

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Senator Stan Clark at 9:30 a.m. on February 5, 2001 in Room 231-N of the Capitol.

All members were present except:

Committee staff present: Bruce Kinzie, Revisor of Statutes
Lisa Montgomery, Revisor of Statutes
Raney Gilliland, Legislative Research
Tom Severn, Legislative Research
Ann McMorris, Secretary

Conferees appearing before the committee:

Danielle Noe, Department of Administration
Joe Fritton, Department of Administration/DFM

Others attending: See attached sheet

Approval of Minutes

Moved by Senator Tyson, seconded by Senator Taddiken, minutes of the Senate Utilities Committee meetings on January 29, 2001 and January 30, 2001 be approved. Motion carried.

J. C. Long of Utilicorp submitted written response to questions the committee had directed to local distribution companies at the meeting on February 1. (Attachment 1)

Continuation of Hearings on:

SB 3 - Certain percentage of fuel purchased for state motor pool required to be ethanol blend
SB 4 - Certain percentage of fuel purchased for state motor pool required to be biodiesel blend

Joe Fritton, Director of Facilities Management, Department of Administration, provided information on questions from the committee at the February 1 hearings. (Attachment 2)

Barone felt the methods of trading vehicles by other state agencies may be useful for comparison. Brownlee questioned the difference in taxes on regular and ethanol - answer – federal taxes make the difference.

Tom Severn of Legislative Research provided statistics received from the Kansas Oil Marketers Assn. on wholesale ethanol gas prices. Studied the differences in pricing for several months at different locations. (Attachment 3)

Kansas Department of Agriculture submitted written information on the importance of ethanol to Kansas agriculture. (Attachment 4)

Senator Taddiken had asked Koch Industries to locate a study made 2 years ago on U.S. Soy Field Diesel and used one slide that illustrated a 5% increase in miles per gallon of soydiesel over regular #2 diesel. Even though soydiesel cost 3\$ per gallon more than regular #2 diesel, there is a net annual savings of over \$6000 per diesel truck. (Attachment 5)

Information from the National Biodiesel Board giving a quick overview of the status of the biodiesel industry in the United States was provided the committee. (Attachment 6)

Danielle Noe of the Department of Administration explained their proposed changes in **S.B. 3** and **S.B. 4** to include all state facilities. (Attachment 7)

CONTINUATION SHEET

Chair closed hearings on **S.B. 3** and **S. B. 4**.

Committee discussed intent to encourage use of ethanol when available. Bruce Kenzie recommended adding the word "bulk" after the word "all" in section (b).

Moved by Senator Brownlee, seconded by Senator Lee, to amend **S.B. 3** by adding "Section (c) - Individual fuel purchases for state-owned vehicles shall be of fuel blends containing at least 10% ethanol where available under current state purchasing agreement." Motion carried.

Moved by Senator Emler, seconded by Senator Barone, conceptual motion to **S.B. 3** to add "bulk" in Section (b) after the word "All". Motion carried.

Moved by Senator Tyson, seconded by Senator Barone, to pass **S.B. 3** as amended. Motion carried.

Moved by Senator Barone, seconded by Senator Emler, to amend **S.B. 4** by adding the same amendments as **S.B. 3** except change from ethanol to biodiesel. Motion carried.

Moved by Senator Taddiken, seconded by Senator Lee, to pass **S.B. 4** as amended. Motion carried.

Next meeting will be held on February 6, 2001.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 7

January 31, 2001

**QUESTIONS FOR LOCAL DISTRIBUTION COMPANIES TO PREPARE FOR HEARINGS
ON JANUARY 22-24, 2001**

RESPONSES OF UTILICORP UNITED INC.

1. According to the Energy Information Administration, the average residential natural gas bill (Winter 2001) includes three cost components: 1) transmission to the gas company and storage (18 percent); 2) the commodity (35 percent); and 3) distribution to customers (47 percent). How do the costs of gathering and marketing affiliation effect the average billing? Why does the latter reflect most of the cost? Can your company do anything to lower its operational costs?

The commodity is, by far, the biggest component of the billing rate. Looking at residential rates for January 2001, 77% is commodity, 15% is distribution to customers, and 8% is transmission to gas company & storage. Billing is not affected by costs of gathering and marketing affiliation. Operations costs are low. In fact, the company is frequently criticized for having short-term contracts and not enough firm capacity.

2. What is your company's gas purchasing practice? Does your company purchase most of its natural gas through a bidding process or Request for Proposal process? What is the duration of most of your company's current contracts for natural gas supply? Is your company considering longer term contracts? Why or why not?

UtiliCorp's gas-buying strategy is to maintain price stability and assure supply reliability for firm customers such as homes and small businesses. UtiliCorp buys from many suppliers and uses a portfolio approach in purchasing natural gas by obtaining supplies on the commodity markets and gas from storage. UtiliCorp is committed to providing reliable natural gas supplies for its customers at reasonable market prices. Yes, UtiliCorp uses the Request for Proposal process for a significant portion of its seasonal needs. Most of UtiliCorp's contracts are seasonal in duration and are comprised of fixed, monthly index, and daily prices. UtiliCorp is currently evaluating longer term contracts with multiple pricing provisions in light of the high amount of volatility.

3. Are there any constraints in your effort to market natural gas?

The constraints are linked to the price of alternate fuels. With natural gas prices at historical highs, many customers are burning alternate fuels.

4. Does your company have sufficient space reserved for natural gas capacity in storage this winter? Does your company foresee any constraints in storage capacity for this winter season and for the longer term?

No, the company continues to purchase more storage as it comes available. In the meantime,

seasonal peaking supply arrangements are utilized. New historical prices will cause storage to become more economical. Therefore, more storage will be in demand by LDC's, marketers and other users.

5. What changes, if any, would you like the Federal Energy Regulatory Commission (FERC) to consider and implement in order to promote expanded pipeline capacity?

Pipeline expansion is based predominately on economics. Pipeline companies will not consider expansion projects which have no incremental value.

6. Has your company experienced situations in which transportation customers have returned to sales customers because their marketer failed to deliver? If yes, how often have these situations occurred? How were returning sales customers treated?

UtiliCorp has experienced marketers who failed to deliver on several occasions. In some cases, the failure is short-term. In other cases, the marketer has gone out of business. Customers, in all cases, were given the choice of returning to sales service or finding a new supplier. Returning customers were treated just like existing customers.

7. In your opinion, is the Kansas Corporation Commission's Cold Weather Rule working well or should it be modified? If it should be modified, what do you recommend?

The Cold Weather Rule works well for customers. If a customer defaults on the Good Faith Test and is disconnected, it is relatively easy to get reconnected. A customer must comply with the Good Faith Test to get reconnected, i.e. make an initial payment of arrearage plus the bill for consumption during the most recent period. One recommendation would be to be more strict once a customer defaults, requiring the entire arrearage be paid before reconnection.

8. Should a small surcharge be imposed on all customers' bills for long-term assistance programs, such as energy audits and weatherization programs? Should a small surcharge be imposed on all customers' bills for low-income assistance programs?

With the high gas prices, we would be hesitant to apply additional charges, even if it goes to low-income or weatherization programs. Although a minimal surcharge might produce a useful amount of money, this might not be the best time to implement a surcharge.

9. Should a portion of the *ad valorem* tax refund moneys, to be distributed to residential consumers, be reserved for company-directed long-term assistance programs, such as residential energy audits and weatherization programs?

With the increased price of natural gas, companies are addressing various alternatives to aid customers. Distributing money to weatherization programs and/or energy assistance programs is one such alternative. Also, due to the time of the refund period (1983-88), it would be just as

good to redirect the funds to assistance programs as it would be to give the refund to current customers who may not have even been on-line during the refund period. As it is, UtiliCorp supports directing any or all of the ad valorem refunds to such programs. In fact, UtiliCorp has recently filed an amended distribution plan with the KCC proposing that 25% of the funds be given to energy assistance programs and the remaining funds distributed to customers.

Gasoline and Natural Gas Average Annual Prices

	Natural Gas			
	Gasoline \$/Gallon	Wellhead \$/Mcf	City Gate \$/Mcf	Residential \$/Mcf
1980	1.25	1.59		3.68
1981	1.38	1.98		4.29
1982	1.30	2.46		5.17
1983	1.24	2.59		6.06
1984	1.21	2.66	3.95	6.12
1985	1.20	2.51	3.75	6.12
1986	0.93	1.94	3.22	5.83
1987	0.95	1.67	2.87	5.54
1988	0.95	1.69	2.92	5.47
1989	1.02	1.69	3.01	5.64
1990	1.16	1.71	3.03	5.80
1991	1.14	1.64	2.90	5.82
1992	1.13	1.74	3.01	5.89
1993	1.11	2.04	3.21	6.16
1994	1.11	1.85	3.07	6.41
1995	1.15	1.55	2.78	6.06
1996	1.23	2.17	3.34	6.34
1997	1.23	2.32	3.66	6.94
1998	1.06	1.94	3.07	6.82
1999	1.17	2.07	3.11	6.60
Jan-00	1.30	2.12	3.33	6.24
Feb-00	1.37	2.30	3.50	6.40
Mar-00	1.54	2.36	3.57	6.78
Apr-00	1.51	2.55	3.72	7.01
May-00	1.50	2.90	4.00	7.88
Jun-00	1.62	3.73	5.21	9.12
Jul-00	1.59	3.70	5.13	9.92
Aug-00	1.51	3.67	4.03	10.12
Sep-00	1.58	4.26		
Oct-00	1.56	4.61		
YTD-Avg.	1.51	3.22	3.84	7.02

Source: Energy Information Administration/Annual Energy Review 1999

Notes: Gasoline - average retail price of regular grade unleaded gasoline prices (including taxes) - calculated from a sample of service stations providing all types of service (full, mini, self-serve)

Wellhead - Estimated data for 2000



BILL GRAVES
Governor

DAN STANLEY
Secretary of Administration

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DEPARTMENT OF ADMINISTRATION

Division of Facilities Management

PM-01-648

February 5, 2001

Senator Stan Clark, Chairperson
Senate Utilities Committee

Mr. Chairman:

I would like to address some of the questions brought up by committee members during the hearings on SB 3 & 4.

Ethanol-to-Unleaded Cost Differential

The first question concerned the Fiscal Note on SB 3. This fiscal note was based upon the difference in the State Central Motor Pool's cost per gallon for 10% ethanol blended fuel and that of regular unleaded gasoline. The fiscal note was based upon two items which determine these costs. First, the State of Kansas does not pay federal taxes on these vehicle fuels purchases. These taxes were 18¢ per gallon for regular unleaded and 14¢ per gallon for E10. Therefore, at that time E10 would cost the State of Kansas 4¢ more per gallon at the retail level based on taxes alone.

The second item used in the fiscal note is that the Central Motor Pool pays the wholesale price for vehicle fuels. The CMP's fuel cost for FY 2000 averaged only \$1.16 per gallon. With the wholesale price (w/o freight, state taxes and margin) of 100% ethanol at \$1.70 per gallon and unleaded gasoline at \$0.91 per gallon, E10 would cost (10% Ethanol blended with 90% Unleaded) 99¢ per gallon. Compared to 91¢ per gallon for Unleaded, this price results in an 8¢ difference in wholesale price per gallon. This price will fluctuate with the market price of both unleaded gasoline and ethanol.

Vehicle Retirement Mileage Threshold

The question was asked how the retirement mileage for the Central Motor Pool's fleet is determined. The CMP hired a consultant DMG-MAXIMUS, INC. to address whether the CMP's retirement mileage of 90,000 should be set at a lower level, a higher level or leave it set where it is. The following is from the Vehicle Retirement Guidelines on page 7 of the DMG-MAXIMUS, INC. report spring of 2000.

"The most economic time to replace vehicles is when the sum of the declining cost of ownership (the difference between the purchase price and the fair market value) and the increasing costs and unpredictability associated with maintenance, downtime, and loss of usage are minimized. Chart 1

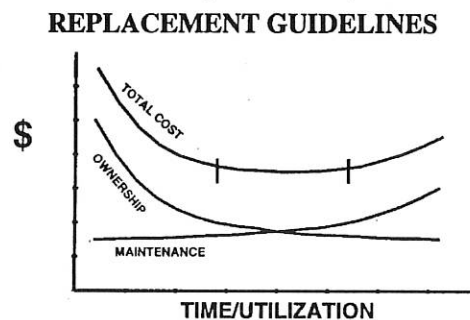


Chart 1

illustrates this concept. Note that the typical total cost curve has a flat area that extends over some period of time/utilization. For the typical sedan and other light vehicles in a fleet (vehicles of the sort that makeup the CMP fleet), this flat section usually represents from four to six years or from 60,000 to 90,000 miles. What this is illustrating is that any time during these intervals represents the appropriate time in which to renew the average light vehicle in the fleet in strictly economic terms. Obviously, to replace a light vehicle at the lower intervals reduces the likelihood of more unscheduled maintenance incidents. On the other hand, most governmental entities are concerned about the perception that government is being wasteful of taxpayers' money if they renew vehicles too frequently. Therefore, many states and municipalities tend to hold on to vehicles until nearer the higher end of the flat period."

Shown in Chart 1 the maintenance and total cost increase past 90,000 miles. In addition to the economic considerations, safety and security of State of Kansas employees is of primary importance to the CMP. When driving past 90,000 miles, unscheduled maintenance incidents while driving in remote areas of the state especially during nighttime can put state employees at undue risk. The CMP's goal is: "To provide safe, reliable, appropriate and cost effective transportation services for state agencies". We believe that this can be best accomplished by retiring vehicles at upper end of the "flat period" on the chart (90,000 miles).

Utilities Committee

February 5, 2001

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There was also a question concerning the retirement mileage of vehicles given the benefits of using E10. The benefits of using E10 are lower emissions and cleaner air not a reduction of maintenance. Testimony concerning the benefits of longer engine life and increased mileage came from the use of biodiesel in diesel vehicles not E10.

Sincerely,

A handwritten signature in black ink, appearing to read 'J.M. Fritton', with a long horizontal flourish extending to the right.

J.M. Fritton, P.E.

Director

JMF/MAS:mf

pc: Members of the Senate Utilities Committee
Danielle Noe
Ed Spiess

PRICES ON THE LAST DAY OF THE MONTH

MONTH	TOPEKA UNLEADED	WICHITA ETHANOL
July	\$.8560	\$1.24
August	1.0060	1.22
September	.9150	1.29
October	.9740	1.30
November	.9220	1.33
December	.8040	1.31

BOTTENBERG & ASSOCIATES

ETHANOL PRICE @ WICHITA

July 2000	1.24/gal.
Aug. 2000	1.22/gal.
SEPT. 2000	1.29/gal.
Oct. 2000	1.30/gal.
NOV. 2000	1.33/gal.
DEC. 2000	1.31/gal.

last day of the MONTH.



OPIS DIRECT GROSS CLEAR PRICES

00-12-29/09:49:41 EST

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Texaco	b 1-10	77.65	1.00	-- --	-- --	84.65	1.00	12/28
Conoco	b 1-10	79.00	1.00	-- --	-- --	86.50	1.00	12/29
CountryEn	b N-Rpt	79.00	.25	-- --	-- --	86.00	.25	12/29
Phillips	b 1-10	79.15	1.65	-- --	-- --	86.40	1.65	12/29
Total	b 1-10	79.25	.75	-- --	-- --	86.25	.75	12/29
Total	u 1-10	79.25	.75	-- --	-- --	86.25	.75	12/29
Coast.R&M	b 1-10	79.50	.50	-- --	-- --	86.50	.50	12/29
Western	u N-Rpt	79.50	2.70	-- --	-- --	86.00	2.70	12/29
Phillips	u N-10	79.55	1.05	-- --	-- --	88.55	1.05	12/29
CountryEn	u N-Rpt	79.80	1.50	-- --	-- --	86.80	1.50	12/29
Koch	u N-10	79.85	1.20	-- --	-- --	86.85	1.20	12/29
Sinclair	b 1-10	80.10	.75	-- --	-- --	87.10	.75	12/29
Amoco	b 1-10	80.40	1.40	86.40	1.40	-- --	-- --	12/29
TransMont	u N-10	84.15	1.75	-- --	-- --	91.15	1.75	12/29
Valero	u 1-10	84.69	5.00	-- --	-- --	91.69	5.00	12/29
LOW		77.65		86.40		84.65		
HIGH		84.69		86.40		91.69		
AVG		80.06		86.40		87.19		
BRD AV		79.26		86.40		86.20		
UBD AV		80.97		-- --		88.18		
Regular Average	--			-- --				

TOPEKA, KS

OPIS DIRECT GROSS DISTILLATE PRICES

00-12-29 09:49:41 EST

	Lo Sul	Last	Hi Sul	Red Dye	Lo Sul	Lo Sul	Hi Sul	Red Dye	Date of
	No.2	Move	No.2	No.2	No.1	PrmDsl	No.1	No.1	Move
Total	b 91.50	- 1.00	-- --	91.85	-- --	92.50	-- --	-- --	12/29
Total	u 91.50	- 1.00	-- --	91.85	-- --	92.50	-- --	-- --	12/29
Western	u 91.50	1.00	-- --	-- --	-- --	-- --	-- --	-- --	12/29
Koch	u 91.60	- 1.50	-- --	91.95	-- --	-- --	-- --	-- --	12/29
Texaco	b 91.75	2.50	-- --	92.25	-- --	-- --	-- --	-- --	12/28
CountryEn	b 92.25	- .50	-- --	-- --	-- --	95.25	-- --	-- --	12/29
CountryEn	u 92.90	- .75	-- --	93.25	-- --	-- --	-- --	-- --	12/29
Coast.R&M	b 93.00	7.00	-- --	93.35	-- --	-- --	-- --	-- --	12/28
Amoco	b 93.50	- 1.70	-- --	93.80	-- --	-- --	-- --	-- --	12/29
Sinclair	b 93.70	- .50	-- --	93.95	-- --	95.70	-- --	-- --	12/29
Phillips	b 94.05	- 2.00	-- --	94.40	-- --	-- --	-- --	-- --	12/29
Valero	u 94.41	5.00	-- --	94.68	-- --	-- --	-- --	-- --	12/29
Conoco	b 94.60	1.50	-- --	94.95	-- --	-- --	-- --	-- --	12/29
TransMont	u 98.56	- 2.65	-- --	98.91	-- --	-- --	-- --	-- --	12/29
LOW	91.50		-- --	91.85	-- --	92.50	-- --	-- --	
HIGH	98.56		-- --	98.91	-- --	95.70	-- --	-- --	
AVG	93.20		-- --	93.77	-- --	93.99	-- --	-- --	
BRD AV	93.04		-- --	93.51	-- --	94.48	-- --	-- --	
UBD AV	93.41		-- --	94.13	-- --	92.50	-- --	-- --	

TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(7.7%) PRICES

00-12-29 09:49:41 EST

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	86.40	2.49	-- --	-- --	91.40	2.49	12/29
LOW		86.40		-- --		91.40		
HIGH		86.40		-- --		91.40		
AVG		86.40		-- --		91.40		
BRD AV		-- --		-- --		-- --		
UBD AV		86.40		-- --		91.40		
Regular Average	--			-- --				

TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(10%) PRICES

00-12-29 09:49:41 EST

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	88.35	2.43	-- --	-- --	91.35	2.43	12/29
CountryEn	u N-Rpt	89.02	1.35	-- --	-- --	95.32	1.35	12/29
LOW		88.35		-- --		91.35		
HIGH		89.02		-- --		95.32		
AVG		88.69		-- --		93.34		
BRD AV		-- --		-- --		-- --		
UBD AV		88.69		-- --		93.34		
Regular Average	--			-- --				

OXY AV 87.92

-- --

92.69

OXY AV - Reg

-- --

TOPEKA, KS

OPIS DIRECT GROSS PURE ETHANOL PRICES

00-12-29 09:49:41 EST

3-3

OPIS DIRECT GROSS CLEAR PRICES

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	87.70	- 2.80	-- --	-- --	92.70	- 2.80	11/29
CountryEn	u N-Rpt	89.60	1.80	-- --	-- --	96.60	1.80	11/30
Koch	u N-10	90.10	2.20	-- --	-- --	97.10	2.20	11/30
Phillips	u N-10	90.70	2.70	-- --	-- --	99.70	2.70	11/30
Coast.R&M	b 1-10	90.75	.75	-- --	-- --	97.75	.75	11/30
CountryEn	b N-Rpt	91.00	1.75	-- --	-- --	98.00	1.75	11/30
Sinclair	b 1-10	91.10	.75	-- --	-- --	98.10	.75	11/30
Total	b 1-10	91.50	.75	-- --	-- --	98.50	.75	11/30
Total	u 1-10	91.50	.75	-- --	-- --	98.50	.75	11/30
Texaco	b 1-10	91.65	- 1.50	-- --	-- --	98.65	- 1.50	11/29
Conoco	b 1-10	91.85	.60	-- --	-- --	99.35	.60	11/30
Amoco	b 1-10	92.20	.60	98.20	.60	-- --	-- --	11/30
Phillips	b 1-10	92.35	1.95	-- --	-- --	99.60	1.95	11/30
TransMont	u N-10	93.75	2.20	-- --	-- --	100.75	2.20	11/30
Valero	u 1-10	94.39	3.00	-- --	-- --	101.39	3.00	11/30
LOW		87.70		98.20		92.70		
HIGH		94.39		98.20		101.39		
AVG		91.34		98.20		98.34		
BRD AV		91.55		98.20		98.56		
UBD AV		91.11		-- --		98.11		
Regular Average	--			-- --				

TOPEKA, KS **OPIS DIRECT GROSS DISTILLATE PRICES**

	Lo Sul	Last	Hi Sul	Red Dye	Lo Sul	Lo Sul	Hi Sul	Red Dye	Date of
	No.2	Move	No.2	No.2	No.1	PrmDsl	No.1	No.1	Move
Western	u 95.50	- 5.20	-- --	-- --	-- --	-- --	-- --	-- --	11/29
CountryEn	u 96.40	.60	-- --	96.75	-- --	-- --	-- --	-- --	11/30
Koch	u 96.60	.70	-- --	96.95	-- --	-- --	-- --	-- --	11/30
CountryEn	b 97.50	.50	-- --	-- --	-- --	100.50	-- --	-- --	11/30
Amoco	b 97.70	- 1.50	-- --	98.00	-- --	-- --	-- --	-- --	11/30
Phillips	b 97.70	- 5.70	-- --	98.05	-- --	-- --	-- --	-- --	11/30
Coast.R&M	b 98.50	1.00	-- --	98.85	-- --	-- --	-- --	-- --	11/29
Sinclair	b 98.60	- 5.75	-- --	98.85	-- --	-- --	-- --	-- --	11/30
Total	b 99.00	- .50	-- --	99.35	-- --	100.60	-- --	-- --	11/29
Total	u 99.00	- .50	-- --	99.35	-- --	100.00	-- --	-- --	11/30
Texaco	b 99.25	- 3.50	-- --	99.65	-- --	100.00	-- --	-- --	11/30
Conoco	b 100.45	- 5.20	-- --	100.80	-- --	-- --	-- --	-- --	11/30
TransMont	u 102.62	- .65	-- --	102.97	-- --	-- --	-- --	-- --	11/29
Valero	u 112.46	1.00	-- --	112.73	-- --	-- --	-- --	-- --	11/30
LOW	95.50		-- --	96.75	-- --	100.00	-- --	-- --	
HIGH	112.46		-- --	112.73	-- --	100.60	-- --	-- --	
AVG	99.38		-- --	100.19	-- --	100.28	-- --	-- --	
BRD AV	98.59		-- --	99.08	-- --	100.37	-- --	-- --	
UBD AV	100.43		-- --	101.75	-- --	100.00	-- --	-- --	

TOPEKA, KS **OPIS DIRECT GROSS ETHANOL(7.7%) PRICES**

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	93.96	- 2.59	-- --	-- --	98.96	- 2.59	11/29
LOW		93.96		-- --		98.96		
HIGH		93.96		-- --		98.96		
AVG		93.96		-- --		98.96		
BRD AV		-- --		-- --		-- --		
UBD AV		93.96		-- --		98.96		
Regular Average	--			-- --				

TOPEKA, KS **OPIS DIRECT GROSS ETHANOL(10%) PRICES**

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	95.73	- 2.52	-- --	-- --	98.73	- 2.52	11/29
CountryEn	u N-Rpt	97.64	1.62	-- --	-- --	103.94	1.62	11/30
LOW		95.73		-- --		98.73		
HIGH		97.64		-- --		103.94		
AVG		96.69		-- --		101.34		
BRD AV		-- --		-- --		-- --		
UBD AV		96.69		-- --		101.34		
Regular Average	--			-- --				

OXY AV 95.78 -- -- 100.54
OXY AV - Reg -- --

3-4

TOPEKA, KS

OPIS DIRECT GROSS CLEAR PRICES

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Phillips	u N-10	93.85	- .70	-- --	-- --	100.85	- .70	10/31
Western	u N-10	93.90	- 1.00	-- --	-- --	102.90	- 1.00	10/31
CountryEn	u N-Rpt	94.70	- 3.20	-- --	-- --	99.70	- 3.20	10/28
Sinclair	b 1-10	96.15	- .50	-- --	-- --	102.25	- 3.00	10/28
Coast.R&M	b 1-10	96.75	- 1.50	-- --	-- --	103.15	- .50	10/31
Total	b 1-10	96.75	- 1.50	-- --	-- --	103.75	- 1.50	10/31
Total	u 1-10	96.75	- 1.50	-- --	-- --	103.75	- 1.50	10/31
Valero	u 1-10	96.79	- .40	-- --	-- --	103.79	- .40	10/31
Conoco	b 1-10	96.90	- 2.65	-- --	-- --	104.40	- 2.65	10/31
Phillips	b 1-10	97.20	- 4.75	-- --	-- --	104.45	- 4.75	10/28
CountryEn	b N-Rpt	97.25	- 3.00	-- --	-- --	104.25	- 3.00	10/28
Amoco	b 1-10	97.40	- 1.40	103.40	- 1.40	-- --	-- --	10/31
Texaco	b 1-10	97.45	- 2.00	-- --	-- --	104.45	- 2.00	10/31
TransMont	u N-10	98.00	1.15	-- --	-- --	105.00	1.15	10/31
LOW		93.85		103.40		99.70		
HIGH		98.00		103.40		105.00		
AVG		96.34		103.40		103.32		
BRD AV		96.98		103.40		104.03		
UBD AV		95.61		-- --		102.61		
Regular Average	--			-- --				

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TOPEKA, KS

OPIS DIRECT GROSS DISTILLATE PRICES

	Lo Sul	Last	Hi Sul	Red Dye	Lo Sul	Lo Sul	Hi Sul	Red Dye	Date of
	No.2	Move	No.2	No.2	No.1	PrmDsl	No.1	No.1	Move
Koch	u 99.10	- 1.70	-- --	99.45	-- --	-- --	-- --	-- --	10/31
Texaco	b 99.75	- 2.10	-- --	100.15	-- --	-- --	-- --	-- --	10/31
Amoco	b100.10	- 1.70	-- --	100.40	-- --	-- --	-- --	-- --	10/31
Phillips	b100.30	- .70	-- --	100.65	-- --	-- --	-- --	-- --	10/31
Sinclair	b100.50	- 2.50	-- --	100.75	-- --	102.50	-- --	-- --	10/31
Valero	u100.61	- 1.60	-- --	100.88	-- --	-- --	-- --	-- --	10/31
Western	u101.00	- 2.00	-- --	-- --	-- --	-- --	-- --	-- --	10/28
CountryEn	b101.00	- .75	-- --	-- --	-- --	104.00	-- --	-- --	10/31
Total	b101.25	- 1.50	-- --	101.60	-- --	102.25	-- --	-- --	10/31
Total	u101.25	- 1.50	-- --	101.60	-- --	102.25	-- --	-- --	10/31
Coast.R&M	b101.75	- 2.00	-- --	102.10	-- --	-- --	-- --	-- --	10/31
Conoco	b102.30	- 2.85	-- --	102.65	-- --	-- --	-- --	-- --	10/31
CountryEn	u103.00	- 7.05	-- --	103.35	-- --	-- --	-- --	-- --	10/28
TransMont	u104.12	.10	-- --	104.47	-- --	-- --	-- --	-- --	10/31
LOW	99.10		-- --	99.45	-- --	102.25	-- --	-- --	
HIGH	104.12		-- --	104.47	-- --	104.00	-- --	-- --	
AVG	101.15		-- --	101.50	-- --	102.75	-- --	-- --	
BRD AV	100.87		-- --	101.19	-- --	102.92	-- --	-- --	
UBD AV	101.51		-- --	101.95	-- --	102.25	-- --	-- --	

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TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(10%) PRICES

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	100.93	- 2.88	-- --	-- --	103.93	- 2.88	10/28
CountryEn	u N-Rpt	101.73	- 2.70	-- --	-- --	108.03	- 2.70	10/28
LOW		100.93		-- --		103.93		
HIGH		101.73		-- --		108.03		
AVG		101.33		-- --		105.98		
BRD AV		-- --		-- --		-- --		
UBD AV		101.33		-- --		105.98		
Regular Average	--			-- --				

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TOPEKA, KS

OPIS DIRECT GROSS PURE ETHANOL PRICES

	Unl	Move	Date
Western	u 159.00	3.00	10/24
Phillips	b 159.00	4.00	10/25
Sinclair	b 159.45	3.00	10/27
CountryEn	u 160.00	6.00	10/25
CountryEn	b 160.00	6.00	10/25
LOW	159.00		
HIGH	160.00		
AVG	159.49		
BRD AV	159.48		
UBD AV	159.50		

TOPEKA, KS

OPIS DIRECT GROSS CLEAR PRICES

Country	En	u	Terms	Unl	Move	Mid	Move	Pre	Move	Date
			N-Rpt	88.15	- 5.10	-- --	-- --	96.15	- 5.10	09/29
Koch		u	N-10	88.45	- 5.00	-- --	-- --	95.45	- 5.00	09/29
Valero		u	1-10	89.34	- 6.05	-- --	-- --	96.34	- 6.05	09/29
Country	En	b	N-Rpt	89.75	- 5.00	-- --	-- --	97.75	- 5.00	09/29
Phillips		u	N-10	90.25	- 2.95	-- --	-- --	99.25	- 2.95	09/29
Sinclair		b	1-10	90.40	- 4.50	-- --	-- --	97.40	- 4.50	09/29
TransMont		u	N-10	91.10	- 5.10	-- --	-- --	98.10	- 4.10	09/29
Amoco		b	1-10	91.50	- 4.30	97.50	- 4.30	-- --	-- --	09/29
Coast.R&M		b	1-10	92.25	- 4.00	-- --	-- --	99.25	- 4.00	09/29
Total		b	1-10	92.50	- 3.00	-- --	-- --	99.50	- 3.00	09/29
Total		u	1-10	92.50	- 3.00	-- --	-- --	99.50	- 3.00	09/29
Phillips		b	1-10	92.80	- 3.85	-- --	-- --	100.05	- 3.85	09/29
Conoco		b	1-10	93.15	- 3.50	-- --	-- --	100.65	- 3.50	09/29
Texaco		b	1-10	93.55	- 4.00	-- --	-- --	100.55	- 4.00	09/29
Western		u	N-Rpt	93.60	- .90	-- --	-- --	98.60	- .90	09/28
LOW				88.15		97.50		95.45		
HIGH				93.60		97.50		100.65		
AVG				91.29		97.50		98.47		
BRD AV				91.99		97.50		99.31		
UBD AV				90.48		-- --		97.63		
Regular Average	--					-- --				

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TOPEKA, KS

OPIS DIRECT GROSS DISTILLATE PRICES

Country	En	u	Terms	Lo Sul No.2	Last Move	Hi Sul No.2	Red Dye No.2	Lo Sul No.1	Lo Sul PrmDsl	Hi Sul No.1	Red Dye No.1	Date of Move
TransMont		u		96.67	- 6.50	-- --	97.02	-- --	-- --	-- --	-- --	09/29
Koch		u		96.70	- 3.50	-- --	97.05	-- --	-- --	-- --	-- --	09/29
Country	En	b		98.50	- 4.25	-- --	-- --	-- --	101.50	-- --	-- --	09/29
Texaco		b		99.10	- 3.60	-- --	99.50	-- --	-- --	-- --	-- --	09/29
Valero		u		99.21	- 4.00	-- --	99.48	-- --	-- --	-- --	-- --	09/29
Sinclair		b		99.25	- 3.00	-- --	99.50	-- --	101.25	-- --	-- --	09/29
Coast.R&M		b		99.25	- 3.00	-- --	99.60	-- --	-- --	-- --	-- --	09/29
Phillips		b		99.70	- 2.30	-- --	100.05	-- --	-- --	-- --	-- --	09/29
Amoco		b		100.30	- 3.50	-- --	100.60	-- --	-- --	-- --	-- --	09/29
Conoco		b		100.45	- 3.20	-- --	100.80	-- --	-- --	-- --	-- --	09/29
Western		u		100.50	1.00	-- --	-- --	-- --	-- --	-- --	-- --	09/28
Total		b		100.75	- 2.25	-- --	101.10	-- --	101.75	-- --	-- --	09/29
Total		u		100.75	- 2.25	-- --	101.10	-- --	101.75	-- --	-- --	09/29
Country	En	u		100.90	- 3.25	-- --	101.25	-- --	-- --	-- --	-- --	09/29
LOW				96.67		-- --	97.02	-- --	101.25	-- --	-- --	
HIGH				100.90		-- --	101.25	-- --	101.75	-- --	-- --	
AVG				99.43		-- --	99.75	-- --	101.56	-- --	-- --	
BRD AV				99.66		-- --	100.16	-- --	101.50	-- --	-- --	
UBD AV				99.12		-- --	99.18	-- --	101.75	-- --	-- --	

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TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(10%) PRICES

Country	En	u	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Country	En	u	N-Rpt	94.14	- 4.59	-- --	-- --	101.34	- 4.59	09/29
Western		u	N-Rpt	98.74	- .81	-- --	-- --	101.74	- .81	09/28
LOW				94.14		-- --		101.34		
HIGH				98.74		-- --		101.74		
AVG				96.44		-- --		101.54		
BRD AV				-- --		-- --		-- --		
UBD AV				96.44		-- --		101.54		
Regular Average	--					-- --				

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TOPEKA, KS

OPIS DIRECT GROSS PURE ETHANOL PRICES

Country	En	u	Terms	Unl	Move	Date
Western		u		147.00	- 1.00	09/23
Phillips		b		147.00	- 1.00	09/26
Country	En	u		148.00	- 2.00	09/26
Country	En	b		148.00	- 2.00	09/26
Sinclair		b		149.45	- 4.00	09/22
LOW				147.00		
HIGH				149.45		
AVG				147.89		
BRD AV				148.15		
UBD AV				147.50		

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TOPEKA, KS

OPIS DIRECT GROSS CLEAR PRICES

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9.0 RVP

	Terms	Unl	Move	Mid	Move	Pre	Move	Date	
al	b	1-10	97.00	.75	-- --	-- --	104.00	.75	08/31
total	u	1-10	97.00	-.25	-- --	-- --	104.00	-.25	08/31
CountryEn	b	N-Rpt	99.00	2.75	-- --	-- --	107.00	2.75	08/31
Phillips	u	N-10	99.00	2.35	-- --	-- --	107.00	2.35	08/31
Phillips	b	1-10	99.10	1.00	-- --	-- --	106.10	1.00	08/31
CountryEn	u	N-Rpt	99.15	2.70	-- --	-- --	107.15	2.70	08/31
Texaco	b	1-10	99.25	2.00	-- --	-- --	106.25	2.00	08/31
Koch	u	N-10	99.45	2.50	-- --	-- --	106.45	2.50	08/31
Coast.R&M	b	1-10	99.50	2.00	-- --	-- --	106.50	2.00	08/31
Sinclair	b	1-10	99.50	1.50	-- --	-- --	106.50	1.50	08/31
Western	u	N-Rpt	99.90	3.00	-- --	-- --	104.40	2.50	08/31
Conoco	b	1-10	100.25	2.95	-- --	-- --	107.75	2.95	08/31
Amoco	b	1-10	100.60	2.20	106.60	2.20	-- --	-- --	08/31
TransMont	u	N-10	100.95	2.45	-- --	-- --	107.95	2.45	08/31
Valero	u	1-10	101.94	4.00	-- --	-- --	108.94	4.00	08/31
LOW			97.00		106.60		104.00		
HIGH			101.94		106.60		108.94		
AVG			99.44		106.60		106.43		
BRD AV			99.28		106.60		106.30		
UBD AV			99.63		-- --		106.56		
Regular Average	--				-- --				

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TOPEKA, KS

OPIS DIRECT GROSS DISTILLATE PRICES

	Lo Sul	Last	Hi Sul	Red Dye	Lo Sul	Lo Sul	Hi Sul	Red Dye	Date of
	No.2	Move	No.2	No.2	No.1	PrmDsl	No.1	No.1	Move
Koch	u105.95	.50	-- --	106.30	-- --	-- --	-- --	-- --	08/31
Western	u106.00	1.10	-- --	-- --	-- --	-- --	-- --	-- --	08/31
CountryEn	b106.50	1.75	-- --	-- --	-- --	109.50	-- --	-- --	08/31
Texaco	b107.10	2.25	-- --	107.60	-- --	-- --	-- --	-- --	08/31
Amoco	b107.20	1.70	-- --	107.50	-- --	-- --	-- --	-- --	08/31
TransMont	u107.42	1.80	-- --	107.77	-- --	-- --	-- --	-- --	08/31
Total	b107.50	1.00	-- --	107.85	-- --	108.50	-- --	-- --	08/31
Total	u107.50	1.00	-- --	107.85	-- --	108.50	-- --	-- --	08/31
Phillips	b107.55	1.35	-- --	107.90	-- --	-- --	-- --	-- --	08/31
Valero	u107.71	.75	-- --	107.98	-- --	-- --	-- --	-- --	08/31
Coast.R&M	b107.75	1.00	-- --	108.10	-- --	-- --	-- --	-- --	08/31
Sinclair	b107.90	1.00	-- --	108.15	-- --	109.90	-- --	-- --	08/31
Conoco	b108.05	2.10	-- --	108.40	-- --	-- --	-- --	-- --	08/30
CountryEn	u108.35	1.15	-- --	108.70	-- --	-- --	-- --	-- --	08/31
LOW	105.95		-- --	106.30	-- --	108.50	-- --	-- --	
HIGH	108.35		-- --	108.70	-- --	109.90	-- --	-- --	
AVG	107.32		-- --	107.84	-- --	109.10	-- --	-- --	
BRD AV	107.44		-- --	107.93	-- --	109.30	-- --	-- --	
UBD AV	107.16		-- --	107.72	-- --	108.50	-- --	-- --	

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TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(10%) PRICES

9.0 RVP

	Terms	Unl	Move	Mid	Move	Pre	Move	Date	
CountryEn	u	N-Rpt	103.74	2.43	-- --	-- --	110.94	2.43	08/31
Western	u	N-Rpt	104.21	2.70	-- --	-- --	107.21	2.70	08/31
LOW			103.74		-- --		107.21		
HIGH			104.21		-- --		110.94		
AVG			103.98		-- --		109.08		
BRD AV			-- --		-- --		-- --		
UBD AV			103.98		-- --		109.08		
Regular Average	--				-- --				

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TOPEKA, KS

OPIS DIRECT GROSS PURE ETHANOL PRICES

	Unl	Move	Date	
CountryEn	u	145.00	13.00	08/15
Western	u	145.00	16.00	08/15
CountryEn	b	145.00	13.00	08/15
Phillips	b	145.00	16.00	08/19
Sinclair	b	146.05	.50	08/30
LOW		145.00		
HIGH		146.05		
AVG		145.21		
BRD AV		145.35		
UBD AV		145.00		

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TOPEKA, KS

OPIS DIRECT GROSS CLEAR PRICES

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-10	82.70	-.70	-- --	-- --	89.70	-.70	07/29
TransMont	u N-Rpt	82.70	1.20	-- --	-- --	87.70	1.20	07/28
Coast.R&M	b 1-10	83.65	.10	-- --	-- --	90.65	.10	07/29
Sinclair	b 1-10	83.75	1.00	-- --	-- --	90.75	1.00	07/28
Total	b 1-10	83.75	.25	-- --	-- --	90.75	.25	07/29
CountryEn	u N-Rpt	84.00	1.05	-- --	-- --	92.00	1.05	07/29
CountryEn	b N-Rpt	84.25	1.75	-- --	-- --	92.25	1.75	07/29
Phillips	u N-10	84.30	2.25	-- --	-- --	92.30	2.25	07/29
Valero	u 1-10	85.09	.20	-- --	-- --	92.09	.20	07/29
Texaco	b 1-10	85.35	.60	-- --	-- --	92.35	.60	07/29
Amoco	b 1-10	85.60	1.20	91.60	1.20	-- --	-- --	07/28
Conoco	b 1-10	85.80	1.00	-- --	-- --	93.30	1.00	07/29
Phillips	b 1-10	85.90	1.00	-- --	-- --	92.90	1.00	07/29
LOW		82.70		91.60		87.70		
HIGH		85.90		91.60		93.30		
AVG		84.29		91.60		91.30		
BRD AV		84.77		91.60		91.86		
UBD AV		83.74		-- --		90.74		
Regular Average	--			-- --				

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TOPEKA, KS

OPIS DIRECT GROSS DISTILLATE PRICES

	Lo Sul	Last	Hi Sul	Red Dye	Lo Sul	Lo Sul	Hi Sul	Red Dye	Date of
	No.2	Move	No.2	No.2	No.1	PrmDsl	No.1	No.1	Move
Texaco	b 83.00	.25	-- --	83.50	-- --	-- --	-- --	-- --	07/29
TransMont	u 83.01	-.05	-- --	83.36	-- --	-- --	-- --	-- --	07/29
CountryEn	b 83.25	1.00	-- --	-- --	-- --	86.25	-- --	-- --	07/29
Koch	u 83.45	.30	-- --	83.80	-- --	-- --	-- --	-- --	07/29
Western	u 83.70	.50	-- --	-- --	-- --	-- --	-- --	-- --	07/29
Valero	u 84.01	.45	-- --	84.28	-- --	-- --	-- --	-- --	07/29
Amoco	b 84.10	.40	-- --	84.40	-- --	-- --	-- --	-- --	07/29
Sinclair	b 84.40	.50	-- --	84.65	-- --	86.40	-- --	-- --	07/29
Phillips	b 84.50	.40	-- --	84.85	-- --	-- --	-- --	-- --	07/29
Total	b 84.75	1.00	-- --	85.10	-- --	85.75	-- --	-- --	07/29
Total	u 84.75	1.00	-- --	85.10	-- --	85.75	-- --	-- --	07/29
Coast.R&M	b 85.15	.75	-- --	85.50	-- --	-- --	-- --	-- --	07/29
CountryEn	u 85.30	.25	-- --	85.65	-- --	-- --	-- --	-- --	07/29
Conoco	b 85.70	.20	-- --	86.05	-- --	-- --	-- --	-- --	07/29
LOW	83.00		-- --	83.36	-- --	85.75	-- --	-- --	
HIGH	85.70		-- --	86.05	-- --	86.40	-- --	-- --	
AVG	84.22		-- --	84.69	-- --	86.04	-- --	-- --	
BRD AV	84.36		-- --	84.86	-- --	86.13	-- --	-- --	
UBD AV	84.04		-- --	84.44	-- --	85.75	-- --	-- --	

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TOPEKA, KS

OPIS DIRECT GROSS ETHANOL(10%) PRICES

9.0 RVP

	Terms	Unl	Move	Mid	Move	Pre	Move	Date
Western	u N-Rpt	87.23	1.08	-- --	-- --	90.23	1.08	07/28
CountryEn	u N-Rpt	89.00	.94	-- --	-- --	96.20	.94	07/29
LOW		87.23		-- --		90.23		
HIGH		89.00		-- --		96.20		
AVG		88.12		-- --		93.22		
BRD AV		-- --		-- --		-- --		
UBD AV		88.12		-- --		93.22		
Regular Average	--			-- --				

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TOPEKA, KS

OPIS DIRECT GROSS PURE ETHANOL PRICES

	Unl	Move	Date
Western	u 130.00	- 5.00	07/25
Phillips	b 130.00	- 4.00	07/26
Sinclair	b 131.55	- 8.00	07/29
CountryEn	u 134.00	- 9.00	07/26
CountryEn	b 134.00	- 9.00	07/26
LOW	130.00		
HIGH	134.00		
AVG	131.91		
BRD AV	131.85		
UBD AV	132.00		

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STATE OF KANSAS

BILL GRAVES, GOVERNOR

Jamie Clover Adams, Secretary of Agriculture
109 SW 9th Street
Topeka, Kansas 66612-1280
(785) 296-3556
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KANSAS DEPARTMENT OF AGRICULTURE

Senate Utilities Committee

SB 3

February 1, 2001

Statement of the Kansas Department of Agriculture

The Kansas Department of Agriculture (KDA) is pleased to provide information on the importance of ethanol to Kansas agriculture and information on its potential use in KDA vehicles.

Ethanol's Importance to Kansas Agriculture

The KDA supports the use of ethanol in motor vehicle fuel. Ethanol is a value-added opportunity for the Kansas corn and grain sorghum industry adding to farm revenue, increasing high-skilled employment, improving the balance of trade and in effect, resulting in a net saving to the United States treasury. Environmental benefits include reduced vapor pressure, reduced sulfur content, and reduced aromatic and benzene content. Even a low 10% ethanol blend can reduce carbon monoxide better than any other federal Reformulated Gasoline (RFG) by more than 25%. In addition, ethanol has been shown to be low in reactivity and high in oxygen content which makes it an effective tool to reduce ozone pollution and makes it a safe replacement for toxic octane enhancers in gasoline such as benzene, toluene and xylene.

Retail Ethanol Availability

Our research revealed there are three main gasoline station chains which are known to have an ethanol blend in at least one grade of their gasoline - Coastal, Casey General and most Kwik Shops. Each chain is unique in its assessability for state vehicles and cost. Casey General stations are not listed as available Fuelman acceptable stations. State agencies are required to utilize the Fuelman system. Kwik Shops have a dual system of availability depending on the characteristics of the station. Some of the stores are "unbranded" and some are affiliated with Texaco. Typically, if they only have two grades of fuel available, the "premium" will be a 10% ethanol blend. If they have three grades available the "midgrade" fuel will typically be the 10% ethanol blend with the premium actually not using any ethanol.

Cost if Ethanol Used in KDA Vehicles

According the US Department of Energy (DOE), the average price per gallon of gasoline throughout the United States this week is \$1.46 for regular unleaded, \$1.55 for midgrade, and \$1.64 for premium. Typically, the difference between regular unleaded and the midgrade fuel is

between \$0.09 and \$0.10. The attached DOE handout shows average pricing for the past seven weeks.

During Fiscal Year 2000, the KDA drove 2,328,471 miles in permanently assigned vehicles (inspectors) and 160,268 miles in trip tickets.¹

- Estimated Total Unleaded Fuel Costs: \$190,744.19
- Estimated Costs if all fuel bought at midgrade cost: \$189,788.14
- Estimated Costs if all fuel bought at premium cost: \$214,260.56

¹Estimates were calculated using 30 mpg for compact cars and 16 mpg for all trucks and vans.

<!--StartFragment-->RETAIL GASOLINE: (Self Service Prices per Gallon, Including Tax report contains price estimates for gasoline sold in ozone non-attainment (RFG) areas, carbon monoxide non-attainment (Oxygenated) areas, ozone and carbon monoxide non-attainment (OPRG) areas, and attainment (Conventional) areas as designated by the Environmental Protection Agency.

Date	----- 2001 -----							
	12/11	12/18	12/25	1/1	1/8	1/15	1/22	1/29
US Price - All Grades								
Average	1.490	1.462	1.453	1.446	1.465	1.513	1.511	1.500
Conventional Areas	1.454	1.424	1.416	1.406	1.433	1.494	1.493	1.481
Oxygenated Areas	1.544	1.536	1.513	1.509	1.515	1.542	1.528	1.546
OPRG Areas	1.606	1.590	1.573	1.565	1.553	1.547	1.539	1.537
RFG Areas	1.565	1.540	1.532	1.529	1.533	1.555	1.554	1.540
US Price - Regular								
Average	1.449	1.422	1.414	1.406	1.425	1.474	1.471	1.460
Conventional Areas	1.415	1.386	1.380	1.368	1.394	1.456	1.455	1.443
Oxygenated Areas	1.510	1.501	1.478	1.475	1.480	1.507	1.493	1.510
OPRG Areas	1.559	1.542	1.526	1.517	1.507	1.499	1.490	1.489
RFG Areas	1.519	1.493	1.487	1.485	1.491	1.513	1.512	1.498
US Price - Midgrade								
Average	1.547	1.518	1.502	1.503	1.523	1.566	1.562	1.551
Conventional Areas	1.505	1.473	1.457	1.458	1.487	1.544	1.540	1.528
Oxygenated Areas	1.595	1.590	1.566	1.562	1.571	1.597	1.582	1.604
OPRG Areas	1.671	1.654	1.635	1.627	1.611	1.608	1.602	1.598
RFG Areas	1.637	1.612	1.601	1.598	1.602	1.616	1.614	1.602
US Price - Premium								
Average	1.636	1.609	1.597	1.590	1.606	1.656	1.656	1.644
Conventional Areas	1.598	1.566	1.556	1.548	1.574	1.636	1.637	1.623
Oxygenated Areas	1.694	1.686	1.662	1.656	1.662	1.692	1.677	1.696
OPRG Areas	1.738	1.725	1.713	1.705	1.690	1.687	1.683	1.677
RFG Areas	1.719	1.701	1.684	1.680	1.677	1.703	1.703	1.690

<!--

4-3



K KOCH
Performance Fuels™

‘Soy-Additized Premium Diesel’

- Additive contains biodiesel component made from 100% U.S. grown soybean oil.
- Recognized by The National Biodiesel Board as a “low-blend (less than 2%) biodiesel”.

2/5/2001



KOCH
Performance Fuels™



KOCH
Performance Fuels™

- Koch Petroleum Background
- True “Premium” Quality Diesel Fuel
- Adds “Value” Compared to ASTM No. 2 and No. 1 Diesel Fuels
- Proven by millions of miles of superior performance
- Endorsed/supported by major customers in north and south central US

5-2



KOCH
Performance Fuels™

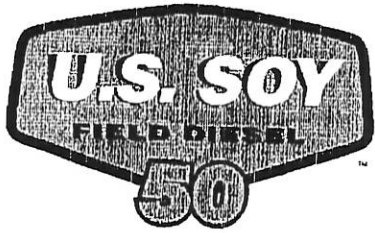
Difference

- Superior Fuel Economy and Power
- Electronic Additive Injection
- Advanced Emissions Control Benefits
- Superior durability, reliability, maintenance
- Excellent lubricity



KOCH
Performance Fuels™

5-3



KOCH
Performance Fuels™

Difference

- Excellent corrosion protection
- Enhanced cetane number
- Cleanliness/Oversight
- Product integrity system



KOCH
Performance Fuels™

2/5/2001

5-4

US Soy Field Diesel Standard

Property or Characteristic ASTM
D-975

Advanced Performance Additive Chemistry:

Precision Blending at Terminals None

Fuel Economy None

Emissions control None

Detergency None

Cetane Number 40

Cold Flow Enhancement

CFPP, F None

Deicer None

Reduced Maintenance & Longer Component Life

Lubricity, grams SLBOCLE None

Thermal Stability, % Reflectance None

Corrosion: Copper Strip 3b

NACE None

Microbial protection None

Cleanliness: contaminants avoidance measures

Water, ppm None

Particulates, ppm None

Covert marker: product integrity system None

Quality Assurance and Field Oversight Program

Statistical Process Control None

US Soy Field Diesel
 (Enhancements to ASTM D975)
 Documents and measures quality
 5% improvement fleet and dyno tested
 Substantial reductions dyno tested
 Substantially exceeds 100 Superior
 45 typical
 Yes winter
 Yes winter
 5000
 30
 3b
 None
 All Fielding works
 Positive Biocontrol ingredients
 100
 20
 Yes
 Yes

5-5

2-8-01: 9:11AM
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 # 0 / 18

US Soy Field Diesel Fuel Economy Calculator

9-5

Current Fuel Economy	MPG	6
Fuel Price-US Soy	\$/gal	1.43
Fuel Price-#2 diesel	\$/gal	1.4
Number of trucks		10
Miles per Day	miles/truck	500
Days per week	days/truck	4
Weeks per season	weeks/truck	50
Miles per season	miles/truck	100000

Savings Compared to #2 diesel		US Soy	#2 diesel
Miles per Gallon		6.3	6
Cost per mile	\$/mile	0.227	0.233
Savings per Mile	\$/mile	0.006	
Number of trucks		10	10
Cost per Season	\$	226984.13	233333.33
Savings per Season	\$	6349.21	0

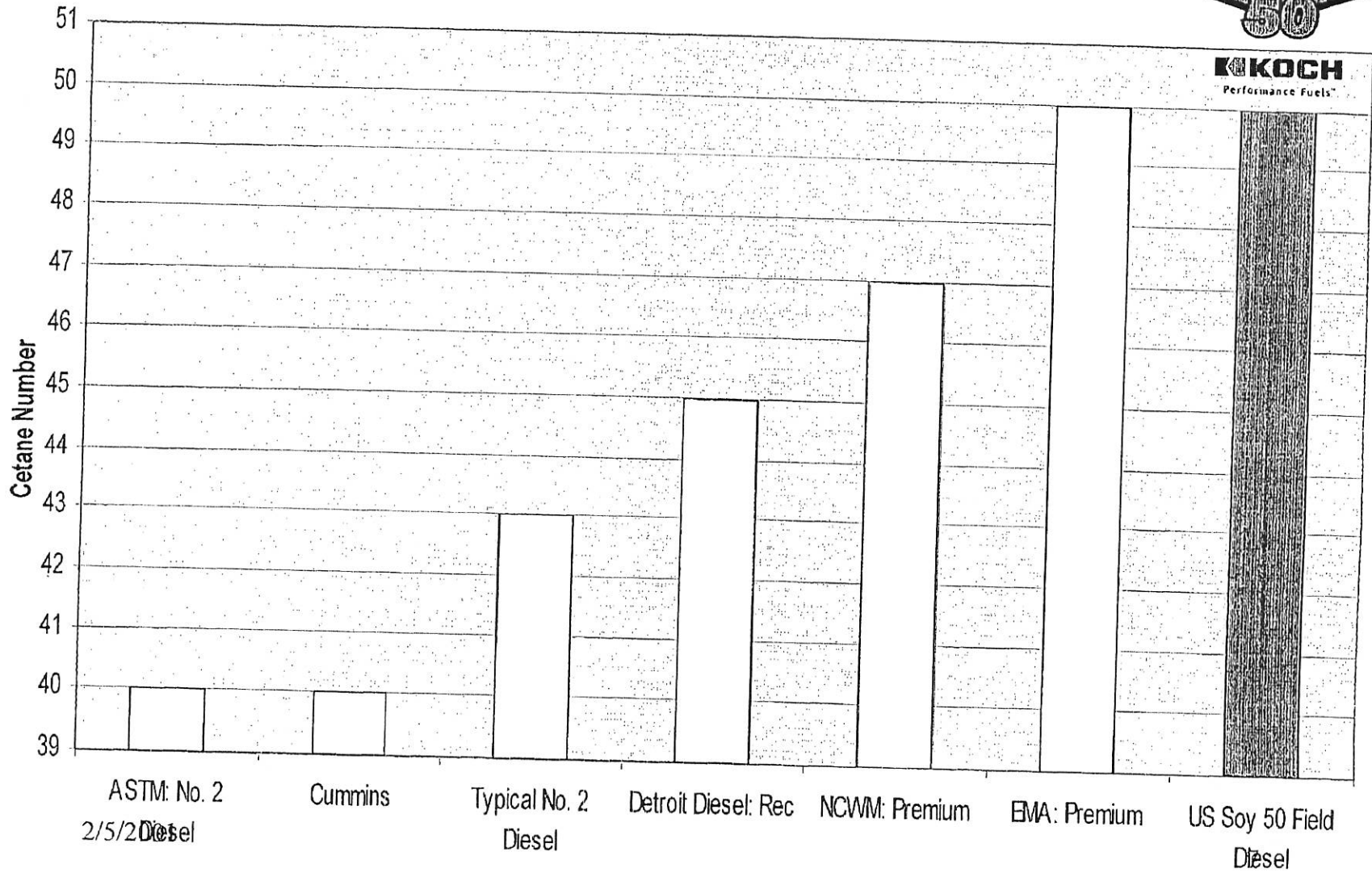
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6

Cetane Number Standards



L-5



8-5

Improved Durability

Longer Component Life

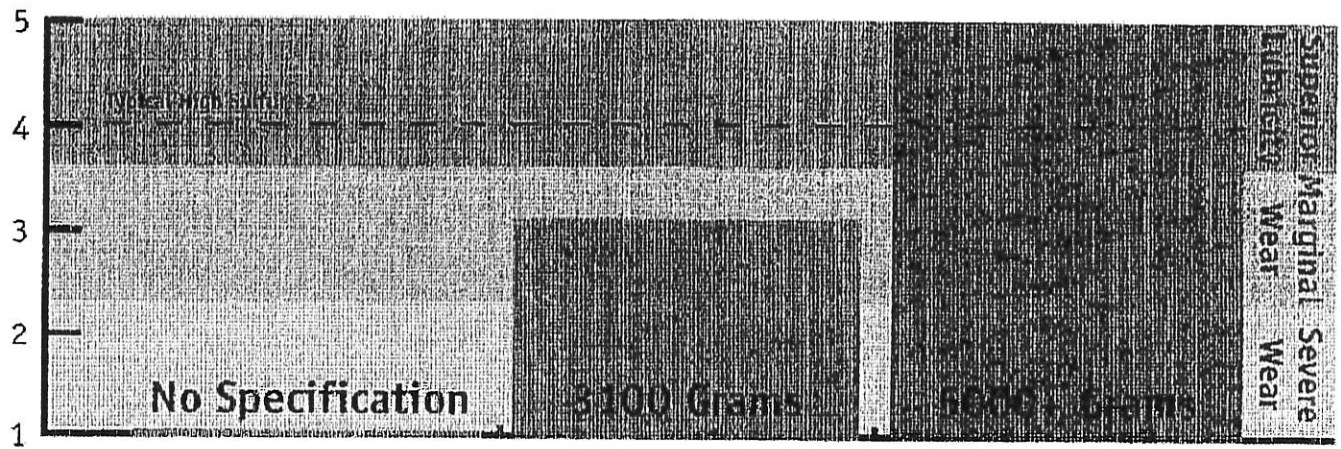
Minimized Maintenance Costs

2/5/2001

6-5

Superior Lubricity

Lubricity in Grams
by Thousands (SLBOCLE)



No Specification

3100 Grams

6600 Grams

ASTM Specification

EMA Premium

US Soy and US SOY 50

Superior Lubricity
Marginal Wear
Severe Wear

2/5/2001

01-5

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Corrosion Protection

Test Method	ASTM Specification	Typical #2 Diesel	U.S. Soy Field Diesel	NCWM Premium	EMA Premium	U.S. Soy 50 Field Diesel
Cummins N-14 Injector Sprayhole Corrosion/Erosion	N/A	Fail	Pass	N/A	N/A	Pass
Copper Strip Test ¹ D-130	3	3	1 (Superior)	N/A	3	1 (Superior)
NACE Spindle ² Rust Test	N/A	D	A	A	N/A	A

(1) No. 1 is highest rating.

(2) Amount of Rust: A = No Rust B = Up to 25% C = 25-50% D = 50-75%

182818085

11 / 18

11-5

2-5-01 9:01 AM

Water Tolerance*

Fuel	Rating After 5 Minutes Interface	Separation	Time Required to Settle (in Minutes)
Typical #2	3	3	10+
US Soy and US Soy 50 Field Diesels	1	1	2

*No. 1 is highest rating: excellent water separation characteristics.

1 825+9098

Advanced Emission Control Technology

2/5/2001

12

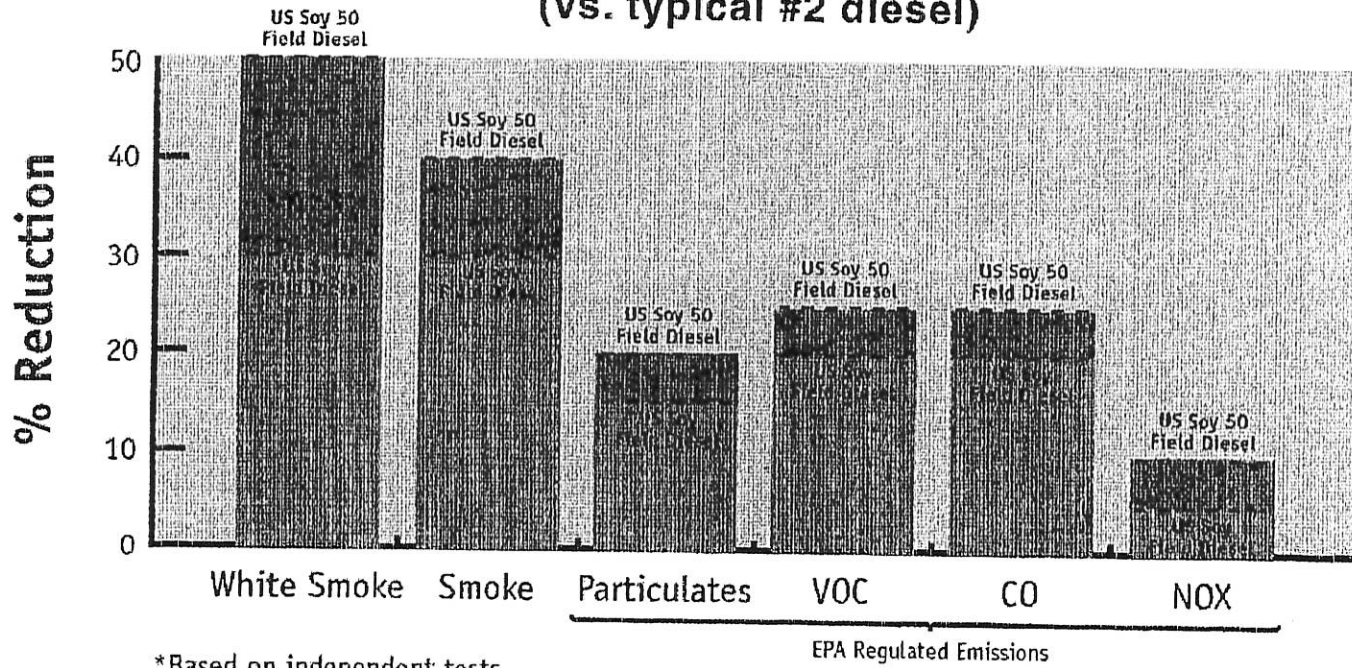
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: 828+9088

13 / 18

Emissions Reduction* (vs. typical #2 diesel)



*Based on independent tests.

EPA Regulated Emissions

US Soy Field Diesel

Points of Difference

- Superior Fuel Economy and Power
- Superior Engine Durability
- Superior Lubricity
- Electronic Additive Injection
- Enhanced Cetane Number
- Emissions Reductions
- Proprietary Oversight program
- Proprietary Covert Marker in fuels

41-5

US Soy 50 Field Diesel

Points of Difference

- Superior Fuel Economy and Power
- Electronic Additive Injection
- Superior Cetane Number
- Superior Lubricity
- Superior Engine Durability
- Proprietary Oversight program
- Proprietary Covert Marker
- See www.premiumdiesel.com for complete US Soy 50 Field Diesel information

S/S



National Biodiesel Board
P O Box 104898
Jefferson City, MO
65110-4898
(573) 635-3893 phone
(800) 841-5849
(573) 635-7913 fax
www.biodiesel.org

Dennis Morrice
Kansas Soybean Association
2930 S.W. Wanamaker Drive, Suite 4
Topeka, KS 66614

February 4, 2001

Dear Dennis:

As you requested, I am writing to provide you with a quick overview of the status of the biodiesel industry in the United States. When the National Biodiesel Board was formed in 1992, it took a long-term approach to the development of the biodiesel industry. Learning from experiences in the ethanol industry, the biodiesel industry sought to achieve some long-term goals before embarking on mass commercialization. Those goals included becoming fully tested, demonstrated, standardized, and legal with clearly identified regulatory and market drivers.

By the year 2000, those long-term goals had been achieved. Biodiesel had become one of the best-tested alternative fuels in the US, and the only alternative fuel to have fully completed the health effects testing requirements of the Clean Air Act. Biodiesel had an accepted specification with the American Society of Testing Materials, and was fully legal and registered with the EPA. And biodiesel had achieved a special provision within the Energy Policy Act to allow federal, state, and public utility fleets to achieve their alternative fuel vehicle acquisition requirements - by simply using biodiesel in existing diesel vehicles. Independent studies conducted by the Congressional Budget Office, the USDA, and others, had confirmed that biodiesel was the least-cost compliance option for EPACT.

Having completed those major milestones, the biodiesel industry embarked on broad commercialization efforts. In January of 1999, there were virtually no major commercial fleets who were buying and using biodiesel on their own. By January of 2001, there are over 50 major fleets buying and using biodiesel because it adds value to their operations. These fleets include major federal fleets such as the Department of Defense, US Department of Energy, US Postal Service, US Department of Agriculture; major state fleets like Ohio, Iowa, New Jersey, Delaware, Virginia, Wisconsin; and major public utility fleets such as Omaha Public Power, Commonwealth Edison, Duke Energy, Georgia Power, Florida Power and Light, Pacific Gas and Electric, etc...

Moreover, legislative bodies are considering or have favorable biodiesel legislation currently pending in the states of Minnesota, North Dakota, South Dakota, Missouri, Illinois, Arizona, Nevada, Washington, Texas, Delaware, as well as the US Congress.

Senate Utilities Committee
February 5, 2001
Attachment 6-1

Because biodiesel is compatible with current and future heavy-duty diesel technology and low-sulfur diesel fuel, it is uniquely positioned to take on a major role in the US energy market. The biodiesel industry has successfully demonstrated its ability to integrate into the existing petroleum distribution network, and sees the petroleum industry as a partner rather than an enemy.

In addition to the alternative fuel market, biodiesel is poised to fill an operational need in low sulfur diesel fuel. Current low sulfur diesel fuel has proven to lack adequate lubricity, a characteristic which keeps the fuel systems in diesel engines properly lubricated. Biodiesel, even at very low blend levels can add lubricity back to fuel. For example, bench scale testing has proven that as little as 1% biodiesel can improve lubricity by as much as 65% in some distillate fuels. The EPA has issued regulations requiring a further reduction in sulfur in diesel fuel by 97%. As these rules are implemented, a lubricity additive will be required in ultra-low sulfur fuel.

According to Stanadyne Automotive Corp., the largest fuel injection equipment manufacturer in the US, biodiesel is a superior solution to the lubricity problem because it eliminates the inherent variability of additives. First, biodiesel is a fuel itself, and therefore there is no problem with overdosing that often exists with conventional additives. Second, testing has conclusively demonstrated that 2% biodiesel is sufficient to make any distillate fuel fully lubricious.

Furthermore, biodiesel is complimentary to ethanol production. Biodiesel is for use in heavy-duty diesel applications, while ethanol is for use in light-duty, spark ignition applications. Oil is a by-product of ethanol production. Currently vegetable oil surpluses are at an all-time high, while ethanol production continues a dramatic increase.

With commodity prices at record lows, and energy prices at record highs, biodiesel offers great promise to utilize domestic agricultural surpluses, while enhancing energy security, the environment and domestic economic development.

For more information about biodiesel, please visit our website at www.biodiesel.org, or call me any time.

Sincerely,

Joseph Jobe
Executive Director
National Biodiesel Board

Ms. Margaret Borushko
August 14, 2000
U.S. Environmental Protection Agency
Office of Transportation and Air Quality
2000 Traverwood Drive
Ann Arbor, MI 48105

Dear Ms. Borushko,

RE: Docket No. A-99-06

On behalf of the Stanadyne Automotive Corp., please accept these comments regarding the proposed rule entitled Control of Air Pollution from New Motor Vehicles: Heavy-Duty Engine and Vehicle Standards; Highway Diesel Fuel Sulfur Control Requirements, published on June 2, 2000, in the Federal Register (65 Fed. Reg. 35430).

By way of introduction, I am the Quality Systems Manager for Stanadyne Automotive Corp., the leading independent manufacturer of diesel fuel injection equipment. Also, I serve as chairman of the Society of Automotive Engineers (SAE) diesel fuel injection equipment standards committee and chairman of the International Organization for Standardization (ISO) working group on diesel fuel lubricity. In providing the comments below, I am speaking not only for Stanadyne, but for the entire worldwide diesel fuel injection equipment community.

EPA is correct in saying that 'Unit injector systems and in-line pumps, commonly used in heavy-duty engines, are actuated by cams lubricated with crankcase oil, and have minimal sensitivity to fuel lubricity. However, rotary and distributor type pumps, commonly used in light and medium-duty diesel engines, are completely fuel lubricated, resulting in high sensitivity to fuel lubricity.' (65 FR 35486).

EPA goes on further to say (65 FR 35487) that 'If refiners use hydrotreating to achieve the proposed sulfur limit, there may be reductions in the concentration of those components of diesel fuel which contribute to adequate lubricity.' There is sufficient evidence, especially with US based diesel fuel, which proves there is no doubt that the hydrotreating process needed to reduce sulfur to 15 ppm will produce dramatic reductions in fuel lubricity. Indeed, the amount of hydrotreating necessary to achieve 15 ppm is will stress the lubricity of diesel fuel many times more than that required for 500 ppm sulfur diesel fuel implemented in 1993.

15 ppm sulfur diesel fuel, as well as higher levels also considered such as 50 ppm, will require the use of lubricity additives. Much of the US diesel fuel today contains lubricity enhancing additives, including military fuels

as EPA points out (65 FR 35487).

However, we strongly disagree with EPA's statement, 'This practice of treating fuel on an as-needed and voluntary basis has been effective in ensuring good diesel fuel lubricity for the diesel heavy-duty vehicle fleet.' It has been our experience that treating fuel on an as-needed basis has fallen far short of ensuring 'good diesel fuel lubricity'. There have been numerous examples from the field where lack of lubricity in the fuel has caused premature equipment breakdown and in some cases, catastrophic failure. We firmly believe that this voluntary approach--if maintained in this proposed rule--will lead to wide scale lubricity problems of an unacceptable level.

Since the flawed introduction of low sulfur diesel fuel in 1993 which caused excessive lubricity and compatibility issues, the FIE industry has been working with diesel fuel suppliers and others to implement the proper lubricity testing protocols and precautions that will protect FIE. This has been a slow process, and only just now (June, 2000) has ASTM Subcommittee E on diesel fuel agreed to put cautionary appendix into ASTM D 975 related to lubricity. ASTM hasn't gotten to the point where they can agree to the addition of a lubricity limit to ASTM D 975, even though there is wide-spread agreement that lubricity is an important parameter. We continue to experience lubricity problems with existing diesel fuel, particularly in the United States.

EPA's assertion that, 'Even if occasional batches of poor lubricity fuel are distributed, they would likely be "treated" with residual quantities of good lubricity fuel in storage tanks, tanker trucks, retail tanks, and vehicle fuel tanks....' (65 RF 35487) has certainly not born itself out in today's market. The rationale for thinking that this same approach will somehow work in the future is not clear. In addition, EPA states that they expect ASTM will address lubricity within D 975. While we are working diligently toward this end, given ASTM's glacial speed in dealing with fuel lubricity we believe that this is an important enough issue that it not be left to chance.

We strongly encourage EPA to force the adoption of the lubricity standard ISO 12156-2 for diesel fuel as part of this rule. This ISO standard uses the HFRR test method and has already, in Europe, been added as a requirement of the EN590 European diesel fuel specification. While the HRFF test method is not perfect, it is sufficient in our opinion to provide satisfactory protection of FIE and we recommend EPA adopt this standard as part of the rule. We also recommend the adoption of provisions within the rule that will automatically adopt ASTM protocols, when and if they are developed and approved. The goals and objectives of this rule--to dramatically reduce diesel fuel emissions and their impact--provide sufficient reason for taking

this action. If poor lubricity fuel is used, diesel FIE will be damaged and this will result in malfunctioning diesel engine systems. These malfunctioning systems will, more than likely, produce much higher emissions levels than their properly operating counterparts thus defeating the objectives of the proposed rule.

However, the addition to the presence of an enforceable diesel fuel lubricity standard in and of itself is not enough. There is another solution for diesel fuel lubricity which we strongly encourage EPA to consider: The use of a low blend of biodiesel into the entire US diesel pool. Biodiesel itself is a clean burning, zero sulfur diesel fuel made from domestically produced renewable fats and oils and appears to fit in well with the goals and objectives of this proposed rule.

Through cooperation with the National Biodiesel Board, we have tested biodiesel at Stanadyne and results indicate that the inclusion of 2% biodiesel into any conventional diesel fuel will be sufficient to address the lubricity concerns that we have with these existing diesel fuels. From our standpoint, inclusion of low blends of biodiesel is desirable for two reasons. First, it would eliminate the inherent variability associated with the use of other additives and whether sufficient additive was used to make the fuel fully lubricious. Second, we consider biodiesel a fuel or a fuel component--not an additive. It is possible to burn pure biodiesel in conventional diesel engines. Thus, if more biodiesel is added than required to increase lubricity, there will not be any adverse consequences that might be seen if other lubricity additives are dosed at too high a level.

While more testing would be required to determine the required level of biodiesel in fuels not yet being produced, we believe a low blend biodiesel approach would be a solution that could be used to meet multiple policy objectives--renewable fuels, alternative fuels, reduction of dependence on foreign oils and reduction of trade deficits, agricultural economic development, global warming, etc.--and could also be used as a means to address DOD's and our lubricity concerns at the same time.

There is sufficient precedent for requiring the addition of additives to maintain engine performance which will, in turn, provide for lower emissions. We strongly encourage EPA and the U.S. Military to adopt the ISO 12156-2 Lubricity Standard together with a low blend biodiesel strategy as part of this rule.

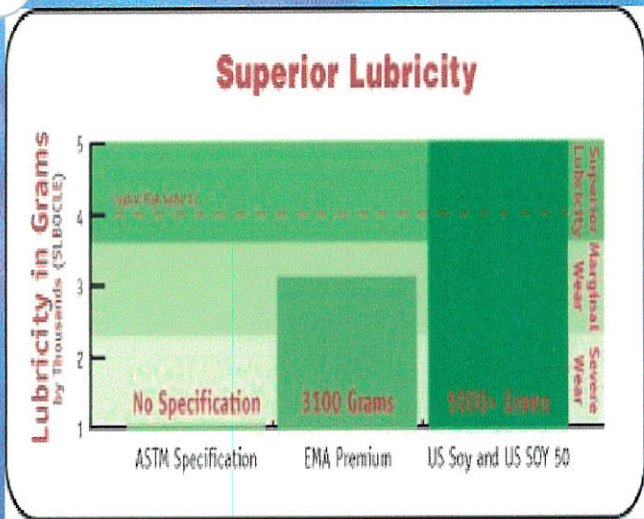
Sincerely yours,
Paul Henderson
Manager, Quality Management Systems
860-525-0821 ext.5303

6-5

Stanadyne Automotive Corp, SAE, ISO

- Largest FIE manufacturer in US
- Comments to EPA sulfur rule

- Implementation of 500ppm rule in 1993 has resulted in widespread lubricity problems because of voluntary lubricity treatment



“Indeed, the amount of hydrotreating necessary to achieve 15 ppm will stress the lubricity of diesel fuel many times more than that required for 500 ppm sulfur diesel fuel implemented in 1993. 15 ppm sulfur diesel fuel, as well as higher levels also considered such as 50 ppm, will require the use of lubricity additives.”

There is another solution for diesel fuel lubricity which we strongly encourage EPA to consider: The use of a low blend of biodiesel into the entire US diesel pool. Biodiesel itself is a clean burning, zero sulfur diesel fuel made from domestically produced renewable fats and oils and appears to fit in well with the goals and objectives of this proposed rule.

- 2% biodiesel enough to make any fuel fully lubricious
- eliminates inherent variability

Biodiesel fuel itself – no problems w/ overdosing



- **Low levels of biodiesel increase fuel lubricity**

% Biodiesel with #2 Diesel

HFRR Scar (mm)

0.0	536
0.4	481
1.0	321
2.0	322
20.0	316
100.0	314

% Biodiesel with #1 Diesel

HFRR Scar (mm)

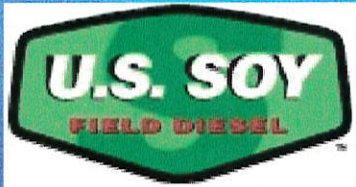
0.0	671
0.4	649
1.0	500
2.0	355
20.0	318

SoyPOWER™

EPA Low Sulfur Rule



8-9



- Rule finalized December 2000
 - 500 > 15ppm sulfur = lubricity issue
- Successful commercial expansion of biodiesel-based premium diesel
- Standadyne Support Letter
- Renewable Fuels Initiative (MTBE ban)



Biodiesel.org
http://www.biodiesel.org/marketers.html

NBB-Member Fuel Producers and Marketers

(as of December 1, 2000)

Ag Environmental Products; Lenexa, KS

Phone: (800) 599-9209
Contact: Doug Pickering
e-mail: Dpickering@agp.com
<http://www.soygold.com>

Biodiesel Development Corporation; Marathon, FL

Phone: (877) BIO-FUEL -- (877) 246-3835
Contact: Russ Teall
e-mail: Rteall@aol.com
<http://www.pipeline.to/biodiesel/>

Columbus Foods; Chicago, IL

Phone: (773) 265-6500
Contact: Joe Loveshe
e-mail: jloveshe@columbusfoods.com

Griffin Industries; Cold Spring, KY

Phone: (800) 743-7413
Hart Moore
<mailto:ihmoore@griffinind.com>
<http://www.griffinind.com>

Peter Cremer North America, L.P.; Cincinnati, OH

Phone: (513) 471-7200
Contact: H.M. Findley
e-mail: Hfindley3d@aol.com

West Central Cooperative; Ralston, IA

Phone: (712) 667-3200
Contact: Bev Tierney
e-mail: bevt@westcentral.net
Gary Haer (913) 884-8521
e-mail: haer@qni.com
<http://www.soypower.net>

World Energy Alternatives; Chelsea, MA

Phone: (617) 889-9000

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Order Line: (888) 785-8373
Contact: Gene Gebolys
e-mail: Geneg@worldenergy.net
<http://www.worldenergy.net>

West Coast Sales Office
Phone: (650) 712-9688
Mobile: (415) 699-5001

(NOTE: The above-referenced marketers are capable of supplying biodiesel anywhere in the country, and the proximity of your potential biodiesel usage in relation to a marketers listed mailing address is not necessarily relevant to their supply logistics or price structure. We recommend that you contact several of the listed suppliers for product and price information.)

- [General Interest](#)
- [Premium Diesel](#)
- [Mining](#)
- [Transit](#)
- [Marine](#)
- [Fleets](#)

[Fact Sheet](#) | [Current News](#) | [Bulletin Board](#) | [Reports Databases](#) | [Bulletin](#) | [Site Sur](#)
[Merchandise](#) | [Guestbook](#) | [Fuel Producers/Marketers](#) | [Sponsors](#) | [Contact Us](#) | [Hc](#)

6-10

SENATE BILL No. 3

By Special Committee on Utilities

1-5

9 AN ACT establishing certain requirements for certain purchases of mo-
10 tor-vehicle fuels for state motor vehicles.
11

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

13 Section 1. (a) As used in this section, "motor-vehicle fuels" has the
14 meaning provided by K.S.A. 79-3401 and amendments thereto.

15 (b) ~~Not less than 80% by volume of all~~ motor-vehicle fuels purchased
16 in each fiscal year for use in motor vehicles in the state central motor
17 pool and branches of the state central motor pool shall be motor-vehicle
18 fuel blends containing at least 10% ethanol.

19 Sec. 2. This act shall take effect and be in force from and after its
20 publication in the statute book.

All

~~bulk purchases~~

by state owned facilities

state owned

However, the state shall not be required to purchase motor-vehicle fuel blends containing at least 10% ethanol if the cost of such fuel exceeds the cost of regular unleaded gasoline by ten cents per gallon.

Senate Utilities Committee
February 5, 2001
Attachment 7-1

SENATE BILL No. 4

By Special Committee on Utilities

1-5

7-2

9 AN ACT establishing certain requirements for certain purchases of diesel
10 fuels for state motor vehicles.
11

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

13 Section 1. (a) As used in this section, "biodiesel" means mono-alkyl
14 esters derived from vegetable oil or animal fat, as defined by the American
15 Society of Testing and Materials (ASTM) Provisional Specification 121
16 (PS 121).

All BULK PURCHASES

17 (b) ~~Not less than 80% by volume of all diesel fuels purchased in each~~
18 ~~fiscal year for use in motor vehicles in the state central motor pool and~~
19 ~~branches of the state central motor pool shall be diesel fuel blends con-~~
20 ~~taining at least 2% biodiesel.~~ ←

by state owned facilities

21 Sec. 2. This act shall take effect and be in force from and after its
22 publication in the statute book.

state owned

However, the state shall not be required to purchase diesel fuel containing at least 2% biodiesel if the cost of such fuel exceeds the cost of regular diesel fuel by ten cents per gallon.