

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairman Senator Stan Clark at 9:30 a.m. on March 8, 2001 in Room 231-N of the Capitol.

All members were present except:

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

Conferees appearing before the committee:

   Bruce Graham, Kansas Electric Power Cooperative, Inc.  
   Jim Ludwig, Senior Director, Regulatory Affairs, Western Resources  
   Jon K. Miles, Kansas Electric Cooperatives  
   Cynthia Smith, Kansas City Power & Light

Others attending:      See attached list.

Chairman Clark distributed a list of businesses being represented by an attorney at the Kansas Corporation Commission in regard to natural gas refunds. (Attachment 1)

A document headed "Stateside Associates" regarding the Indiana Residential Energy Efficiency Program which is an income tax deduction, was distributed to the committee. (Attachment 2)

Continued hearing on:

**SB 299 - Promotion of energy efficiency, income tax credits**

Opponents:

Bruce Graham, Kansas Electric Power Cooperative, Inc., opposed provisions in **SB 299** in Section 1 that require a non-profit utility to enter into a net-metering arrangement. He quoted the definition of net metering from the California Energy Commission "Net metering permits you to "bank" your excess electricity and then withdraw it from the grid free for your use later..." Current Kansas law permits the customer to offset his own use and any excess generation is purchased at the utility's avoided cost. (Attachment 3)

Committee members asked about the Florida Power & Light project on wind turbines at Montezuma, how they sell their product and the companies involved. Various net metering proposals were discussed.

Jim Ludwig, Western Resources, voiced opposition to Section 1 of **SB 299**. He noted net metering is not a fair trade and that everyone else pays the cost caused by a customer-generator. (Attachment 4)

Jon K. Miles, Kansas Electric Cooperatives, also opposed Section 1 of **SB 299** and reviewed the Public Utility Regulatory Policy Act (PURPA) one of the five parts of the National Energy Act passed by Congress in 1978, and its intent to encourage co-generation and renewable energy. (Attachment 5)

Cynthia Smith of Kansas City Power & Light, added her vote of opposition to Section 1 of **S.B. 299** and stated reasons therefor. (Attachment 6)

Chairman closed the hearings on **SB 299**.

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE at 9:30 a.m. on March 8, 2001 in Room 231-N of the Capitol.

Approval of Minutes

Moved by Senator Lee, seconded by Senator Emler, the minutes of the Senate Utilities Committee meeting of March 7, 2001 be approved. Motion carried.

Next meeting of the Senate Utilities Committee will be on March 12, 2001.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 6



CONFIDENTIAL

A D Mohr Farms  
 ABB Power T & D Corporation  
 Ag Processing Inc.  
 Alameda Plaza Inc.  
 Alameda Towers  
 American Beauty Macaroni  
 American Bakeries Co.  
 Archer Daniels Midland Company  
 Ark City Packing Co.  
 Araco Inc  
 Banquet Foods Corporation  
 Baptist Medical Center  
 Bayer, Inc.  
 Bethany Hospital  
 Blueside Company  
 BMA  
 Bowen Construction Co.  
 Butler Manufacturing Co.  
 Cargill Inc.  
 Garnation Can Co.  
 Castlegate Ind. Inc.  
 Century Lubricants Co.  
 Certain-Teed Products Inc.  
 Chesebrough-Ponds, Inc.  
 City of Beloit  
 City of Holton  
 City of Osborne  
 City of Independence, Missouri City of  
 Palmyra  
 City of Minneapolis  
 City of Coffeyville  
 City of Osawatomie  
 City of Ottawa  
 City of Augusta  
 City of Sabetha  
 City of Baldwin  
 City of Lincoln Center  
 City of Horton  
 Coleman Alfalfa  
 Colgate Palmolive  
 Continental Baking Company  
 Cook Paint & Varnish  
 Corn Products Company  
 Danisco Cultor, Inc.  
 Doan's Products  
 Empire Cold Storage  
 Fairbanks Morse & Co.  
 Fairbanks Morse Pump  
 Fairmont C. C. Dairy  
 Fasco Products, Inc.  
 Faultless Laundry  
 Folger's Coffee Co.  
 Ford Motor Co.  
 Fox Run Apartments  
 Friskies Petcare Division of Nestle'  
 Inc.  
 Frito Lay  
 Gaines Foods  
 General Mills  
 Griffin Wheel  
 GST Steel Company  
 Guardian Management Inc.  
 Gulf & Western Mfg.  
 Guys Foods Inc.  
 Hallmark Cards  
 Hamm Asphalt Inc.  
 Harbour Construction Inc., Valley As-  
 phalt Division  
 Harvest Brand Inc.  
 Hapworth U.S. Holdings Inc.  
 Hercules, Inc.  
 Hills Division of Riviana

Hills Pet Food Division  
 Hoechst Marion Roussel/Quintiles  
 Hospital Linen Service  
 Hudson Food Protein  
 Hudson Foods, Inc.  
 Hudson Farms  
 ICI Explosives USA, Inc.  
 J C Nichols Co.  
 Kansas City Kansas School District No.  
 500  
 Kansas City Terminal Railway  
 Koppers Co. Inc.  
 Krause Milling Co.  
 Kuhlman Diecasting  
 Lafarge Corporation  
 Lawrence Paper Company  
 Leggett & Platt  
 M F A Milling  
 M K T Railroad  
 Maytag Corporation  
 McNally Pittsburg  
 Medical Center of Independence  
 Menorah Medical Center  
 Mid America Dairymen  
 Midwest Grain Products  
 Midwest Conveyor  
 Milnot Compay  
 Mission Clay Products  
 Missouri Plating Co.  
 Missouri Steel Castings  
 Modine Manufacturing Company  
 National Starch Company  
 National ByProducts  
 North Kansas City Memorial Hospital  
 O'Sullivan Industries  
 Owens Corning Fiberglass  
 PCS Nitrogen Co.  
 Pet Milk Co.  
 Pittsburgh Corning Corporation  
 Potash Corporation  
 Prandor U.S. Holdings, Inc.  
 Proctor & Gamble Co.  
 Quaker Oats  
 Ralston Purina Co.  
 Reichhold Chemical Inc.  
 Research Hospital and Medical Center  
 Reynolds Metals Co.  
 Rival Manufacturing Co.  
 Safeway Stores  
 Santa Fe Railroad  
 Sealright Mfg. Co.  
 Sears Roebuck & Co.  
 Seitz Foods Inc.  
 Southwest Oil & Grease  
 Sperry Vickers  
 St. Mary's Hospital  
 St. Francis Hospital  
 St. Joseph's Hospital  
 St. Lukes Hospital  
 St. Joseph's Center  
 St. Joseph Light & Power  
 St. Joseph, Missouri  
 St. John's Hospital  
 Stahl Specialty Co.  
 Standard Rendering Co.  
 Standard Refining  
 Steffen Dairy  
 Strongheart Products  
 Swift Ind. Packing Co.  
 Swift and Company  
 Tera Pharmaceuticals, Inc.  
 Thomas J. Lipton Inc.

CO. 10000000

Thompson Industries  
 Tower Metal Products  
 Town of Carrollton  
 TransWorld Airlines  
 Trigen - Kansas City District  
 Trinity Lutheran Hospital  
 Trumbull Asphalt  
 U S Gypsum Co.  
 Vance Brothers Asphalt  
 W R Grace & Co.  
 W S Dickey Clay Products Co.  
 Wells Aluminum Inc.  
 Winchester Foods Inc.  
 Wire Rope Corporation of America, Inc.

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STATESIDE ASSOCIATES

September 6, 1996

Memorandum to Rob Pflieger

From: *Charlie*  
Charlie Scott, Associate

Subject: Indiana Residential Insulation Deduction

The Indiana residential insulation deduction program was initiated in 1978. The Indiana Department of Revenue is able to provide statistics detailing the number of people taking this deduction and the total amount deducted only for the tax years 1989 through 1994.

During those six years, 171,324 tax returns included an insulation deduction. The total amount deducted from taxpayers' income for those six years was \$115,434,172. Given Indiana's personal income tax rate of 3.4%, these deductions have resulted in a net loss in revenue of \$3,926,462 over those six years.

If you need any additional information, please call.

COURTHOUSE PLAZA II • SUITE 409 • 800 CLARENDON BOULEVARD • ARLINGTON, VIRGINIA 22204-2807 • OFF 703-746-7466 • FAX 703-746-7467  
INDIANAPOLIS OFFICE • SUITE 200 • WINDSOR SQUARE, NORTH CAROLINA 27705 • OFF 408-262-2626 • FAX 408-262-2627

SEP 6 '96 11:22

Senate Utilities Committee  
March 8, 2001  
Attachment 2-1

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\*\*\*\*\* STATESIDE ASSOCIATES \*\*\*\*\*  
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September 5, 1996

Memorandum to Rob Pflieger

Through: *Amy*  
Amy Faulkner, Vice President

From: *Charlie*  
Charlie Scott, Associate

Subject: Indiana Residential Energy Efficiency Programs

Attached please find information regarding the efficacy of programs in Indiana which support residential energy efficiency.

I prepared the information regarding the state income tax insulation deduction and have marked that line item on reports provided by the Indiana Department of Revenue. Also attached is information regarding the weatherization program, which was prepared by Pat Dougherty, Regulatory Counsel.

From discussions with state program staff, there does not seem to be any overlap between the state tax deduction for installation of insulation (IC §6-3-2-5) and the weatherization program. The insulation deduction may be taken by any Indiana taxpayer, while participation in the weatherization program is restricted to low-income households.

If you have any additional questions concerning either of these programs, please do not hesitate to call.

INDIANA RESIDENTIAL INSULATION DEDUCTION

Contact

Dave Gilyan  
Tax Policy Division  
Revenue Department  
(312) 232-2104

Program Structure

Indiana resident individual taxpayers are allowed to deduct up to \$1,000 of the labor and materials costs for installation of insulation when calculating their state income tax. To obtain the deduction, the taxpayer must file with the Department of Revenue proof of his or her costs for the insulation and a list of the persons or corporations who supplied labor or materials for the installation. Costs greater than \$1,000 may not be deducted from subsequent tax filings.

Program Financial Impacts

The residential insulation deduction was authorized by the Indiana Legislature in 1978. Attached are copies of statistics from the Department of Revenue which are available for the years 1989 through 1994. The number of people taking this deduction and the amount of taxpayers' combined deductions has increased gradually over the past few years. In 1994, the most recent year for which the statistics have been compiled, 35,793 people took deductions totaling \$25,154,976. Multiplying this amount by Indiana's income tax rate of 3.4% yields \$855,269, an estimate of the net loss to Indiana's revenue resulting from this program. This figure does not take into account other externalities such as greater sales and income tax revenue resulting from increased sales of insulation and installation services, or the long term effect of energy savings on Indiana's economy.



MAR 07 2001 10:40 AM UC BILLS 419 248 5303 TO 917852322868 P.05/11  
SEP 8 2001 11:38 AM BULLINTON, R. S. CURRI 3128367423 TO 006-919192487461 P.06/12

## INDIANA WEATHERIZATION PROGRAM

### Contacts

Randy Powers  
Weatherization Program Director  
Housing and Community Services Section  
Division of Family and Children  
Family and Social Services Administration  
(317) 232-7011

Ed Gerardot  
Weatherization Services Director  
Indiana Community Action Program (CAP) Director's Association  
(317) 638-4232

### Program Structure

The Indiana Weatherization Program (IWP) is managed by the Housing and Community Services Section of the Family and Social Services Administration. The agency contracts with local social service agencies and organizations to provide weatherization services and to run the IWP at the local level. According to staff, there are 25 agencies presently contracting with the state to run the program. Local organizations, such as the Indiana CAP Director's Association (ICAPDA), contract to run programs for one or more counties; currently the largest contract is for nine counties. The size of contract ranges from \$350,000 to \$1.5 million.

The state issues a program manual based on federal Department of Energy rule and state-specific directives. The program manual is strictly a guidance document and is not incorporated into the state's regulations. Additionally, each local program can add its own requirements to the program.

### Program History

According to agency staff, the IWP has been in existence since the late 1970's. Since its inception, the program has been marked by gradual change, rather than by any momentous shift in priorities or approach. Staff report that the agency's approach to the program has become more technical as the program has matured. Specifically, the agency is using more sophisticated auditing and testing procedures and more advanced insulation techniques.

### Program Funding

According to staff, little state funding has been involved in the IWP. The program derives almost all of its funding from federal grants. For the fiscal year 1996, the program had a budget of \$9.6 million; funding was comprised of \$4.03 million in DOE Weatherization funds, \$4.25 million from the federal Department of Health and Human Services' (HHS's) Low Income Housing Energy Assistance Program (LIHEAP) and \$1.3 million from the state oil overcharge

INDIANA DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX DIVISION  
 TAX YEAR 1994 STATISTICS

COUNTS LESS THAN 5 SUPPRESSED

STATE-WIDE

	TOTALS # of taxpayers	total income deductions	LESS THAN 0	ZERO RETURNS	.01 - 999.99
FED ADJ GROSS INCOME	2,650,109	83,846,019,580	10,508	320,310,023-	23
TAX ADD-BACK	291,262	861,538,291	4,746	22,447,975	12
NET OPERATING LOSS	7,654	387,297,732	994	74,997,249	17
LUMP SUM DISTRIBUTION	2,240	63,043,834			
** TOTAL INDIANA INC	2,657,127	85,157,919,308	10,508	222,846,402-	35
RENTERS DEDUCTION	610,466	866,163,299	501	792,243	340
INTEREST ON GOVT OBLO	126,939	249,131,850	455	1,920,402	61
MILITARY SERVICE DED	45,729	88,420,910	23	46,989	40
CIVIL SERVICE ANNUITY	4,070	10,084,359	5	6,100	
INSULATION DEDUCTION	35,773	25,154,976	19	13,117	
NON-INDIANA EARNINGS	49,845	185,142,781	91	51,587	29
DISABILITY RETIRMT DED	4,210	18,102,918			
TAXABLE SOC SEC	119,502	760,404,370	88	395,189	6
OTHER DEDUCTIONS	276,849	518,216,862	1,507	41,567,872	36
** SCHED 1 DEDUCT	441,259	1,437,106,218	1,502	61,951,900	141
** TOTAL INDIANA DEDS	1,107,276	2,641,922,206	2,355	83,720,836	204
** IND ADJ GROSS INC	2,658,053	82,516,897,102	10,500	206,575,230-	613
FEDERAL EXEMPTIONS	2,668,025	5,042,149,109	10,500	21,153,120	8,098
OVER 65 AND/OR BLIND	418,592	500,500,000	2,635	3,655,000	2,046
** TOTAL EXEMPTIONS	2,668,024	6,422,649,169	10,500	24,808,100	8,098
** STATE TAXABLE INC	2,515,549	76,726,953,150			
** STATE TAX DUE	2,515,530	2,400,705,594			
COUNTY TAX DUE	1,982,118	526,793,591	93	7,740	1,370
SALES/USE TAX DUE	34,761	1,267,684	45	2,206	22
** TOTAL AMOUNT DUE	2,526,772	3,136,616,870	120	10,036	1,398
STATE TAX WITHHELD	2,250,100	4,412,753,103	5,209	1,000,000	4,051
COUNTY TAX WITHHELD	1,705,000	400,961,701	2,424	306,337	2,590
1994 EST TAX PAID	330,269	460,409,904	1,220	1,083,797	806
COLLEGE CREDIT	80,433	7,260,684			
ELDERLY CREDIT	155,622	8,944,609	1,920	219,860	1,557
SCLAR CARRYOVER	43	4,260			
TAXES PD TO OTHER STS	16,274	17,735,764			
CR OUTSIDE LOCALITIES	18,003	3,772,070			
OTHER CREDITS	5,595	2,376,538			
** TOTAL CR SCHED 2	38,794	23,886,634			
** TOTAL CREDITS	2,546,778	5,114,216,429	5,696	3,279,940	6,006
** OVERPAYMENT	1,785,267	237,733,919	5,602	3,271,931	6,603
NON-GAME	47,859	407,777	11	300	30
** OVERPAYMENT SUBTOT	1,780,507	237,326,141	5,679	3,271,630	6,393
** AMOUNT OWED	857,659	260,134,359	27	2,025	515
1ST QTR PD WITH RETURN	172,862	79,597,696	506	384,104	61
ESTIMATED PENALTY	115,032	4,039,367			
** NET REFUND DUE	1,715,934	194,885,994	5,349	2,891,330	6,366
** TOTAL AMOUNT OWED	731,982	394,624,507	963	10,110	690

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 REPORT NBR: IND003-01

INDIANA DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX DIVISION  
 TAX YEAR 1993 STATISTICS  
 COUNTS LESS THAN 5 SUPPRESSED  
 STATE-WIDE

DATE: 01/13/95  
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 PAGE: 471

	TOTALS		LESS THAN 0		ZERO RETURNS		01 - 999.99	
FED ADJ GROSS INCOME	2,597,696	70,927,457,050	10,293	302,886,237-	31	2,337,303-	65,492	32,123,465
TAX ADD-BACK	286,283	773,343,095	4,413	21,387,453	20	103,096	1,731	1,319,552
NET OPERATING LOSS	7,322	336,321,298	906	58,626,962	19	2,232,537	201	3,646,177
LUMP SUM DISTRIBUTION	2,095	62,487,002					24	8,424
** TOTAL INDIANA INC	2,588,584	80,099,608,447	10,293	222,850,540-			65,616	37,097,620
RENTERS DEDUCTION	599,693	847,565,879	501	713,993	318	435,024	2,994	3,659,868
INTEREST ON GOVT OBLG	123,430	261,935,312	349	2,724,576	50	99,746	943	308,144
MILITARY SERVICE DED	49,464	95,228,305	15	20,144	30	63,790	102	120,759
CIVIL SERVICE ANNUITY	5,899	9,880,137			6	12,000	11	9,399
INDIANAN DEDUCTION	30,797	21,043,009	15	9,095			12	5,574
NON-INDIANAN EARNINGS	48,729	102,305,614	23	39,649	21	43,544	139	139,833
DISABILITY RETRMT DED	4,304	16,201,407			5	18,640	7	27,551
TAXABLE SOC SEC	112,882	510,210,793	21	138,325	33	145,379	78	171,208
OTHER DEDUCTIONS	270,882	501,788,714	1,526	45,178,734	161	806,375	735	3,093,626
** SCHED 1 DEDUCT	430,293	1,183,480,482	1,373	45,365,507	218	1,105,958	991	3,447,196
** TOTAL INDIANA DEOS	1,080,159	2,368,180,480	2,259	48,832,220	596	1,704,520	4,003	7,343,968
** IND ADJ GROSS INC	2,587,448	77,731,447,967	10,293	271,482,761-	596	1,704,520-	65,369	29,553,651
FEDERAL EXEMPTIONS	2,596,135	5,390,253,300	10,293	21,068,130	7,551	12,486,960	65,616	79,558,390
OVER 65 AND/OR BLIND	413,256	571,881,000	2,358	3,308,000	1,794	2,184,000	7,701	9,399,000
** TOTAL EXEMPTIONS	2,596,135	5,962,136,300	10,293	24,372,130	7,551	14,670,960	65,616	79,955,390
** STATE TAXABLE INC	2,455,915	72,329,739,972					4,872	2,187,973
** STATE TAX DUE	2,455,903	2,458,894,584					4,872	74,370
COUNTY TAX DUE	1,869,034	463,945,914	49	7,986	1,365	152,475	2,315	16,640
SALES/USE TAX DUE	40,106	1,197,906	43	628	11	690	106	2,078
** TOTAL AMOUNT DUE	2,459,086	2,926,038,484	92	8,614	1,376	153,165	5,853	98,109
STATE TAX WITHHELD	2,169,510	2,063,100,595	3,137	1,698,104	3,226	823,841	48,494	1,122,353
COUNTY TAX WITHHELD	1,595,279	352,764,532	2,242	289,814	2,242	177,945	33,677	192,053
1993 EST TAX PAID	539,813	443,540,711	1,193	1,066,504	359	211,703	849	181,536
COLLEGE CREDIT	79,622	7,107,143					62	819
FEDERAL CREDIT	156,257	6,932,990	1,679	193,300	1,542	142,450	6,074	652,670
CHILD CARRYOVER		45,100						
TAXES PD TO OTHER STS	14,532	14,147,667					84	1,370
CR OUTSIDE LOCALITIES	17,121	3,421,213			5	313	16	30
OTHER CREDITS	5,517	2,233,455					33	539
** TOTAL CR SCHED 2	36,438	19,867,457			5	313	152	1,940
** TOTAL CREDITS	2,472,190	2,897,453,430	5,364	3,247,523	5,845	1,356,318	55,025	2,151,301
** OVERPAYMENT	1,719,932	216,913,018	5,349	3,239,936	5,214	1,225,557	53,923	2,079,866
NON-GAME	50,784	396,387	25	217	57	576	795	5,291
** OVERPAYMENT SUBTOT	1,716,936	216,516,631	5,344	3,239,719	5,205	1,224,980	53,746	2,076,575
** AMOUNT OWED	848,675	243,499,073	24	1,220	709	22,404	1,982	21,594
1ST QTR PD WTH RETURN	177,437	80,413,578	505	395,363	48	17,611	382	90,499
ESTIMATED PENALTY	100,586	4,608,200	6	6,066	10	4,026	39	2,466
** NET REFUND DUE	1,646,444	174,812,587	5,007	2,847,722	5,173	1,208,467	53,525	2,030,099
** TOTAL AMOUNT OWED	914,634	289,979,196	43	10,689	721	28,748	3,043	38,290

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REF B: 20 11:07 AM GOLIN-HARRIS.COM 3128367425 TC 006-914192487461 P. 08/12

419 248 5000 TO 917852322668 P. 07/11  
 MFR 07 2001 13:41 FR JC BRIS



INDIANA DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX DIVISION  
 TAX YEAR 1991 STATISTICS

DATE: 01/22/93  
 TIME: 13:42:06  
 PAGE: 1

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STATE-WIDE

	TOTALS		LESS THAN 0		ZERO RETURNS		.01 - 999.99	
FED ADJ GROSS INCOME	2,520,209	70,096,104,590	11,738	353,982,053	19	286,906	71,615	35,381,694
TAX ADD-BACK	283,047	647,207,083	5,706	24,820,173	9	40,734	2,009	1,537,287
NET OPERATING LOSS	6,518	497,192,058	1,025	76,945,502	12	244,933	189	3,274,754
LUMP SUM DISTRIBUTION	3,572	98,415,560	7	371,541	1	1,239	34	20,791
AA TOTAL INDIANA INC	2,521,142	71,240,919,292	11,738	251,836,836			71,740	40,214,527
RENTERS DEDUCTION	578,709	809,608,711	491	700,599	200	270,699	2,915	3,393,677
INTEREST ON GOVT OBLG	117,577	326,312,934	437	4,414,229	45	372,157	893	626,776
MILITARY SERVICE DEO	54,470	105,319,267	20	35,993	30	58,380	133	158,429
CIVIL SERVICE ANNUITY	6,097	9,783,182	4	4,000	5	4,000	18	11,496
INSULATION DEDUCTION	25,040	17,309,488	19	13,170			11	5,028
NON-INDIANA EARNINGS	45,363	94,170,244	36	68,018	12	18,590	171	124,905
DISABILITY RIRNMT DEO	4,496	17,902,172	2	7,780	5	22,712	10	27,208
TAXABLE SOC SEC	103,972	441,830,374	36	180,433	32	170,035	80	110,755
OTHER DEDUCTIONS	264,140	514,992,902	1,721	68,133,963	120	806,810	747	2,740,926
AA SCHED 1 DEDUCT	411,712	1,095,988,446	1,780	68,407,323	179	1,022,156	1,013	3,037,321
AA TOTAL INDIANA DEOS	1,041,147	2,337,224,360	2,532	73,558,147	426	1,723,394	4,781	7,216,206
AA INO ADJ GROSS INC	2,519,980	68,911,693,932	11,738	325,394,984	426	1,723,394	71,506	32,998,321
FEDERAL EXEMPTIONS	2,527,727	5,260,722,080	11,738	25,180,600	6,586	11,072,700	71,740	78,742,790
OVER 65 AND/OR BLIND	493,356	555,050,000	2,334	3,301,000	1,366	1,679,000	6,294	7,785,000
AA TOTAL EXEMPTIONS	2,527,727	5,823,772,080	11,738	28,481,600	6,586	12,751,700	71,740	84,527,790
AA STATE TAXABLE INC	2,385,129	63,684,479,203					5,233	2,299,770
AA STATE TAX DUE	2,385,113	2,165,261,894					5,232	78,170
COUNTY TAX DUE	1,762,059	371,729,016	67	10,063	1,057	112,331	2,927	17,353
SALES/USE TAX DUE	16,210	457,107	17	1,505	17	1,520	82	1,049
AA TOTAL AMOUNT DUE	2,388,962	2,537,448,018	84	11,569	1,073	113,860	6,854	96,572
STATE TAX WITHHELD	2,088,071	1,807,740,363	3,805	1,960,665	2,591	592,923	54,457	1,191,103
COUNTY TAX WITHHELD	1,501,964	279,716,250	2,657	308,129	1,869	135,996	37,400	191,466
1991 LET - CR PAID	331,616	369,286,891	1,390	1,126,023	208	111,623	726	164,381
COLLEGE CREDIT	73,242	6,448,587	1		1		60	862
ELDERLY CREDIT	148,619	8,374,151	1,641	190,660	1,000	106,540	4,727	509,390
SOLAR CARRYOVER	426	174,886	1					
TAXES PD TO OTHER STS	11,870	10,414,059						
CR OUTSIDE LOCALITIES	14,816	2,216,979	6	79	2	130	53	527
OTHER CREDITS	5,514	2,345,345						
AA TOTAL CR SCHED 2	31,822	15,152,271	7	79	1	2	46	793
AA TOTAL CREDITS	2,395,867	2,486,710,524	6,077	3,585,571	4,671	947,214	59,775	2,058,629
AA OVERPAYMENT	1,605,842	180,337,399	6,060	3,574,999	4,095	851,435	58,478	1,986,021
NON-GAME	60,694	413,484	28	229	40	265	993	3,532
AA OVERPAYMENT SUBTOT	1,692,540	179,923,914	6,058	3,574,769	4,085	851,169	58,291	1,982,488
AA AMOUNT OWED	892,220	231,066,893	18	996	644	18,081	2,401	23,963
1ST QTR PD WTH RETURN	182,731	103,901,004	540	457,600	37	6,861	391	50,243
ESTIMATED PENALTY	95,031	47,457,179	3	79	9	658	16	83
AA NET REFUND DUE	1,535,474	148,662,566	5,702	3,124,202	4,051	843,980	58,089	1,942,096
AA TOTAL AMOUNT OWED	966,087	352,762,782	38	7,137	683	20,415	4,368	52,385

REF B 99 11:07 AM WULIN-HARRIS COM 3128367425 TO 806-914192487461 P. 18/12

IND003 IND803A  
 REPORT NBR: IND003-01

INDIANA DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX DIVISION  
 TAX YEAR 1990 STATISTICS

DATE: 03/18/92  
 TIME: 11:57:08  
 PAGE: 471

COUNTS LESS THAN 5 SUPPRESSED  
 STATE-WIDE

TOTALS	LESS THAN 0	ZERO RETURNS	.01 - 999.99
FED ADJ GROSS INCOME 2,543,745	68,272,436,958	10,337	263,623,879-
TAX ADD-BACK 201,025	577,103,231	4,896	18,013,918
NET OPERATING LOSS 6,845	378,233,062	898	45,136,400
LUMP SUM DISTRIBUTION 3,877	109,339,556		
** TOTAL INDIANA INC 2,544,691	69,337,114,808	10,337	200,466,865-
RETIREES DEDUCTION 568,653	790,243,456	396	558,267
INTEREST ON GOVT OBLG 112,001	317,967,981	338	1,124,498
MILITARY SERVICE DED 54,185	103,488,834	13	25,027
CIVIL SERVICE ANNUITY 6,519	9,851,402		
INSULATION DEDUCTION 24,606	16,216,217	12	7,748
NON-INDIANA EARNINGS 47,657	91,377,066	27	45,860
DISABILITY RETIRED DED 6,251	20,302,335	10	441,025
TAXABLE SOC SEC 96,605	395,181,120	26	88,822
OTHER DEDUCTIONS 239,091	452,987,135	1,418	51,939,433
** SCHED 1 DEDUCT 383,482	985,915,279	1,475	52,522,890
** TOTAL INDIANA DEDS 1,003,900	2,197,615,553	2,047	54,230,683
** IND ADJ GROSS INC 2,543,593	67,139,499,255	10,337	254,697,548-
FEDERAL EXEMPTIONS 2,504,216	5,240,401,634	10,315	22,226,000
OVER 65 AND/OR BLIND 391,918	537,823,000	1,939	2,760,000
** TOTAL EXEMPTIONS 2,504,216	5,778,224,635	10,315	24,986,000
** STATE TAXABLE INC 2,415,530	61,863,376,968		
** STATE TAX DUE 2,415,494	-2,103,344,234		
COUNTY TAX DUE 1,757,666	329,092,887	48	5,126
SALES/USE TAX DUE 14,747	392,334	11	599
** TOTAL AMOUNT DUE 2,420,297	2,432,829,455	59	5,725
STATE TAX WITHHELD 2,077,329	-1,725,987,148	3,967	1,501,663
COUNTY TAX WITHHELD 1,463,047	248,276,809	2,183	243,881
1990 EST TAX PAID 333,023	572,036,131	1,251	1,020,668
COLLEGE CREDIT 71,365	6,176,613		
ELDERLY CREDIT 146,786	8,211,190	1,385	160,980
SOLAR CARRYOVER 718	133,218		
TAXES PD TO OTHER STS 11,888	8,758,459		
CR OUTSIDE LOCALITIES 12,104	1,578,223		
OTHER CREDITS 5,636	2,832,778		
** TOTAL CR SCHED 2 29,472	13,302,680		
** TOTAL CREDITS 2,388,808	2,373,990,573	5,957	2,927,201
** OVERPAYMENT 1,579,303	178,911,817	5,945	2,922,372
NON-CARE 56,018	394,421	27	214
** OVERPAYMENT SUBTOT 1,576,197	178,517,396	5,942	2,922,158
** AMOUNT OWED 949,634	237,750,700	15	896
1ST QTR PD WTH RETURN 176,738	63,075,777	393	188,273
ESTIMATED PENALTY 86,736	6,106,255		
** NET REFUND DUE 1,519,919	150,469,855	5,729	2,734,741
** TOTAL AMOUNT OWED 1,021,646	281,638,789	37	23

2-9

SEC 8 30 11:08 PM JULIAN-THOMAS LUMM 3128367425 TO 006-914192487451 P.11/12

INDIANA DEPARTMENT OF REVENUE  
INDIVIDUAL INCOME TAX DIVISION  
TAX YEAR 1989 STATISTICS

COUNTS LESS THAN 5 SUPPRESSED

STATE-WIDE

	TOTALS	LESS THAN 0	ZERO RETURNS	01 - 999.99
FED ADJ GROSS INCOME	2,506,514	64,882,077,374	10,387	272,652,712
TAX ADD-BACK	289,659	516,683,691	5,436	19,762,927
NET OPERATING LOSS	8,409	349,211,621	993	47,752,279
LUMP SUM DISTRIBUTION	5,339	125,633,814	5	674,197
** TOTAL INDIANA INC	2,579,412	65,873,606,502	10,387	204,463,308
RETIERS DEDUCTION	556,766	767,517,000	300	531,639
INTEREST ON GOVT OBLG	101,157	298,478,791	291	2,159,614
MILITARY PAY DEDUCT	53,110	102,584,359	14	16,787
MILITARY RETIREMENT	6,926	13,292,431	5	10,000
CIVIL SERVICE ANNUITY	4,915	8,277,844		
INSULATION DEDUCTION	25,883	16,667,645	13	8,234
NON-INDIANA EARNINGS	41,934	80,258,929	25	50,128
DISABILIT. RETIREM DED	4,379	32,523,335		
TAXABLE SOC SEC	85,581	418,062,213	31	129,540
OTHER DEDUCTIONS	220,052	829,266,734	1,429	50,850,673
** SCHED 1 MODIFICTNS	2,579,412	1,398,349,135	10,387	51,060,245
** TOTAL INDIANA MODS	2,579,412	2,566,925,287	10,387	51,768,287
** JMD ADJ GROSS INC	2,579,412	63,306,677,215	10,387	250,231,595
FEDERAL EXEMPTIONS	2,471,266	5,124,222,676	10,382	22,949,006
OVER 65 AND/OR BLIND	352,765	527,266,110	1,903	2,709,000
** TOTAL EXEMPTIONS	2,579,412	5,651,488,786	10,387	25,658,000
** STATE TAXABLE INC	2,579,412	57,655,188,428	10,387	283,889,595
** STATE TAX DUE	2,579,412	1,960,266,430	10,387	9,652,202
COUNTY TAX DUE	1,674,966	276,228,542	42	3,583
CREDIT TAX DUE	184,790	8,175,207		
SALES/USE TAX DUE	14,870	1,092,117	11	977
ESTIMATED PENALTY	86,034	3,223,011		
EST PAID WITH RETURN	193,728	74,205,400	445	232,505
** TOTAL AMOUNT DUE	2,579,412	2,323,190,709	10,387	9,414,445
STATE TAX WITHHELD	2,053,708	1,627,026,971	5,622	1,622,374
COUNTY TAX WITHHELD	1,426,494	213,554,027	2,258	230,758
1989 EST TAX PAID	315,504	333,199,822	1,329	1,114,299
COLLEGE CREDIT	69,775	5,961,814		
ELDERLY CREDIT	140,495	8,264,140	1,332	154,000
SOLAR CARRYOVER	700	210,311		
TAXES PD TO OTHER STS	11,578	7,823,608		
CA OUTSIDE LOCALITIES	9,579	1,206,131		
OTHER CREDITS	6,194	12,716,991		
** TOTAL CR SCHED 2	2,579,412	21,957,043	10,387	10,013
** TOTAL CREDITS	2,579,412	2,209,763,821	10,387	3,132,435
** OVERPAYMENT	1,488,814	183,887,345	10,371	12,552,370
NON-GAME	58,184	433,247	30	2,457
** NET REFUND CLAIMED	2,579,412	183,454,098	10,387	12,549,913
** TOTAL REBATS CLMED	1,041,746	297,114,234	16	5,489

SCF 0 20 11:00 PM WJLN-HARRIS COMM 3128367425 TO 006-9:4:92487461 P.12/12



# Kansas Electric Power Cooperative, Inc.

## Testimony on SB 299

Before the Senate Utilities Committee – March 8, 2001

Bruce Graham, KEPCo's Vice President,  
Member Services & External Affairs

The Kansas Electric Power Cooperative, Inc. (KEPCo) supports current discussion by the Legislature regarding energy policies that promote conservation as well as responsible exploration and utilization of our natural resources. However, such policies and programs must be reasonable and equitable. Therefore, KEPCo cannot support provisions of SB 299 that require a non-profit utility to enter into a net-metering arrangement because it requires customers to subsidize the true cost of that generation and results in higher costs for its other customers.

Net-metering advocates describe the concept as follows:

*"Net metering allows you to use the electric grid, and the company that otherwise supplies you with electricity, as if it were a big, free battery. There will be times when your electricity needs are less than the amount of electricity your generating system is providing at the moment. Your generating system puts the excess electricity you do not need back into the electric grid to be used by others and allows you to take this same amount of electricity back out of the electric grid. Net metering permits you to "bank" your excess electricity and then withdraw it from the grid free for your use later that day, or even months later. When you withdraw your "banked" electricity, you save not having to buy this amount of electricity from your electric service provider."*

**-- source, The California Energy Commission.**

This statement may be a simple and certainly attractive way to entice someone's interest in renewable generation, however, in the real world, this statement is irresponsible and deceptive. You cannot store electric generation except in a battery (and that would have to be a big battery). Utilities operate sophisticated systems that control generation to match demand. Whatever is on the grid has to be consumed--there is no place or method for it to be stored or banked.

Current Kansas law permits the customer to offset his own use and any excess generation is purchased at the utility's avoided cost. Meanwhile, the utility, as its regulated public responsibility, must plan to provide the customer's full power requirements each and every day, not knowing whether it will be windy, tranquil, or if the windmill is even working. Then, as net metering advocates correctly state, the wind will blow again and the net-metered generation is able to spin the meter backwards and possibly avoid an energy bill from the utility altogether. But who paid for the cost of that capacity and more expensive energy purchased on peak? In addition, who pays for the ongoing line maintenance and storm damage repairs necessary to provide generation on demand? Not the net-metered generator. The rest of the utility's customers subsidize that expense.

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Senate Utilities Committee  
March 8, 2001  
Attachment 3-1



There are additional provisions included in SB 299 that KEPCo would have to oppose such as permitting net-metered loads to accumulate to 10,000 kw or 10 percent of the state's actual peak electricity demand whichever is less (see attachment for the impact of this provision). In addition, prohibiting charges for demand or stand-by generation and requiring that the metering calculation be annualized are further subsidies that will benefit a handful of entrepreneurs at the expense of the rest of our customers.

On the other hand, we do not oppose the provisions contained in SB 299, if Section 1 is deleted. Since this call from the renewable industry was rekindled last summer, KEPCo has consistently stated that if it is the policy of the State of Kansas to provide additional incentives to encourage renewable resources, the State of Kansas can certainly create and fund the incentives.

In fact, if you look truthfully at the numbers, government is providing a pretty solid set of incentives already. Kansas currently offers a property tax exemption for renewable generating projects and in the House, a bill is awaiting action on General Orders to create a round-about tax credit for renewable generators. Apparently, despite the fact that wind is "economically viable" the renewable advocates still want more. But wait, there is more. According to literature from the KCC, there are grants available for renewable energy projects in Kansas and the icing is a 1.5 cent per kilowatt-hour wind-energy production tax credit offered by the federal government.

As I indicated earlier, we have supported the responsible exploration and utilization of our natural resources and Kansas has significant renewable resources available that would supplement our existing generation. When wind or renewable generation provides both the reliability and economy needed to meet the needs of our customers, utilities will consider the energy source. In fact, perhaps we're already there. Florida Power and Light is working with officials in Gray County to put 170 wind turbines near Montezuma, Kansas. This is an exciting project that I assume is based entirely on the market for that generation. We urge you not to create artificial incentives such as net metering that will most likely raise the cost of service to Kansas consumers.

Thank you for the opportunity to appear on SB 299.

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*KEPCo is a generation and transmission utility that provides wholesale electricity and other services to 21 rural distribution cooperatives with member/consumers spanning two-thirds of rural Kansas.*

## **SB 299**

Addendum to testimony by Bruce Graham  
March 8, 2001

Rural Electric Cooperatives (RECs) would be at risk under this proposal. I doubt that we'll see too many large windmills in the city of Topeka, but in rural areas, they could become commonplace. On a first come first served basis, rural customers could come forward to be net metered on a large scale, leaving the remaining customers to pay for the operations of their REC.

As written, SB 299 permits the net-metered loads to accumulate to 10,000 kilowatts or 10 percent of the state's actual peak electricity demand, whichever is less.

- These numbers are wildly divergent, but still significant.
- 10,000 kilowatts or kw is the same as 10 megawatts or 10 mw. That is roughly equivalent to the entire load of a small rural electric cooperative like Twin Valley Electric in Altamont -- or about half of the Wamego-based Bluestem REC load. This is nothing to sneeze at, especially since it is a statewide calculation. Therefore, if wind generation concentrates in a certain area, and it naturally does because some sites are much better than others, a cooperative could be impacted significantly.
- 10 percent of the state's actual peak demand would be absurd. In 1988, retail electric sales by all 32 of the state's electric cooperatives amounted to 10.5 percent of the state's total.

What happens if you prorate the mandate to each utility, in other words a utility's potential loss would be capped at ten percent?

- In the year 2000, Bluestem REC had a peak load of 21 megawatts. However, the Bluestem REC average monthly demand was around 15 megawatts. If Bluestem REC was required to net-meter 10 percent of its peak load, that translates to 14 percent of its ordinary monthly load displaced by individual wind generators that could end up with a net zero bill from their REC. Yet the RECs operating costs have not gone down at all. They still have to maintain the lines to that windmill, meter and bill the customer, manage the cooperative, maintain employee benefits, and, of course, provide energy on the days when the wind isn't blowing. Those costs are just spread across the remaining, paying customers.

Testimony  
before the  
Senate Utilities Committee  
by  
Jim Ludwig, Western Resources  
March 8, 2001

Chair Clark and Members of the Committee:

Western Resources opposes Section 1 of SB 299. We have no position to the remainder of the bill.

Section 1 would permit net metering. Under SB 299, net metering means measuring the difference between electricity supplied by a utility and the electricity fed back to the utility's grid by a customer-generator over an annual billing period. To be eligible as a customer-generator, one would need to own on his/her premises a renewable energy generator of not more than 100 kilowatts.

*Net metering is not a fair trade*

SB 299 would require a utility to pay the same rate for energy fed back on to its system as the rate the customer-generator pays the utility. **It's a lopsided deal.** Generation, although important, is only a single component of electric service. In addition to generation, **the utility also provides transmission, distribution, storm restoration, service connection and disconnection, emergency response, phone center service, and many other services.** The utility would also provide standby service for the customer-generator. **The customer-generator provides no other service than generation, and yet expects to receive an equivalent payment.** Plus, the customer-generator would even escape paying for standby service.

Customer-generators may not generate electricity during peak periods, when the utility is likely to incur higher costs. Customer-generators may feed back electricity to the utility at times when the utility does not need their electricity and can generate electricity at comparatively lower cost.

*Everyone else pays*

Most public utility commissions try to adhere to this rule of thumb: Whoever causes a cost should pay the cost. Net metering violates this principle in many ways. **Who pays the costs caused by a customer-generator?** Every other customer would end up paying for standby service for customer-generators. Every other customer would end up paying for non-generation services provided to the customer-generator. Every other customer would pay for customer-generator electricity fed back on to the utility's grid, even when it wasn't needed. Every other customer would pay for the capacity to serve the customer-generator during peak periods when the customer-generator was not supplying his/her own needs. **Everyone else pays the customer-generator's way.**

Western Resources urges the committee to strike Section 1 of SB 299.

**SENATE UTILITIES COMMITTEE**  
**March 8, 2001**

**Testimony of Jon K. Miles**

**COMMENTS ON SENATE BILL No. 299**

Good morning, Mr. Chairman and members of the Committee. I am Jon K. Miles, Vice President of Governmental and Technical Services for Kansas Electric Cooperatives, Inc. (KEC), headquartered in Topeka, Kansas. KEC is the statewide association for twenty-nine rural electric cooperatives and the state's two generation and transmission cooperatives.

I appreciate the opportunity to testify today in opposition to **SB 299**. KEC is opposed to just Section 1 of the bill simply because it allows net metering, a concept that the rural electric cooperatives have consistently opposed. As you know, net metering was one of several issues discussed during the Interim Study last summer.

The Public Utility Regulatory Policy Act (PURPA) is one of five parts of the National Energy Act passed by Congress in 1978. The act addresses rate standards, co-generation, small hydropower loans, interconnections, the wheeling of power and other regulatory policies. The intent of PURPA was to encourage co-generation and renewable energy. It required utilities to purchase the excess energy at no more than the utility's avoided cost.

Since the enactment of PURPA, rural electric cooperatives have encouraged the generation and use of renewable energy, including energy from wind and solar generators. The cooperatives are supportive of the efforts to bring renewable energy to Kansas consumers. However, we realize that that renewable energy from sources such as the wind and sun cannot provide the consistent, reliable energy demanded by Kansans.

The wind may not be blowing on the hottest summer peak demand day when it is needed. Likewise, the sun doesn't shine twenty-four hours a day or 365 days a year. The problem with wind and solar power is that they are intermittent, and there is no way of storing the electrical energy for future use. It is important for the committee to understand that unlike these co-generators, electric utilities have an obligation to serve consumers every day of the year, not just when the wind is blowing or the sun is shining.

The rural electric cooperatives oppose Section 1 of the bill because net metering requires the cooperative's consumers to subsidize the co-generator. There are a number of costs included in a utility's retail rate and thus paid by its consumers. These costs include the expense of construction, installation and maintenance of distribution lines and meters. When a co-generator distributes power onto the electric grid, he uses the cooperatives' distribution system. The members of the cooperative pay for the distribution system, but under this bill, the co-generator uses the distribution system at no cost. The co-generator bears none of the costs to construct or maintain the system. By receiving full credit (an amount equal to the utilities' retail rate) for the generation, the co-generator avoids paying for contributing to setting the system demand for electricity. The cooperatives' customers pay these costs.

As written in this bill, net metering requires cooperative customers to subsidize co-generation from renewable energy sources. If the Legislature feels that encouraging this type of generation is a worthy policy, then the state should find a funding source that does not involve higher consumer electric bills. The financial incentive to co-generate using renewable energy sources shouldn't come from the pockets of rural electric cooperatives and their customers.

Thank you.

## Testimony on Senate Bill 299

before the  
Committee on Utilities  
Kansas Senate

March 8, 2001

Section 1 of Senate Bill 299 would establish net metering in Kansas. Net metering requires a utility to purchase electricity at prices exceeding their avoided cost. In other words, KCPL must buy electricity that was generated for more than it would cost us to produce it ourselves.

KCPL opposes Section 1 of Senate Bill 299 for the following reasons:

- Net metering results in customers avoiding their share of delivery costs. Some or all of the costs related to transmission and distribution are avoided by these customers.
- Net metering results in unfairly shifting costs to other customers. The delivery costs avoided by the net metering customer are shifted to other utility customers through higher rates.

If the state of Kansas determines that it is good policy to subsidize these types of facilities, the state should provide ongoing tax credits directly to these owners as opposed to shifting these costs upon other electric customers.

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*Kansas City Power & Light Company is the second largest investor-owned electric utility in the state of Kansas, serving a population of over 1 million people in portions of 23 counties in northeastern Kansas, northwestern Missouri, and across the Kansas City metropolitan area. One of the nation's first electric utilities, KCPL has been providing reliable and economical energy to its customers for more than a century. Today, KCPL is the leading provider of energy and related products and services in the Kansas City metropolitan area and nationwide.*