mr. Hogue's graph.

Common sense tells you that building energy efficient homes makes housing more affordable. If you believe energy efficiency makes housing less affordable, then remember that current policy only mandates that home builders tell home buyers whether or not the house is energy efficient -- not that they follow the MEC.

And that disclosure that brings us to a **fourth question: what makes consumers make the decisions they do?**

The answer: consumers base purchasing decisions on information.

To make the best decision, consumers need the best information. The home builders association and the realtors want the market to decide whether builders should build energy efficient homes. We couldn't agree more. Let's give home buyers the information they need to make a wise purchase. Sub. For HB 2140 eliminates the best source of information home buyers have -- whether or not a new house meets a nationally recognized standard of energy efficiency -- and replaces it with a nonsensical list of meaningless numbers. To make the point, allow me another absurdity: what good is R-14 in the walls and R-31 in the ceiling if there is a three-inch gap between the walls and ceiling where all the air leaks out? Nothing in Sub. For HB 2140 would address that little problem. The KCC order, that the home builders association is asking you to overturn, would.

And since we're talking about consumers, let me ask the **fifth, sixth, and seventh questions:**

5. **If the home builders association is so concerned about consumers, why is every consumer in this debate *opposed* to passage of Sub. For HB 2140?**
6. **If home builders already meet the standards established in the KCC order, as they claim they are, why are they trying to overturn the KCC order?**

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7. If the National Association of Home Builders has already endorsed standards that are tougher than those in the KCC order, why is the home builders association in Kansas fighting this one so hard?

The answers: accountability.

As the consumer advocates have told, and will tell, you, home builders hold most of the cards in the buyer-seller relationship. Particularly as it relates to energy efficiency, the components of which are hidden behind finished walls, floors, and ceilings, it is a standard such as the one established in the KCC order that gives home buyers the information they need to make wise decisions. Sub. For HB 2140 is actually a *worse* bill than the original bills, because it has the potential to lull consumers into a false sense of security with numbers that -- to the typical home buyer -- are meaningless, but convey a sense of energy efficiency that may or may not exist.

And just so you are not lulled into a false sense of security, let me pose a few more questions you may want to ask before you make your decision about this bill:

- 8. If the insulation industry is the only interest opposed to this legislation, where did the other dozen opponents come from?**
- 9. If the standards established in the KCC order are so tough to meet, why do all of Robert Hogue's homes built before the KCC order meet or exceed the standards of the order -- even though he does not typically insulate basement walls?**
- 10. Do you want the legislature to debate this issue every three to four years, as required by the Energy Policy Act of 1992, because you voted to eliminate the KCC's jurisdiction over energy efficiency building standards?**
- 11. Do you believe that this winter -- with the highest utility rates on record -- is the best time to tell your constituents that you voted to eliminate energy efficiency standards?**

Sub. For HB 2140 is about information. In the free market, information is power. As you decide which way to vote, you must decide where you want that power to reside -- with your constituents, or with the home builders.

A vote for Sub. For HB 2140 tells your constituents you believe the power in the purchase of a home should reside with the home builder, who is already without building or professional standards or effective legal liability in almost every corner of Kansas. If you decide to vote against Sub. For HB 2140, you will be telling your constituents that you believe they have a right to know if the homes they are buying are energy efficient.

We urge you to vote to provide your constituents with the best information possible. Please vote against Sub. For HB 2140.

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PART 460 LABELING AND ADVERTISING OF HOME INSULATION

Authority: 38 Stat. 717, as amended, 15 U.S.C. 41 et seq.
Source: 44 FR 50242, Aug. 27, 1979, unless otherwise noted.

460.1 What this regulation does.

This regulation deals with home insulation labels, fact sheets, ads, and other promotional materials in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act. If you are covered by this regulation, breaking any of its rules is an unfair and deceptive act or practice or an unfair method of competition under section 5 of that Act. You can be fined heavily (up to \$10,000) each time you break a rule.

460.2 What is home insulation.

Insulation is any material mainly used to slow down heat flow. It may be mineral or organic, fibrous, cellular, or reflective (aluminum foil). It may be in rigid, semirigid, flexible, or loose-fill form. Home insulation is for use in old or new homes, condominiums, cooperatives, apartments, modular homes, or mobile homes. It does not include pipe insulation. It does not include any kind of duct insulation except for duct wrap.

460.3 Who is covered.

You are covered by this regulation if you are a member of the home insulation industry. This includes individuals, firms, partnerships, and corporations. It includes manufacturers, distributors, franchisors, installers, retailers, utility companies, and trade associations. Advertisers and advertising agencies are also covered. So are labs doing tests for industry members. If you sell new homes to consumers, you are covered.

460.4 When the rules apply.

You must follow these rules each time you import, manufacture, distribute, sell, install, promote, or label home insulation. You must follow them each time you prepare, approve, place, or pay for home insulation labels, fact sheets, ads, or other promotional materials for consumer use. You must also follow them each time you supply anyone covered by this regulation with written information that is to be used in labels, fact sheets, ads, or other promotional materials for consumer use. Testing labs must follow the rules unless the industry members tells them, in writing, that labels, fact sheets, ads, or other promotional materials for home insulation will not be based on the test results.

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There are other factors to consider. The amount of insulation you need depends mainly on the climate you live in. Also, your fuel savings from insulation will depend upon the climate, the type and size of your house, the amount of insulation already in your house, and your fuel use patterns and family size. If you buy too much insulation, it will cost you more than what you'll save on fuel. To get the marked R-value, it is essential that this insulation be installed properly.

[44 FR 50242, Aug. 27, 1979, as amended at 45 FR 68928, Oct. 17, 1980]

460.14 How retailers must handle fact sheets.

If you sell insulation to do-it-yourself customers, you must have fact sheets for the insulation products you sell. You must make the fact sheets available to your customers. You can decide how to do this, as long as your insulation customers are likely to notice them. For example, you can put them in a display, and let customers take copies of them. You can keep them in a binder at a counter or service desk, and have a sign telling customers where the fact sheets are.

460.15 How installers must handle fact sheets.

If you are an installer, you must have fact sheets for the insulation products you sell. Before customers agree to buy insulation from you, you must show them the fact sheet(s) for the type(s) of insulation they want. You can decide how to do this. For example, you can give each customer a copy of the fact sheet(s). You can keep the fact sheets in a binder, and show customers the binder before they agree to buy.

460.16 What new home sellers must tell new home buyers.

If you are a new home seller, you must put the following information in every sales contract: The type, thickness, and R-value of the insulation that will be installed in each part of the house. There is an exception to this rule. If the buyer signs a sales contract before you know what type of insulation will be put in the house, or if there is a change in the contract, you can give the buyer a receipt stating this information as soon as you find out.

460.17 What installers must tell their customers.

If you are an installer, you must give your customers a contract or receipt for the insulation you install. For all insulation except loose-fill and aluminum foil, the receipt must show the coverage area, thickness, and R-value of the insulation you installed. For loose-fill, the receipt must show those three items

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Gov.
Senator James M. Jeffords
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Dixon R. Walker
Senior Vice President
Schuller International

The
ALLIANCE
To Save Energy



March 13, 1997

Mr. David Schlosser
Pete McGill and Associates
Topeka, Kansas

VIA FAX

Dear David:

I have reviewed the Dressler Engineers study of the Model Energy Code and have the following comments:

- **All of the examples shown have positive cash flow.** In every case the average energy savings is greater than the added mortgage payment, so these homes cost less per month than non-MEC homes.
- **The home buyer's out-of-pocket cost is little or nothing.** The study portrays the added cost of MEC compliance as coming directly from the consumer's pocket up front. In fact, most or all of the cost is rolled into the mortgage. Only those few buyers who are exactly at the qualifying limit will have to make additional downpayments. These downpayments would typically be only \$100-200.
- **Simple payback is not the right yardstick.** The study asserts that simple payback is a realistic way to measure cost-effectiveness to the consumer. It is not; consumers pay for homes through mortgages; so a mortgage cash flow analysis is the proper way to look at this. The study represents simple payback as "break even point." However, a true break even point in a mortgage cash flow analysis is much faster than the simple paybacks listed in the study. For example, in House C, assuming the buyer had to make a 10% down payment, the break even point would be in the second year, not the 7th year as stated in the study. In most cases, with no downpayment, the break even point occurs in the first year.

This study does nothing to show that the MEC is harmful to consumers or builders. In fact, if viewed correctly, it reinforces that fact that MEC homes are more affordable, less polluting, and save money for home buyers.

I will be happy to provide more information on this topic if needed.

Sincerely,

William R. Prindle

1200 18th Street, N.W., Suite 900, Washington, D.C. 20036 • (202) 857-0666 • Fax (202) 331-9588
E-MAIL: info@ase.org • WEB SITE: www.ase.org • FOR ENERGY SAVING TIPS CALL 1 (800) 376-6216



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How Regulation Affects the Cost of Housing



GOVERNMENT REGULATIONS AND FEES, NATIONWIDE, 1995

Development fees and charges faced by builders and land developers add more than \$12,000 to the cost of a typical new home, according to an NAHB survey. The survey also indicated that it takes significantly more time now to gain approval for a single-family project than it did 10 years ago. Eighty-three percent of builders and developers surveyed said there had been a "significant increase" in regulations from 1984 to 1995; 59 percent said the time required to obtain approval had "increased significantly," and 52 percent said it takes more than 25 months between the rezoning application and the issuance of a building permit for a single-family subdivision.

	PERCENTAGE OF BUILDERS AND DEVELOPERS WHO FACE THE REQUIREMENT	AVERAGE COST ACROSS ALL HOMES
Land dedication/fees		
Parks	44%	\$ 458
Schools	17	537
Road improvement	50	1,137
Other public facilities	27	538
Other fees	13	196
Total	67%	\$2,866
Utility charges		
Water service	83%	\$1,022
Sanitary sewers	83	1,122
Storm water sewers	27	223
Gas service	29	93
Water meter hookup	57	199
Electric meter hookup	38	93
Gas meter hookup	17	31
Other impact fees	20	334
Other charges	7	55
Total	95%	\$3,172
Building fees		
Building permit	94%	\$ 690
Plan checking	36	95
Electrical permit	72	90
Electrical inspection	42	40
Plumbing permit	74	122
Plumbing inspection	35	41
Mechanical permit	57	62
Mechanical inspection	28	33
Occupancy permit	37	49
Other fees	12	69
Total	96%	\$1,291

	PERCENTAGE OF BUILDERS AND DEVELOPERS WHO FACE THE REQUIREMENT	AVERAGE COST ACROSS ALL HOMES
Development fees		
Re-zoning application	60%	\$ 130
Subdivision review	81	376
Recordation of plat	80	124
Grading/earthmoving	57	115
Tree removal permit	24	29
Off-site drainage	38	228
Access permit	35	109
Sediment/erosion control	48	132
Wetlands permit	44	160
Other fees	26	259
Total	94%	\$1,662
Design standards and codes		
Fire retardant wall	38%	\$ 143
Sidewalk over 4 feet wide	19	65
Wide streets	44	412
Setback requirements	49	582
Metal-sheathed cables	5	9
Egress bedroom windows	55	171
Anti-siphon spigot	52	69
Burning restrictions	66	312
Other	13	384
Total	92%	\$2,147

	PERCENTAGE OF BUILDERS AND DEVELOPERS WHO FACE THE REQUIREMENT	AVERAGE COST ACROSS ALL HOMES
Bonds/escrow/sureties		
Public works	46%	\$ 236
Grading	33	109
Tree removal	17	32
Parking/storm drainage	31	131
Sediment/erosion control	32	94
Maintenance	31	81
Other fees	9	49
Total	64%	\$ 732
Impact analysis		
Environmental	37%	\$ 151
Social	5	3
Public service	24	88
Transportation	29	89
Fiscal	8	17
Economic	10	31
Other	6	40
Total	47%	\$ 419
GRAND TOTAL		\$12,289

Source: 1995 Government Regulations and Fees Survey, NAHB Economics.

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March 13, 1997

Honorable David Corbin
Chairman, Senate Energy and Natural
Resources Committee
State Capitol
Topeka, KS 66604

Dear Chairman Corbin:

We are writing to urge that you preserve the Model Energy Code (MEC) in Kansas, by rejecting HB 2140. Collectively, we represent retirees, organized labor, consumers, public interest and environmental groups, and manufacturers in Kansas. The Model Energy Code is important to us because homes built to MEC requirements are more affordable. Energy bill savings more than offset the very slight mortgage payment increases in these homes constructed to MEC specification. As you may know, the National Association of Homebuilders has endorsed U.S. EPA's Energy Star program and the electric utility industry's E-Seal program, both of which are more stringent than the MEC. We, therefore, believe that the Model Energy Code represents a basic floor by which homeowners can save energy in Kansas.

The MEC is also important to moderate income and veteran homebuyers. Federally-financed mortgage assistance programs, such as VA and FHA loans, require MEC compliance. In 1993, over 21 percent of homes purchased in Kansas were financed using such federally insured mortgages. Without the MEC, these buyers may not qualify.

Perhaps most importantly, this issue has important environmental ramifications. We estimate that compliance with the MEC saves Kansans about 68 billion BTUs of energy per year. This translates into prevention of 3200 tons of pollutant emissions into the atmosphere annually. In 1993, Kansas ranked 26th among all states in energy consumption, and 16th in per capita consumption--using 1.1 quadrillion BTU's of energy.

HB 2140 does not represent a "compromise" on energy efficiency. We, therefore, urge you and your colleagues to oppose HB 2140, as it is considered in your committee.

Sincerely,

Alliance to Save Energy
Energy Efficient Building Association
Habitat for Humanity International
American Architectural Manufacturers Association
North American Insulation Manufacturers Association
Polyisocyanurate Insulation Manufacturers Association
Foamed Polystyrene Alliance of the Society of the Plastics Industry
Spray Polyurethane Foam Division of Society of the Plastics Industry
Polyurethane Division of Society of the Plastics Industry

3686 King Street, Suite 170, Alexandria, VA 22302

Sen Energy & Nat Res
3-14-97
Senate Energy & Natural Resources
3-14-97
Attachment 10

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2

EEBA Statement regarding the Repeal of an Energy Code in Kansas

Founded in 1983, the Energy Efficient Building Association (EEBA) serves as the industry's forum for information on energy efficiency, indoor air quality, and renewable resource technology. Members include builders, architects, educators, engineers, government agencies, utilities, building scientists, and others in related building trades. EEBA offers regional workshops, a speakers bureau, a quarterly journal, educational programs, and a bookstore featuring energy efficient construction books and tapes.

The Energy Efficient Building Association (EEBA) has long been recognized as an industry leader in the design and construction of energy efficient buildings. Over its fifteen year history, the organization has developed a set of criteria designed to guide builders in the construction of highly efficient buildings. The technology and techniques used to build high performance buildings are readily available. EEBA members and associates routinely produce homes and buildings that are 50% more efficient than those mandated by energy codes such as the 1995 MEC. Using a systems approach, these buildings achieve high performance levels at little or no additional cost above traditional construction methods.

Arguments that the cost of producing energy efficient buildings is forcing entry level buyers out of the new home market, making builders non-competitive, are false. Costs for energy efficient building are modest even for the inexperienced builders. Some builders have discovered an expanded profit center in energy efficient construction. In addition, the adoption of an energy standard raises the minimum energy requirements to an equal level for all builders.

Energy codes such as the 1995 MEC represent an important, albeit modest, step towards upgrading the least efficient houses and buildings in the country to the technology of the twenty-first century. When home and building owners understand the benefits of energy efficient construction, they readily accept the modest costs involved. The demand for energy efficient construction is strong and growing. Some of the benefits include:

- Access to energy efficient mortgages which are available in all states. Such mortgages allow the home buyers to qualify for a higher mortgage with the same income.
- Up to 30% - 50% lower energy costs - year after year. Because homeowners are remaining in their homes for a longer time period, this can be a substantial amount.
- Enhanced safety (health safety, in particular), durability and comfort levels.
- Significant reduction in atmospheric pollution from fossil fuels.
- Reduced maintenance and remodeling costs.

The repeal of an energy code in Kansas would be an extremely regressive decision, denying Kansas citizens the economic and environmental benefits afforded by energy efficient construction. Kansans deserve the ability to benefit from and participate in the growing industry which surrounds energy efficiency.

David

Sen Energy + Nat Res
3-14-97
Attachment 11

Testimony Presented to
Senate Energy & Natural Resources Committee
Senate Bill 74
January 28, 1997
by
Jim DeHoff

Mr. Chairman & Committee Members:

I am Jim DeHoff, Executive Secretary of the Kansas AFL-CIO. I appear before you today to urge you not to pass SB 74, which removes the regulatory authority of the Kansas Corporation Commission concerning energy standards.

The Kansas Corporation Commission has regulated building energy standards since 1977. The basic purpose of these standards is to require homebuilders to certify to utilities that homes meet minimum energy standards before electric service is connected. After twenty years, it is rather late in the game for the argument to be used that the KCC is an inappropriate place for this authority.

The only real purpose of this bill is to totally exempt home builders from any obligation to comply with any form of residential energy standard. It would be up to the contractor how much insulation to use or even whether to use it at all. The regulation by the KCC affords the consumer the only real guarantee that a home they are buying is truly energy efficient. In addition, studies have shown that homes built under the code required by the KCC, are more affordable. Increased building costs are more than offset by savings in energy costs to the homeowner, making the overall housing cost lower to the consumer.

We urge you to recommend SB 74 unfavorable for passage.

Thank you,


Jim DeHoff

Executive Secretary-Treasurer

Sen Energy & Nat Res
3-14-97
Attachment 12
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