

MINUTES OF THE JOINT HOUSE UTILITIES AND TAXATION COMMITTEES

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 9, 2006 in Room 313-S of the Capitol.

All members were present except:

Vaughn Flora-excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Rena Hansen, Committee Secretary

Conferees appearing before the committee:

Representative Tom Sloan
Barton Ives, US Army Environmental Center
Mike Warwick, Battelle-Northwest
Charles Benjamin, PH.D, J.D., Sierra Club
Christopher C. Pflaum, Ph.D.
Mark Schreiber, Westar Energy
Jim Ludwig, Westar Energy

Others attending:

See attached list plus some 35 others.

Chairman of Taxation Representative Kenny Wilk, reminded the jointly meeting committee that this bill would be worked first in House Taxation and then would move to House Utilities if it passes Taxation.

Chris Courtwright gave an overview of what **HB 2723** does for publicly held Utilities companies if they sell renewable energy to federal entities, including military installations. The tax credit this bill would offer to the Utilities would act as a bit of a float to pay back the loss of the authorized rate of return on investment.

Hearing on:

HB 2723 **Tax credit for electric public utility for certain amounts related to sale of renewable energy to the federal government.**

Representative Tom Sloan, (Attachment 1), presented testimony describing how **HB 2723** was conceptualized in the Joint Committee on Energy and detailing how this bill might help to positively impact the state of Kansas economically if we would in fact invest in more renewable energy production.

Barton Ives, US Army Environmental Center, (Attachment 2), offered testimony detailing some of the requirements of the Executive order by both Presidents Clinton and George W. Bush to federal facilities to use more renewable energy, with specific goals.

Mike Warwick, Battelle-Northwest, (Attachment 3), offered testimony pertaining to the specific usage of renewable energy nationwide, and how this bill might help offer cost competitive options for the purchase of renewable energy.

Charles Benjamin, PH.D, J.D., Sierra Club, (Attachment 4), presented testimony in favor of **HB 2723** as it would help renewable energy production to increase in the state of Kansas as Kansas has one of the best opportunities to eventually become again a net exporter of energy if we harness our renewable resources.

Questions were posed by Representatives: Lynne Oharah, Arlen Siegfried, Paul Davis, Kenny Wilk, and Jason Watkins.

CONTINUATION SHEET

MINUTES OF THE House Utilities Committee at 9:00 A.M. on February 9,2006 in Room 313-S of the Capitol.

Opponents:

Christopher C. Pflaum, Ph.D. , (Attachment 5), offered written testimony against **HB 2723**.

Neutral:

Mark Schreiber, Westar Energy, (Attachment 6), presented testimony that demonstrated Westars position that **HB 2723** would neither help nor hinder them in their desire or ability to produce or use more energy from renewable sources.

Jim Ludwig, Westar Energy, was available to answer questions from the committee concerning **HB 2723** and the position of Westar Energy.

Questions continued with questions asked by Representatives: Nile Dillmore, Tom Thull, Annie Kuether, Mario Goico, Melody Miller, Josh Svaty, Carl Krehbiel, Peggy Mast, Forrest Knox, Carl Holmes, Virginia Beemer, and Sydney Carlin.

Many comments alluded to **HB 2723**'s conceptual idea being good for Kansas, but that the avenue to give incentives to this renewable energy might need to take a different venue or path.

Hearing close on **HB 2723**.

The next meeting for House Utilities is scheduled for February 10, 2006.

Meeting Adjourned.

HOUSE TAXATION COMMITTEE GUEST LIST

DATE: Feb 9, 2006

NAME	REPRESENTING
M Beck	KDOR
Tony Folson	KIDOR
John Hughes	KDOR
David R. Corbin	KDOR
Ann Duker	TOB
RON R. WARNEY	SELF
Hal Hudson	NFIB/KS
Doug Smith	Pilegar, Smith & Associates
KEN DANIEL	Ks SMALLBIZ.COM
Dan Murray	Federico Consulting
PATRICK HARBELL	KS. RAILROADS
Harnett Lantz	KAB
Art Stewart	M.L.A.
KEVIN GREGG	HOUSE MAJ LEADER'S OFF.
David Cunningham	KS Assoc of school Bds
Michelle Peterson	Capitol Strategis
Bill Thompson	KS Dept. of Commerce
Erik Santorus	City of Overland Park
Richard Smarag	Kumon Assoc.

HOUSE TAXATION COMMITTEE GUEST LIST

DATE: Feb 9, 2006

NAME	REPRESENTING
Joney Head	Western Hills Golf Club
CHRIS FLATTERY	COOL SPRINGS GOLF COURSE
Meril Vanderpool	Village Greens Golf Course
LARRY R BAEZ	LKM
Randall Allen	Ks. Assoc of Counties
Don Moler	LKM
Kevin Dawson	Rep. Gordon
Rachel Barnes	intern/Rep. Gordon
Zinn Mena	Rep Paul Davis
Kestelle Montgomery	Hein Law Firm
Dennis Carpenter	Kansas Rest. & Hosp Assn
Michelle Peterson	Capitol Strategies
Jamara Peck	
TERRY FOLKSTH	KNEX
KEVIN GREGG	HOUSE MAS. LEADER'S OFFICE
David Cunningham	KS ASSOC. of School Bds
Zed DeVito	City of Lawrence, Parks and Recreation Dept.
Jim Kane	City of Lawrence, Eagle Bend Golf C.
DOUG VANCE	KS. ACC. & PARK ASSOCIATION

STATE OF KANSAS

TOM SLOAN
REPRESENTATIVE, 45TH DISTRICT
DOUGLAS COUNTY

COMMITTEE ASSIGNMENTS
CHAIRMAN: HIGHER EDUCATION
MEMBER: UTILITIES
ENVIRONMENT
AGRICULTURAL & NATURAL
RESOURCES BUDGET
KANSAS WATER AUTHORITY



TOPEKA

HOUSE OF
REPRESENTATIVES

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Testimony on HB 2723 - House Utilities and Tax Committees

February 9, 2006

Mr. Chairman, Committee Members: HB 2723 is a product of the Special Joint Committee on Energy that was created by the LCC to examine both the process by which energy issues are studied and specific short and long term legislative options to increase energy production and supplies.

Presidents Clinton and Bush have both issued Executive Orders directing federal agencies to engage in energy conservation and to acquire renewable energy. Even more significantly, renewable energy can count toward meeting the conservation goal, as well as the renewable energy one.

The U.S. Department of Energy ranks Kansas as one of the top three states in the nation for the potential to generate energy from renewable resources (wind, bio-mass, solar, etc.). Yet because some Kansas utilities are unable to provide renewable energy to Ft. Riley, Ft. Leavenworth, McConnell Airbase, Dole Building, etc. at the same price as they do fossil and nuclear-generated electricity, the military bases are looking to acquire Green Tags. Green Tags or Renewable Energy Credits (REC) are the estimated value of the "greenness" of electrons. Most of the credits offered for sale are from Texas.

HB 2723 recognizes that the State of Kansas and Kansas residents do not receive any benefits if the military facilities in this state purchase RECs from out-of-state; that the military will not pay significantly higher prices for electricity in order to meet the Executive Orders; and that selling electricity generated from renewable resources to the facilities has a benefit to rural Kansas landowners, local governments, and state government.

HB 2723 provides that utilities that acquire renewable energy to meet the needs of the federal facilities may apply to the Kansas Corporation Commission for a determination of the impact such sales have on the utility's authorized rate of return. If the sale of such power causes the utility's rate of return to fall below its allowed level, the utility is eligible to an equivalent tax credit.

The public policy goal is to ensure that the federal facilities use Kansas-generated electricity instead of out-of-state RECs. Kansans benefit if the electricity is generated here, we do not benefit if facility dollars are spent in Texas or elsewhere for RECs.

Thank you Mr. Chairman, I will be pleased to respond to questions.

House Taxation
2-9-06
Attachment 1



DEPARTMENT OF THE ARMY
U.S. ARMY ENVIRONMENTAL CENTER
CENTRAL REGIONAL ENVIRONMENTAL OFFICE
647 FEDERAL BUILDING
KANSAS CITY, MISSOURI 64106-2896

February 9, 2006

Army Central Region Environmental Office

Re: House Bill 2723

Honorable Carl Holmes
Chairman, Committee on Utilities
State Capitol Building
Topeka, KS 66612

Dear Representative Holmes:

I am writing to you concerning the proposed legislation contained in House Bill 2723 currently before your committee. As the Department of Defense's Regional Environmental Coordinator for Standard Federal Region VII, which includes the State of Kansas, I appreciate the opportunity to provide comments to this important legislation. Attached for your review, is a copy of our testimony concerning House Bill 2723.

I welcome the opportunity to work with you and your committee on any matter that may affect Defense installations and agencies in the state of Kansas. If you have any questions, please feel free to contact me by telephone at (816) 983-3548, or e-mail at barton.ives@us.army.mil. I thank you for the opportunity to comment on H.B. 2723 and would appreciate it if you would share this letter with members of your committee.

Sincerely,

A handwritten signature in black ink, appearing to read "Barton O. Ives", is positioned below the word "Sincerely,".

Barton O. Ives
DoD Regional Environmental Coordinator
Region VII

House Taxation
2-9-06
Attachment 2

Department of Defense
Regional Environmental Coordinator, Region VII Testimony
House Bill 2723
An Act Providing income Tax Credits for Renewable Energy Sales to Federal
Entities

Chairman and members of the committee, I am very pleased to have this opportunity to speak to you in support of House Bill 2723. This bill addresses an issue that is important to the Department of Defense and the US Army.

Currently, to accomplish our mission, the Army spends nearly one billion dollars per year for energy at our installations. Total use is more than eighty trillion British thermal units, or roughly twenty-two percent of the facility energy used in the entire US federal government. Given this dollar amount, the Army must be mindful of costs, where a mere one percent change in energy efficiency can be worth nearly ten million dollars. Accordingly, the Army is always on the lookout for opportunities to improve energy efficiency and/or save money on energy expenses.

In addition to monetary costs of energy, the Army recognizes that it must provide safe, secure, reliable, and environmentally compliant energy services to Soldiers, families, civilians, and contractors on our installations. On 8 July 2005, the Army issued its Energy Strategy for Installations. As a part of the Army's energy strategy, it was recognized that the Army must work to reduce its dependency on fossil fuels by increasing the use of clean, renewable energy. The Army is committed to becoming a leader in acquiring and utilizing innovative, cost effective technologies such as, geothermal, solar, biomass, and wind energy to support the mission at our installations. Fostering renewable energy use and supporting the development of better renewable technologies not only expands the diversity and availability of the Army's energy supply but improves the reliability and security of our power systems and benefits the environment.

House Bill 2723 offers the Army and other DoD installations the opportunity to help support growth in the Kansas renewable energy market in a cost effective manner. Accordingly, the US Army and the DoD supports this legislation and encourages its approval by this committee.

I thank you for taking the time to consider our comments on this bill, and I am pleased to respond to your questions.

For additional information about the Army Energy Strategy for Installations, see:
<http://hqda-energypolicy.pnl.gov/programs/plan.asp>



U.S. Army Environmental Center Central Regional Environmental Office

601 E. 12th Street, Suite 647
Kansas City, MO 64106-2896

Contact: Stanley Rasmussen
Regional Environmental Coordinator
(816) 983 3448

<http://www.denix.osd.mil/denix/State/Partnering/REC/rec.html>



DoD Installation Sustainability in the State of Kansas



Key Military Facilities

- Fort Leavenworth
- Fort Riley
- McConnell Air Force Base
- US Army Reserve, 89th Regional Support Command
- Kansas Army Ammunition Plant
- 73 National Guard Facilities and 37 Reserve Training Centers

- Personnel (Military and Civilian): 37,043*
- DoD Expenditures: \$2,966,580,000*
- Kansas is home to:
 - Fort Leavenworth, the primary school for training military officers who will lead the Army in the future and the location of the only disciplinary barracks for the Department of Defense .
 - Fort Riley, the Headquarters for the 24th Infantry Division (Mechanized); host to the 1st Brigade Combat Team, 1st Infantry Division, 3rd Brigade Combat Team, 1st Armored Division and the 937th Engineer Group (Combat); headquarters for the 6th Brigade, 25th Infantry Division (to be established in FY2006); and host to a "Top of the Line" Battle Simulation Center that utilizes "State of the Art" equipment used to conduct Brigade/Battalion Battle Simulation exercises.
 - McConnell Air Force Base, the home to one of only three supertanker wings that provide global reach to the Air Force.
- Highlights
 - Federal facilities are subject to all applicable federal and state environmental laws and regulations.
 - DoD is implementing Environmental Management Systems at all appropriate installations.
 - The Army has mandated that all new construction will be to the "gold" criterion for green construction.
 - DoD has been reducing waste streams for approximately 10 years and is continuing to do so.
- Issues
 - Sustainability of installations.
 - Land use and local planning

* Data are for 2004. For more details see the back of this page.

DoD Economic Contribution to Kansas and Population Growth

Personnel/Expenditures (000) Fiscal Year: 2004		Total	Army	Navy & Marine Corps	Air Force	Other Defense Activities	
I. Personnel		37,043	28,210	1,421	7,058	354	
Active Duty Military		16,294	13,041	156	3,097	0	
Civilian		6,048	4,570	1	1,123	354	
Reserve and National Guard		14,701	10,599	1,264	2,838	0	
II. Expenditures in Thousands of Dollars		\$2,966,580	\$1,639,480	\$110,670	\$1,114,031	\$102,398	
A. Payroll Outlays - Total		\$1,528,992	\$1,062,776	\$83,050	\$368,804	\$14,362	
Active Duty Military Pay		675,828	521,640	6,673	147,515	0	
Civilian Pay		274,001	205,562	30	54,047	14,362	
Reserve & National Guard Pay		152,876	131,115	1,967	19,794	0	
Retired Military Pay		426,287	204,459	74,380	147,448	0	
B. Contracts - Total		1,411,862	552,175	26,859	744,805	88,023	
Supply/Equipment Contracts		712,611	111,125	13,412	515,130	72,944	
RDT&E Contracts		150,331	46,567	2,496	94,968	6,300	
Service Contracts		420,021	267,646	10,951	132,645	8,779	
Construction Contracts		109,600	107,538	0	2,062	0	
Civil Function Contracts		19,299	19,299	0	0	0	
C. Grants		25,726	24,529	761	422	13	
Expenditures (\$000) Major Locations	Total	Payroll Outlays	Grants/Contracts	Military & Civilian Personnel Major Locations	Total	Active Duty Military	Civilian
Wichita	\$890,560	\$73,435	\$817,125	Fort Riley	12,922	10,730	2,192
Fort Riley	657,723	517,355	140,368	Fort Leavenworth	4,295	2,582	1,713
Fort Leavenworth	348,714	204,421	144,293	McConnell AFB	3,739	2,835	904
McConnell AFB	202,232	181,623	20,609	Forbes Field	306	0	306
Leavenworth	86,540	43,129	43,411	Wichita	306	49	257
Topeka	80,521	40,293	40,228	Topeka	301	25	276
Arkansas City	65,137	1,825	63,312	Lawrence	70	42	28
Manhattan	41,514	30,111	11,403	Olathe	59	1	58
Olathe	38,742	15,643	23,099	Salina	44	3	41
Forbes	37,982	28,446	9,536	Manhattan	36	10	26
Prime Contract Awards (\$000) (Prior 7 Fiscal Years)	Total	Army	Navy & Marine Corps	Air Force	Other Defense Activities		
2003	\$1,222,006	\$459,095	\$61,671	\$632,270	\$68,971		
2002	1,222,936	448,721	31,402	684,209	58,604		
2001	930,042	324,832	27,889	515,396	61,926		
2000	890,728	291,884	21,894	466,961	109,989		
1999	887,380	266,966	6,627	528,875	84,912		
1998	1,007,244	342,877	43,209	542,191	78,967		
1997	688,413	251,228	7,768	367,464	61,953		
Projected Population by County Years, 2005 to 2027	2005	2010	2015	2020	2025	2027	
Johnson	486,585	548,580	584,983	616,379	644,803	656,166	
Sedgewick	464,612	481,730	497,988	515,403	531,939	538,659	
Shawnee	170,875	171,346	170,949	170,080	169,154	168,806	
Wyandotte	156,724	148,421	150,525	156,366	163,312	165,853	
Douglas	103,025	107,967	110,970	113,533	115,568	116,394	
Riley	61,999	63,210	62,992	62,608	62,076	61,870	
Reno	62,832	57,877	55,877	54,982	54,455	54,276	
Butler	62,403	74,565	79,925	83,312	86,046	87,132	
Saline	54,381	55,027	54,923	54,648	54,206	54,028	
Montgomery	35,221	32,780	31,686	31,124	30,796	30,694	

Source for Economic Data: Department of Defense, Directorate for Information Operations and Reports (DIOR), Statistical Information Analysis Division (SIAD), http://web1.whs.osd.mil/MMID/L03/fy04/ATLAS_2004.pdf.

Source for Population Data: Kansas Division of the Budget, Kansas Population Data: <http://da.state.ks.us/budget/ecodemo.htm>. Bold type for certain counties denotes that the county is the location of a key DoD facility or training location.

Testimony of Mike Warwick, Battelle, Northwest

My name is Mike Warwick. I am employed by Battelle - Northwest, which operates the Pacific Northwest National Laboratory (PNNL) for the US Department of Energy. As a PNNL staffer, I am assigned to support the Department of Defense's (DoDs) policy to decrease reliance on imported fossil fuels through increased use of renewable sources of energy. This policy, dated November 18, 2005, has a long-term goal of 25% or better renewable energy use by 2025. This is significantly above the 7.5% goal established for the federal government as a whole in the 2005 Energy Policy Act.

At present, DoD obtains over 6% of its electricity from renewable resources. Roughly half of this amount is produced on-site, and the rest is purchased from competitive suppliers and utilities. In fact, the US Air Force is the largest purchaser of renewable power in the US. I have been able to help the Air Force execute these purchases at prices competitive with conventional power by participating in competitive power markets where they exist and through negotiations with utility suppliers where they don't. Because the budgeting for energy purchases resides at individual DoD facilities, those facilities must search out low-cost sources of renewable energy to achieve DoD's energy goals. Unfortunately, the absence of competitive electricity markets makes this difficult in the Plains and Western states. Although this part of the country, and especially Kansas, has the nation's best renewable resource potential, many utilities are reluctant to invest in renewable resources because they are afraid such investment will increase retail rates or reduce returns to shareholders.

The DoD tries to lead by example and strives to be an innovator and early adopter of technologies that increase energy efficiency and utilize renewable energy. However, our budgets are constrained, and energy, like all other commodities, must be procured through a competitive process from the lowest-cost source. HB 2723 offers DoD and other federal entities a cost-competitive option for purchasing renewable energy. With its adoption, I am optimistic that DoD will be able to increase its use of renewable power in Kansas. Further, I anticipate that this legislation will provide a model that can be duplicated in other Western states. For these reasons, I encourage your favorable consideration of this bill.

Thank you and I am available to respond to your questions.

Charles M. Benjamin, Ph.D., J.D.

Attorney at Law

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Testimony in Support of H.B. 2723

Providing for income tax credits related to the sales of energy from renewable resources
or technologies

On Behalf of the Kansas Chapter of Sierra Club

Before a meeting of the Kansas House Utilities and Taxation Committees

Mr. Chairmen, members of the Committees, thank you for the opportunity to testify in support of H.B. 2723 on behalf of the Sierra Club – the oldest and largest grass roots environmental organization in the world with over 750,000 members including over 4,000 in Kansas. Sierra Club supports public policies that encourage the more efficient use of all our energy resources, no matter the source, and the development and implementation of energy technologies that utilize renewable resources.

Kansas has a history of producing and exporting its energy resources. Up until about a decade ago the state was a net energy exporter and as a result imported millions of dollars a year from all over the U.S. for its coal from southeast Kansas, its oil from all over the state and its natural gas in the southwest part of the state. However, those non-renewable energy resources are running out. Relatively high prices for petroleum products that provide an incentive for more oil exploration and extraction does not change the fundamental fact that Kansas is a mature oil producing state and what remains of that oil resource is getting harder and more expensive to extract. The Hugoton natural gas field, once the largest in North America, is now 2/3 depleted. There is still some coal from southeast Kansas that is extracted and used but it is high in sulfur content and has largely been replaced by coal from Wyoming - which is what is burned in most of the coal fired generating plants in Kansas. In fact, Kansans now send about \$2 billion dollars a year out of the state to buy energy – some of it for oil but most of it for Wyoming coal.

However, the good news is that Kansas ranks highest among the 50 states in its potential to produce renewable energy resources – especially wind, solar and biomass. The realization of this potential in renewable energy can produce jobs and economic opportunity in Kansas. H.B. 2723 would provide a tax incentive for electric public utilities in Kansas to sell renewable energy to federal government agencies. This, along with other incentives, will do much to stimulate the production and distribution of Kansas' renewable energy resources. It is our hope that Kansas can again become a net energy exporter, but this time with its inexhaustible renewable energy resources, and once again bring dollars from all over the U.S. back into Kansas to provide jobs and economic opportunity to Kansans.

Comments of
Christopher C. Pflaum, Ph.D.
President
Spectrum Economics, Inc.
Overland Park, KS

On

House Bill No. 2723

This is a singularly bad piece of legislation on several levels. It is vague, ambiguous and not fully formed. It is also anti-consumer and invites gaming. It is my opinion as a professional economist and an expert on energy economics and utility regulation that the Committees should not send this bill forward.

First, the Bill applies only to a circumstance that would be highly unlikely to occur for any of the State's investor-owned utilities. Since renewable energy investments by utilities are in rate base and, by definition, receive the required rate of return, incremental sales to federal agencies, etc. should never cause the rate of return to fall below the allowed level. How the "Commission" would make such a decision, however, is not specified in the Bill. This invites mischief.

The only circumstance in which the credits could likely be sought would involve a power purchase from an independent producer and a subsequent resale to a federal agency – a situation in which the utility is the middleman between buyer and seller. It is clearly not prudent for a utility to put itself in the position of guaranteeing the economics of a contract in which it is little more than a delivery service. For the Commerce Commission to allow a credit in such a situation would be to give it power over the public purse to subsidize favored producers through tax credits.

Second, it is simply not possible to accurately trace a shortfall in overall rate of return in return to a specific contract. Assigning costs, for example, to a particular contract means allocating overhead and joint operating costs to that contract. Since most, non-fuel, utility costs are fixed, such an assignment is ad hoc and meaningless and open to the interpretations of a bureaucrat.

The most important reason for rejecting this Bill is that it undermines the incentives of renewable energy producers and energy buyers to behave in an efficient manner. Basically, this Bill says that a utility can overpay for renewable power subsequently sold to the Federal Government and then apply for a back-door rate increase via a tax credit to cover the shortfall. This removes any market discipline for a utility considering buying renewable power since it can simply claim, or structure its transactions so that, the money-losing power is resold to the Federal Government. Furthermore, since the resources of the State to absorb tax losses are limited, the Bill forces Kansas taxpayers to subsidize uneconomic renewable energy transactions by regulated utilities.

**Testimony on HB 2723 before the
House Utilities Committee and House Taxation Committee**

By

Mark Schreiber, Manager Government Affairs

Westar Energy

February 9, 2006

Chairman Holmes and Chairman Wilk and members of the committees, I am Mark Schreiber, manager government affairs for Westar Energy. Westar Energy is neutral on House Bill 2723 primarily because we cannot determine either a benefit or a harm that would apply to the company if the bill were enacted.

House Bill 2723 allows an income tax credit for those electric public utilities that agree to sell renewable energy to a federal government facility. The amount of the tax credit is based on a determination by the Kansas Corporation Commission (KCC) of the impact of such a sale on the utility's rate of return during that year.

The major federal facilities, such as Fort Riley, McConnell Air Force Base, and Fort Leavenworth lie within Westar Energy's service territory. As such the income tax credit would appear to have the possibility of benefit to my company. However, after researching the language with our tax and regulatory departments, we cannot determine the value of the tax credit.

A utility's rate of return is based upon our entire system and not a particular generation plant. In the case of wind energy, the wind farms that have been built in Kansas are not owned by a regulated Kansas utility. The output is purchased by utilities such as Aquila, Empire District or Great Plains Energy through a contract with the owner of the wind farm. Purchased power contracts are treated as expenses, and as such are recoverable through rates. In this type of situation, any impact on a utility's rate of return is moot since we do not earn a rate of return on expenses.

If Westar Energy were to build, own and operate a wind farm, it would be very difficult if not impossible to calculate an impact on our overall rate of return. The KCC establishes our rate of return based on looking at our entire operations, not a particular facility.

In conclusion, Westar Energy is neutral on House Bill 2723 because we cannot determine either a value or a harm to the company from its passage.

Thank you for the opportunity to address you this morning. I will be glad to answer questions at the appropriate time.