

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:30 A.M. on March 2, 2005 in Room 423-S of the Capitol.

All members were present except:

Senator Derek Schmidt - excused

Committee staff present:

Raney Gilliland, Kansas Legislative Research  
Lisa Montgomery, Office of Revisor of Statutes  
Jacqui Jones, Committee Secretary

Conferees appearing before the committee:

Kansas Department of Transportation - Mike Crow, Director of Operations  
Kansas Highway Patrol - Walt Darling  
Kansas Department of Wildlife and Parks - Richard Koerth, Assistant Secretary of Administration  
The University of Kansas - Doug Riat, Director, Facilities Operations  
Kansas State University - Bruce Shubert

Others attending:

See attached list

Chairman Taddiken opened the meeting by advising Committee members that the meeting would be more of a listening and informational meeting than a hearing. There would be time to ask questions of each presenter.

Mike Crow of the Kansas Department of Transportation spoke about the use and purchase of ethanol and bio-diesel by the Kansas Department of Transportation (KDOT). He submitted and referred to an agency update on the use of Alternative Fuels (Attachment 1). He then stood for questions from the Committee.

Walt Darling of the Kansas Highway Patrol then presented information regarding the purchase of fuel for its motor vehicles. He referred to a graph (Attachment 2) describing the effort the Highway Patrol uses in purchasing fuel for these vehicles both from bulk and retail sources. After his presentation he stood for questions.

Richard Koerth was the presenter for the Kansas Department of Wildlife and Parks (KDWP). He made reference to information contained in testimony on the use and purchase of ethanol and bio-diesel fuels submitted by KDWP Secretary Michael Hayden (see attachment 3). It was noted that there are areas within the state where it is not practical for KDWP employees to purchase or use ethanol or bio-diesel. A memorandum was sent out on February 8, 2005 to advise and encourage KDWP employees to use ethanol and bio-diesel while on state travel (Attachment 3).

Doug Riat of the University of Kansas (KU) presented next. He talked about KU's experience with bio-fuels and shared his observations, from an operational perspective, regarding any problems and impediments that had been experienced (Attachment 4).

He notes that KU has not been using ethanol recently. He stated that KU was unaware of the stipulations of law until it was brought to their attention and assured the Committee that their next bulk purchase will be ethanol. KU is presently using bio-diesel and finds that availability at local terminals is no longer a problem.

Mr. Riat remarked that there is a strong student interest in examining potential bio-diesel use in buses providing campus transportation. There may be a trial run with the privately owned bus company providing student transportation this spring. Mr. Riat then stood for questions.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:30 A.M. on March 2, 2005 in Room 423-S of the Capitol.

Bruce Shubert of Kansas State University (KSU) spoke to the Committee and provided a report showing the most recent data on bulk purchases of ethanol by the University (Attachment 5). Information on purchases by individuals on university business was not available. Bio-diesel has not been available from any of the fuel contractors with whom KSU does business. Up until now there has been a concern about low temperature use of the fuel. It is the intent of the university to use bio-diesel this summer when this will no longer be a concern. After his presentation, Mr. Shubert stood for questions.

The meeting adjourned at 9:25 a.m.

The next meeting is scheduled for March 8, 2005.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE:           3/2          

NAME	REPRESENTING
Duane Simpson	Association of Ethanol Processors
John Eichkorn	KHP
Walt Darling	KHP
CV Cotsoradis	KDA
Carole Jordan	KDA
Jesse McCurry	Commerce
SAUE PETERSON	K-STATE
Bruce Shubert	K-STATE
Ken Gudenkauf	KDOT
Mike Crow	KDOT
MARK CLEMENTS	KDOT
Amber Shaverdi	PMCH
DOUG RIAT	KU
JIM LONG	KU
Jan Josseland	University of Kansas
BOB MENEY	Stem Loan Firm

# KANSAS

DEPARTMENT OF TRANSPORTATION  
DEB MILLER, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

## AGENCY UPDATE ON THE USE OF ALTERNATIVE FUELS

Requested by the Senate Committee on Agriculture

MARCH 2, 2005

Mr. Chairman and Committee Members:

The Kansas Department of Transportation has been purchasing alternative fuel since 2001. It was in April 2001, that the department voluntarily implemented a pilot program to purchase bulk fuels containing 2% Bio-Diesel (B-2). This pilot occurred nearly two years prior to the 2003 Legislative Session during which alternative fuel legislation was passed. Since that time, KDOT has increased the amount of alternative fuels being purchased, including 2% Bio-Diesel (B-2), 10% Ethanol (E-10) and 85% Ethanol (E-85). Alternative fuels are purchased where available and when within the price differential. When fuel purchases are necessary at retail outlets, the use of alternative fuels are encouraged.

Attachment A is a comparison view of the agency's diesel/bio-diesel purchases. Attachment B is a comparison of unleaded gasoline/ethanol purchases. Attachment C is the overall agency trend in alternative fuel purchases beginning with FY 2003. Attachment D is the table of source data to support these charts and includes all funds, all accounts and all adjustments.

Thank you for the opportunity to provide an update on the agency's use of alternative fuels.

OFFICE OF THE SECRETARY OF TRANSPORTATION  
DWIGHT D. EISENHOWER STATE OFFICE BUILDING  
700 S.W. HARRISON STREET, TOPEKA, KS 66603-3754  
PUBLIC ACCESS AT NORTH ENTRANCE OF BUILDING  
VOICE 785-296-3461 TTY 785-296-3585 FAX 785-296-1095 <http://www.kdoweb.com>

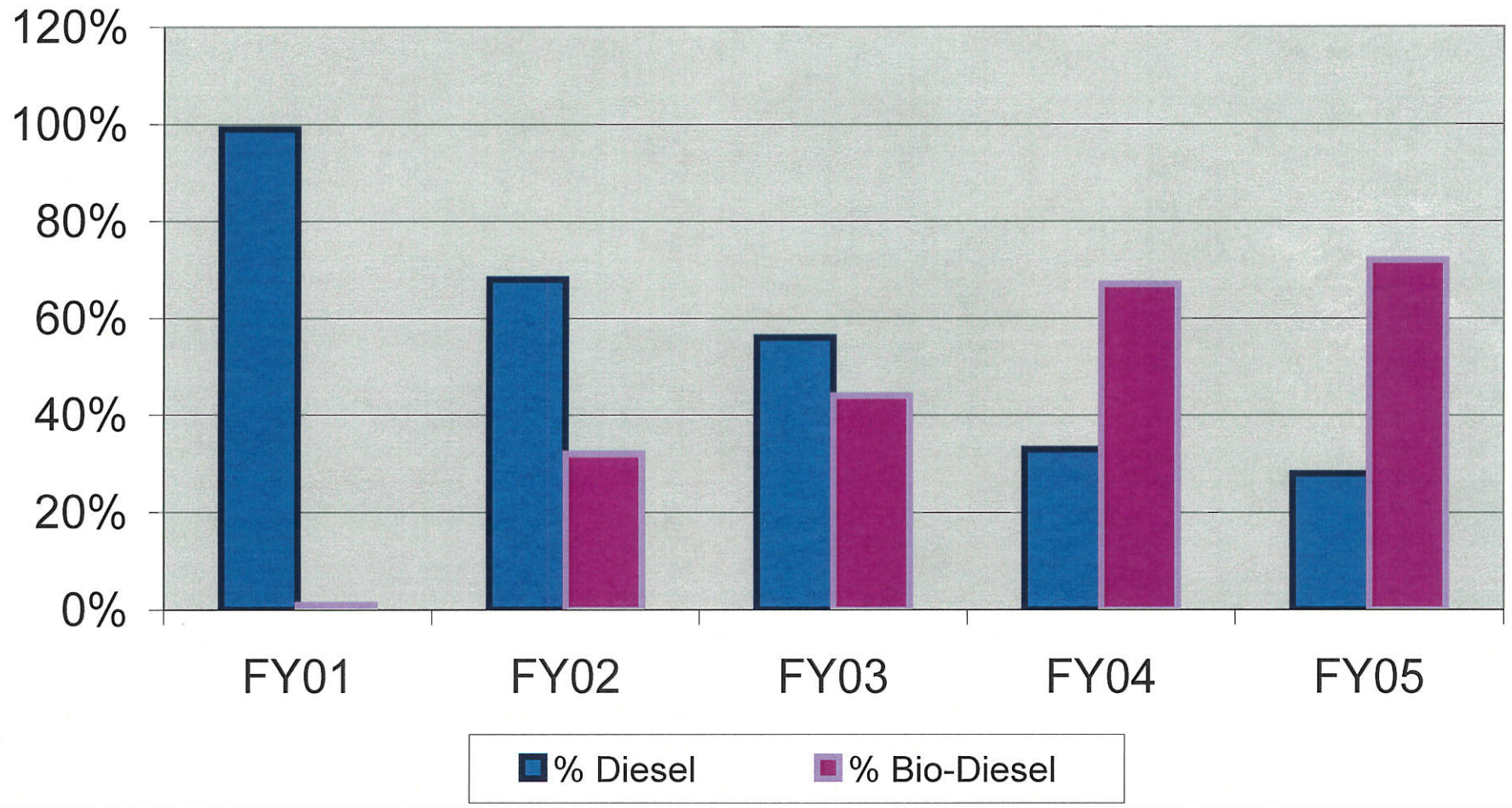
Senate Agriculture Committee

Date 3-2-05

Attachment # 1

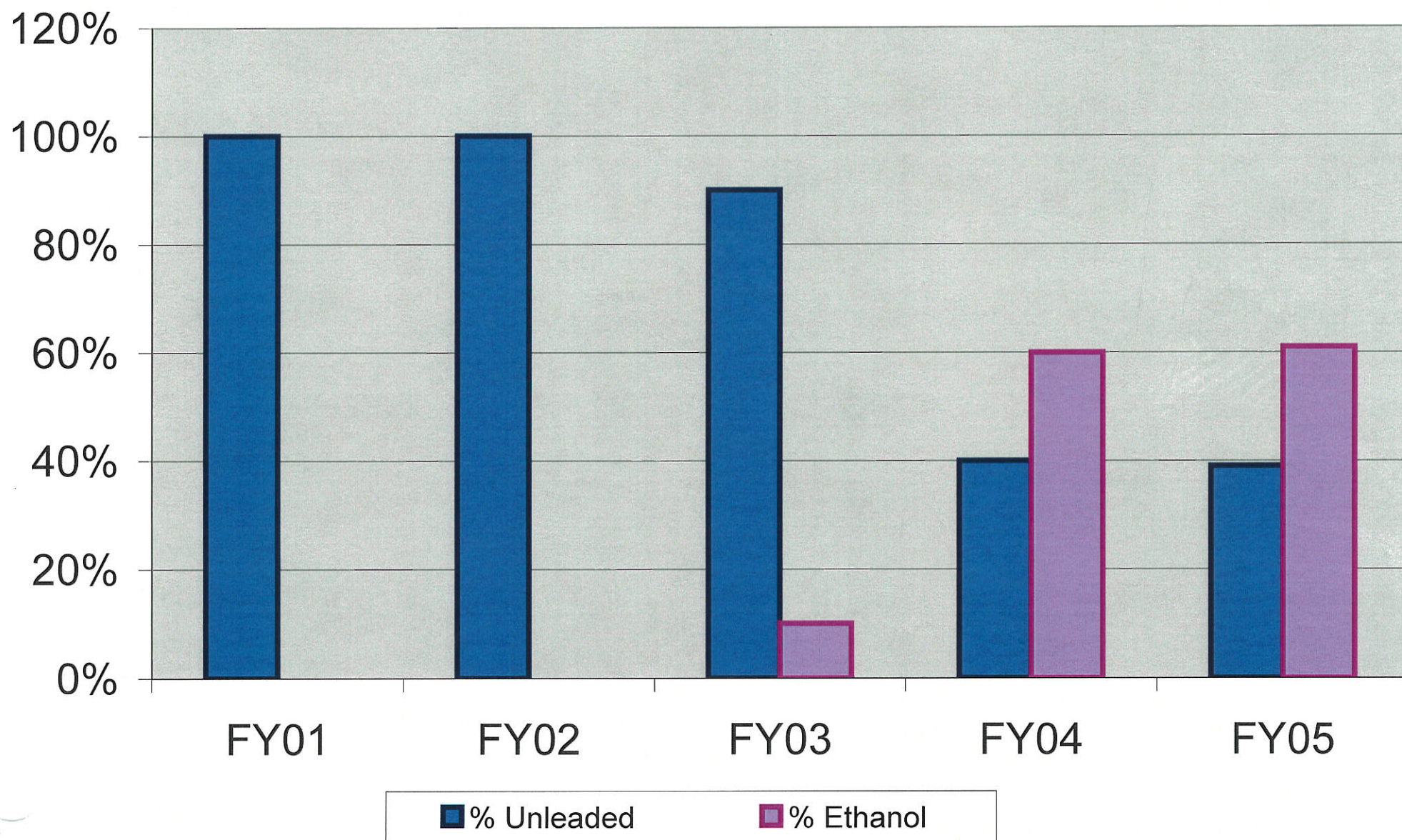
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# COMPARISON OF DIESEL TO BIO-DIESEL PURCHASES

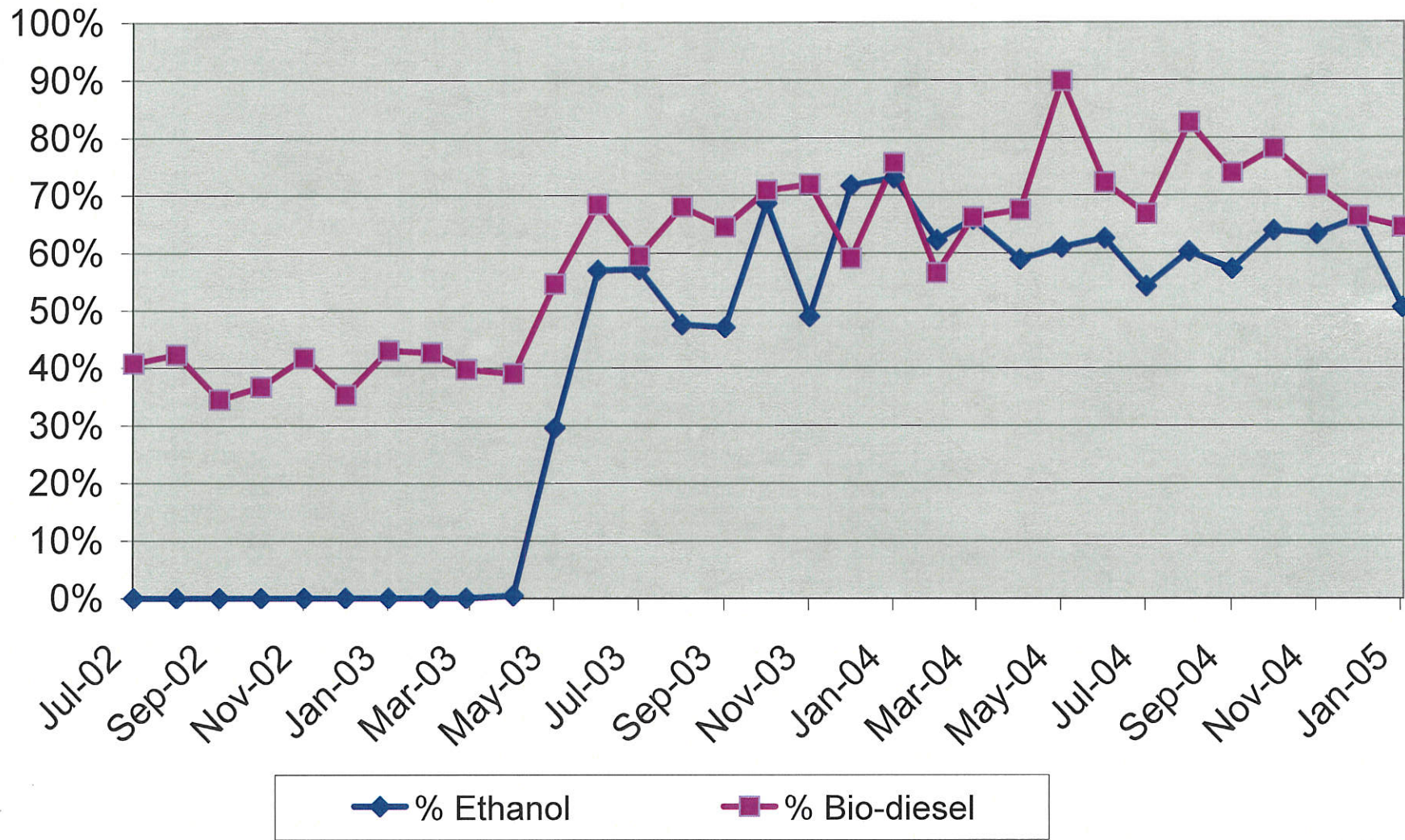


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# COMPARISON OF UNLEADED TO ETHANOL PURCHASES



# KDOT ALTERNATIVE FUEL TREND



## Kansas Department of Transportation

### Fuel Purchases (All Funds, All Accounts, All Adjustments)

	Avg \$ Gal	Unleaded		Ethanol			Avg \$ Gal	Diesel		Bio-diesel			
		Tot \$	Est Qty	Tot \$	Est Qty	% E-10		Tot \$	Est Qty	Tot \$	Est Qty	% B-2	
FY 03	Jul-02	\$ 1.15	\$ 80,162	69,706		0	0%	\$ 1.10	\$ 117,375	106,705	\$ 80,893	73,539	41%
	Aug-02	\$ 1.14	\$ 139,684	122,530		0	0%	\$ 1.12	\$ 157,284	140,432	\$ 115,384	103,021	42%
	Sep-02	\$ 1.15	\$ 121,271	105,453		0	0%	\$ 1.22	\$ 138,130	113,221	\$ 72,709	59,598	34%
	Oct-02	\$ 1.20	\$ 155,922	129,935		0	0%	\$ 1.27	\$ 196,924	155,058	\$ 114,029	89,787	37%
	Nov-02	\$ 1.07	\$ 106,640	99,664		0	0%	\$ 1.21	\$ 122,007	100,832	\$ 87,442	72,266	42%
	Dec-02	\$ 1.07	\$ 111,969	104,644		0	0%	\$ 1.22	\$ 179,693	147,289	\$ 98,021	80,345	35%
	Jan-03	\$ 1.17	\$ 98,008	83,768		0	0%	\$ 1.27	\$ 169,441	133,418	\$ 127,927	100,730	43%
	Feb-03	\$ 1.33	\$ 100,264	75,386		0	0%	\$ 1.41	\$ 167,185	118,571	\$ 124,477	88,282	43%
	Mar-03	\$ 1.37	\$ 139,659	101,941		0	0%	\$ 1.47	\$ 240,689	163,734	\$ 158,716	107,970	40%
	Apr-03	\$ 1.25	\$ 130,167	104,134	\$ 612	490	0%	\$ 1.25	\$ 155,135	124,108	\$ 99,389	79,511	39%
	May-03	\$ 1.24	\$ 99,845	80,520	\$ 41,944	33,826	30%	\$ 1.19	\$ 109,205	91,769	\$ 131,480	110,487	55%
	Jun-03	\$ 1.25	\$ 76,168	60,934	\$ 100,840	80,672	57%	\$ 1.20	\$ 106,268	88,557	\$ 230,304	191,920	68%
<b>Total</b>			<b>\$1,359,759</b>					<b>\$1,859,336</b>			<b>\$1,440,771</b>		<b>44%</b>
FY 04	Jul-03	\$ 1.28	\$ 54,596	42,653	\$ 72,865	56,926	57%	\$ 1.24	\$ 90,757	73,191	\$ 133,324	107,519	59%
	Aug-03	\$ 1.38	\$ 83,237	60,317	\$ 75,383	54,625	48%	\$ 1.28	\$ 115,882	90,533	\$ 246,374	192,480	68%
	Sep-03	\$ 1.38	\$ 78,899	57,173	\$ 70,028	50,745	47%	\$ 1.28	\$ 92,153	71,995	\$ 167,661	130,985	65%
	Oct-03	\$ 1.27	\$ 52,508	41,345	\$ 114,858	90,439	69%	\$ 1.28	\$ 95,280	74,438	\$ 231,521	180,876	71%
	Nov-03	\$ 1.23	\$ 53,644	43,613	\$ 51,333	41,734	49%	\$ 1.27	\$ 59,275	46,673	\$ 151,639	119,401	72%
	Dec-03	\$ 1.23	\$ 37,640	30,602	\$ 95,297	77,477	72%	\$ 1.29	\$ 162,878	126,262	\$ 234,676	181,919	59%
	Jan-04	\$ 1.36	\$ 28,323	20,826	\$ 76,556	56,291	73%	\$ 1.34	\$ 49,378	36,849	\$ 153,412	114,487	76%
	Feb-04	\$ 1.38	\$ 35,003	25,364	\$ 57,580	41,725	62%	\$ 1.35	\$ 248,575	184,130	\$ 323,186	239,397	57%
	Mar-04	\$ 1.52	\$ 52,642	34,633	\$ 101,163	66,555	66%	\$ 1.42	\$ 103,008	72,541	\$ 201,588	141,963	66%
	Apr-04	\$ 1.55	\$ 73,173	47,208	\$ 104,413	67,363	59%	\$ 1.46	\$ 96,121	65,836	\$ 199,041	136,329	67%
	May-04	\$ 1.75	\$ 63,441	36,252	\$ 98,839	56,479	61%	\$ 1.52	\$ 22,059	14,513	\$ 194,874	128,207	90%
	Jun-04	\$ 1.67	\$ 107,655	64,464	\$ 179,497	107,483	63%	\$ 1.52	\$ 139,092	91,508	\$ 360,891	237,428	72%
<b>Total</b>			<b>\$ 720,761</b>			<b>60%</b>		<b>\$1,274,458</b>			<b>\$2,598,187</b>		<b>67%</b>
FY 05	Jul-04	\$ 1.62	\$ 29,960	18,494	\$ 35,400	21,852	54%	\$ 1.52	\$ 72,347	47,597	\$ 145,095	95,457	67%
	Aug-04	\$ 1.65	\$ 92,213	55,887	\$ 139,517	84,556	60%	\$ 1.62	\$ 70,000	43,210	\$ 333,250	205,710	83%
	Sep-04	\$ 1.62	\$ 76,514	47,231	\$ 102,215	63,096	57%	\$ 1.68	\$ 101,703	60,538	\$ 287,255	170,985	74%
	Oct-04	\$ 1.78	\$ 57,576	32,346	\$ 101,651	57,107	64%	\$ 1.91	\$ 77,277	40,459	\$ 275,978	144,491	78%
	Nov-04	\$ 1.72	\$ 70,780	41,151	\$ 121,542	70,664	63%	\$ 1.93	\$ 114,638	59,398	\$ 289,463	149,981	72%
	Dec-04	\$ 1.61	\$ 64,814	40,257	\$ 125,579	77,999	66%	\$ 1.80	\$ 156,595	86,997	\$ 307,661	170,923	66%
	Jan-05	\$ 1.60	\$ 47,434	29,646	\$ 48,366	30,229	50%	\$ 1.70	\$ 203,849	119,911	\$ 368,970	217,041	64%
<b>Total</b>			<b>\$ 439,291</b>			<b>61%</b>		<b>\$ 796,409</b>			<b>\$2,007,672</b>		<b>72%</b>

Source: KDOT Expenditure Records

Avg price per gallon taken from inventory records

Ethanol includes purchases of E-85 for one bulk tank





Presented by:  
Walt Darling

# KANSAS

WILLIAM R. SECK, SUPERINTENDENT

KATHLEEN SEBELIUS, GOVERNOR

KANSAS HIGHWAY PATROL

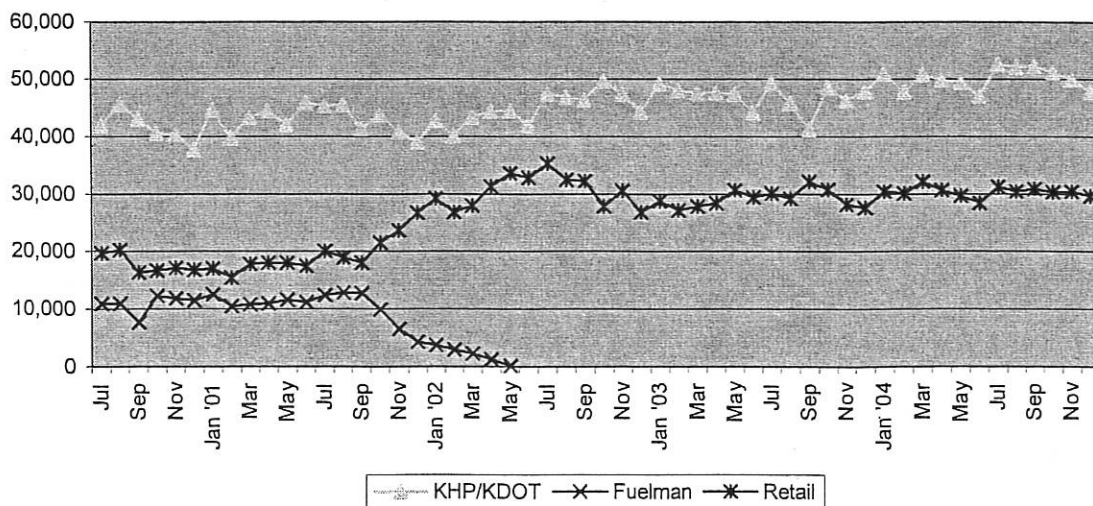
## Testimony on Use and Purchase of Ethanol Fuel by State Agencies Senate Agriculture

Presented by  
Colonel William Seck  
Kansas Highway Patrol

March 2, 2005

Mr. Chairman and members of the committee. The Kansas Highway Patrol acquires its fuel for motor vehicles in three ways. These include bulk purchase for Highway Patrol pump facilities; individual vehicle purchases from KDOT facilities; and, individual purchases from retail vendors. As you can see in the graph below, the Highway Patrol strives to use state bulk facilities, whether owned by the Highway Patrol or KDOT. The top row indicates that we are currently using approximately 50,000 gallons per month from state bulk tanks. The second row reflects fuel purchased from vendors at approximately 30,000 gallons monthly. Total gallons purchased monthly is approximately 80,000 gallons each month.

Gallons Used by Source



The Highway Patrol owns four bulk tanks. They are located at Chanute, Wichita, Salina and Topeka. During calendar year 2004, the Highway Patrol purchased 288,283 gallons of fuel for its tanks. Of that, 100% was gasohol. During this same time, the Highway Patrol purchased 390,822 gallons from KDOT at numerous locations across the state. The Highway Patrol does not have a distribution of type of fuel for purchases from KDOT. Total gallons purchased from bulk tanks thus totaled 679,105.

The amount of fuel purchased through individual purchases by officers totaled 363,856 gallons. At this time, we have no mechanism in place to identify the fuel type for each of the purchases made.

I am hopeful that this information responds to the request for information from your committee related to this measure. As always, the Highway Patrol stands ready to respond to any questions or additional requests for information that you may have.

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**Testimony on Use and Purchase of Ethanol and Bio-diesel  
Fuels by Kansas Department of Wildlife and Parks  
To  
Senate Committee on Agriculture**

**By J. Michael Hayden, Secretary  
Kansas Department of Wildlife and Parks**

**March 2, 2005**

The Kansas Department of Wildlife and Parks (KDWP) supports the use of ethanol and bio-diesel fuels when practical. Attached is an e-mail sent to all employees of the Department urging the use of ethanol and bio-diesel fuels. The Department has personnel located in almost all of the 105 counties within the State. For a majority of the KDWP vehicle usage in those counties, ethanol and bio-diesel fuels are available. However, there are locations within the State where the alternative to use ethanol or bio-diesel is not practical. A list provided by the Wright Express ethanol retailers contains locations for ethanol retailers in 87 counties. Of the 18 counties without an ethanol retailer, KDWP has personnel or facilities in 14 of those counties. In addition, Department facilities such as state parks and wildlife areas are not located in urban areas and rely on bulk fuel purchases.

For FY 2004, the KDWP purchased 451,705.89 gallons of unleaded gas, 68,773.98 gallons of diesel fuel and 7,161.03 gallons of ethanol fuel. The attached list provides the amounts of fuel purchased each month of FY 2004. The KDWP began on January 1, 2005 to track the use of ethanol and bio-diesel fuels by each employee to be reported quarterly. If the members of the Committee have any questions, please advise. Thank you.

Attachments (2)

Senate Agriculture Committee  
Date **3-2-05**

Attachment # **3**

**Dick Koerth**

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**From:** "KDWP Mail" <support@wp.state.ks.us>  
**To:** "KDWP" <KDWP@WP.STATE.KS.US>  
**Sent:** Tuesday, February 08, 2005 3:19 PM  
**Attach:** Ethanol RetailersKS 2004.xls  
**Subject:** Fw: Ethanol use

To: Agency Employees  
From: Richard E. Koerth, Assistant Secretary of Administration  
Keith Sexson, Assistant Secretary of Operations  
Date: February 9, 2005

The governor declared September 15, 2004, "BioFuel Awareness Day." To that end, she is supporting a statewide effort among state employees to encourage the usage of ethanol and biodiesel while on state travel. K.S.A. 75-3744a calls for ethanol and biodiesel to be used in state vehicles and equipment, both through bulk and individual purchases, when these fuels are available and priced no more than ten cents per gallon higher than regular fuel.

Please make an effort to use ethanol or biodiesel if readily available in your area of operation and priced no more than ten cents per gallon higher than regular fuel. Attached for your convenience, is a spreadsheet provided by Wright Express of Kansas ethanol retailers.

The agency needs to track the number of gallons of ethanol and biodiesel purchased. Each employee will need to track the number of gallons of ethanol and biodiesel they purchased. Beginning with the first quarter in 2005 you will need to provide by email the total number of gallons of ethanol and total number of gallons of biodiesel you purchased to the following individuals for your respective division or section. The division or section will send their quarterly totals by email to Ashia Brown.

Law Enforcement Division-Marilyn Alberg  
Parks Division-Kathy Pritchett  
Fish and Wildlife Division-Trish Jarmer  
Administrative Services Division-Ashia Brown  
Executive Services Division, Environmental Services Section, Education and Information Section, and Magazine Section-Sheila Kemmis

If you have any questions, contact Allen Stoops at 620-672-0715 or Cindy Livingston at 620-672-0754.

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	Jun-04	Diesel	E-10	May-04	Diesel	E-10	Apr-04	Diesel	E-10	Mar-04	Diesel	E-10
Totals by month and type of fuel	83,157.40	13,981.20	444.10	24,705.17	6,779.35	1,246.40	34,366.62	4,055.55	29.80	32,763.79	1,569.68	180.90

Feb-04	Diesel	E-10	Jan-04	Diesel	E-10	Dec-03	Diesel	E-10	Nov-03	Diesel	E-10
23,993.32	891.03	207.54	27,259.99	1,332.86	116.90	37,848.20	4,830.88	0.00	34,304.69	9,013.35	908.60

Oct-03	Diesel	E-10	Sep-03	Diesel	E-10	Aug-03	Diesel	E-10	Jul-03	Diesel	E-10
46,344.82	9,662.27	1,268.80	35,983.18	6,507.81	1,066.69	47,375.30	7,767.04	1,046.30	23,603.41	2,382.95	645.00

Total Gal Unleaded Gas 451,705.89  
 Total Gal Diesel 68,773.98  
 Total Gal E10 7,161.03

**DOUG RIAT**  
**Director, Facilities Operations**  
**University of Kansas**  
**Before the Senate Agriculture Committee**  
**March 2, 2005**

My Name is Doug Riat, I am the Director of Facilities Operations at the University of Kansas.

I have been asked to attend today to talk about KU's experiences with bio-fuels and to share my observations from an operational perspective about any problems and impediments towards using bio-fuels.

First I'd like to discuss ethanol, and then tell you about our recent experiences with bio-diesel.

I should tell you I purchase ethanol for use in my personal vehicle when it's available. So I'm a fan of ethanol and aware of some of the practical problems encountered by those who want to use the fuel. The primary impediments are availability and cost. From an operational perspective, the only concern we have is the use of ethanol in our small engines primarily used by our landscape crews.

KU did switch to using ethanol for a brief period of time in response to Executive Order # 90-129 passed by Governor Hayden in 1990. Based on the information I've been able to gather, ethanol use was discontinued and we switched back to the less expensive regular gasoline only in an effort to be cost conscious from a budget perspective.

Relative to KU's recent purchase of ethanol, I have to confess that until SB 234 was distributed on campus this session, KU was unaware that the state law had changed two sessions ago requiring us to purchase bio-fuels when they are available and priced no more than 10 cents higher than regular fuels. As a result we have not purchased any bulk ethanol during the last year.

I can assure you that had we have known of the requirement, KU would have purchased ethanol, and that our very next purchase of bulk gasoline will be ethanol.

Relative to bio-diesel, we have a different story to tell.

Last year Provost Shulenburg and the University were approached by the Kansas Soybean Commission and asked to consider bio-diesel fuels for Facilities Operations vehicles.

Senate Agriculture Committee

Date **3-2-05**

Attachment # **4**

After researching the use of biodiesel, KU shifted its bulk diesel purchases to B5, a 5% blend of biodiesel. To date we have purchased approximately 16,000 gallons, and we will be making our 3<sup>rd</sup> purchase of B5 this FY this month. While availability at local terminals was an impediment 4 years ago, biodiesel is readily available at the local terminals at a cost of 4-6 cents higher than regular diesel.

In addition, the University is aware of strong student interest in examining potential bio-diesel use in buses providing campus transportation service obtained by contract with the University. The bus system serving campus is privately owned and operated by the Lawrence Bus Company.

We hope that our use of biodiesel will help promote its use and pave the way for the Lawrence Bus Company to begin a trial run with bio-diesel this spring. Obviously the amount of diesel purchased by the Lawrence Bus Company would greatly exceed the diesel use at KU, further improving the environment and Kansas economy.

I would be glad to respond to any questions.



Vice President for  
Administration and Finance  
105 Anderson Hall  
Manhattan, KS 66506 -0116  
785-532-6226  
Fax: 785-532-6693

As reported by the Legislative Research Department, Kansas State University's Motor Pool purchased 5,341 gallons of ethanol blend in the third quarter of FY 2004.

The following table shows more recent data – bulk purchases FY 2005 to date.

Total Bulk Gallons purchased FY 2005 to date	Bulk Gallons of Ethanol Blend purchased FY 2005 to date	Percent of Ethanol Blend purchased FY to date
89,381	20,686	23%

As directed, KSU places a priority on the use of biofuels. We consider availability and price differential when making bulk fuel purchases.

The volume of biofuel purchased at the pump by individuals on University business is not discernable from available information.

The K-State campus purchases approximately 15,000 gallons of bulk diesel fuel each year. To date, no biodiesel has been purchased because it has not been available from any of our fuel contractors. It is our intent to use biodiesel this summer when there will be no concern with low temperature storage.

Senate Agriculture Committee

Date 3-2-05

Attachment # 5