

Approved: March 15, 2006

Date

MINUTES OF THE HOUSE UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on February 16, 2006 in Room 231-N of the Capitol.

All members were present except:

Annie Kuether- excused
Vaughn Flora- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Mary Torrence, Revisor's Office
Renaë Hansen, Committee Secretary

Conferees appearing before the committee:

Mark Justis, President Biodiesel company, Goodland, Kansas
Larry McCants, President First National Bank, Goodland, Kansas

Others attending:

See attached list.

Chairman Holmes asked the committee if there were any members who were interested in working, **HB 2842**, **HB 2843** or **HB 2844** that were heard in committee yesterday. There were no members interested in any of the bills.

A power point presentation, (Attachment 1) was given to the committee by Mark Justis and Larry McCants about the co-generation multi energy producing plant currently in construction phases in Goodland, Kansas.

Questions and comments were offered by Representatives: Don Myers, Jim Morrison, Melody Miller, Mitch Holmes, Forrest Knox, Lynne Oharah, Tom Hawk, Tom Sloan, Rob Olson, Carl Holmes, Josh Svaty, and Virginia Beamer.

It was suggested by Representative Mitch Holmes that we might be allowed a tour of the facility and it was decided that perhaps next year when the plants were up and running the committee would do that.



Chairman Holmes asked Mr. Justis and Mr. McCants if they would keep the committee up to date on the progress of the plant, and they agreed to do so.

The next meeting is scheduled for February 17, 2006.

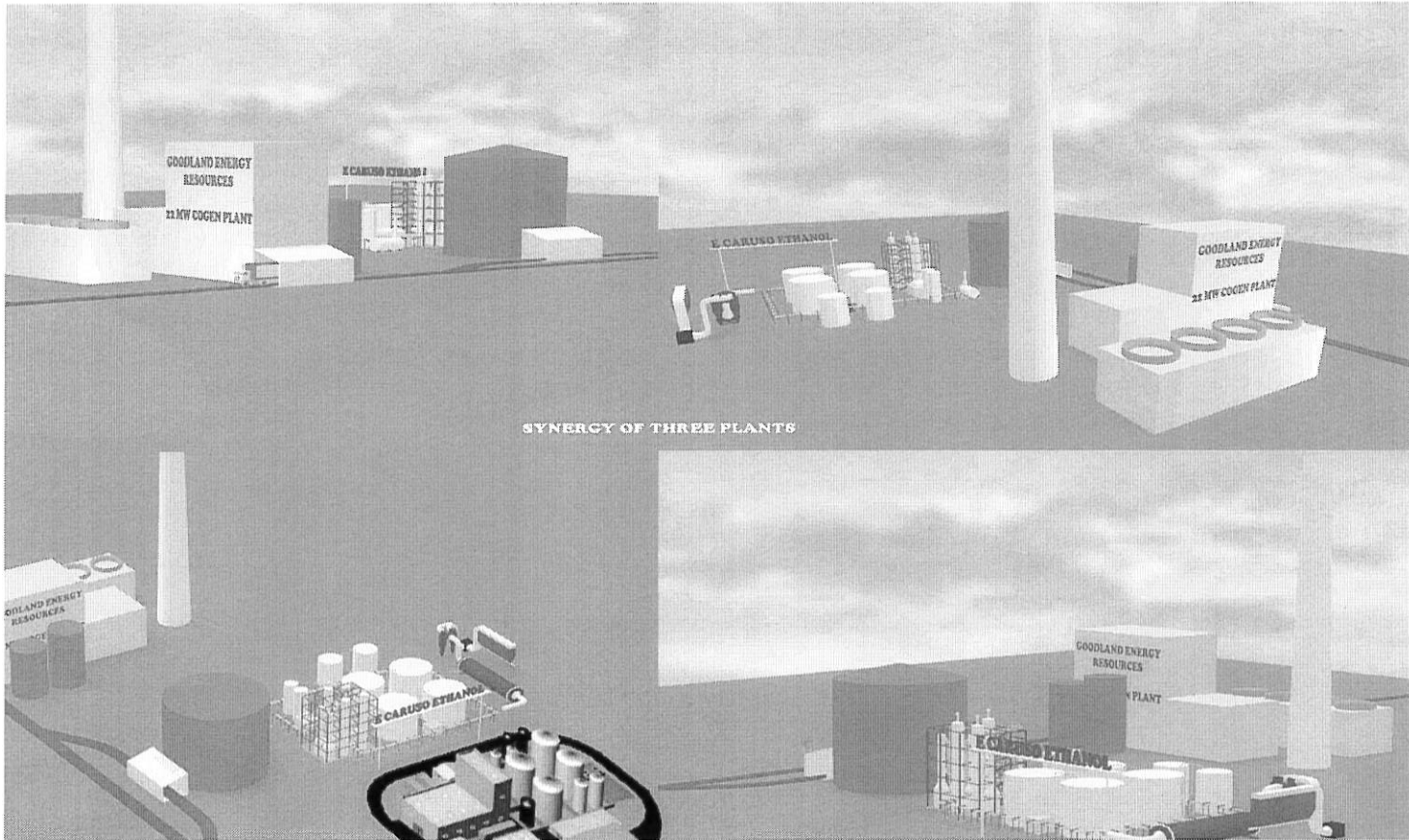
Meeting Adjourned.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: February 16, 2006

NAME	REPRESENTING
Tom DAY	KCC
LARRY BERG	MIDWEST ENERGY
Steve Miller	Sunflower Electric
Larry McCants	FNB - COO (IAND)
	Renewable Energy
	Renewable Energy Resources

GOODLAND ENERGY CENTER



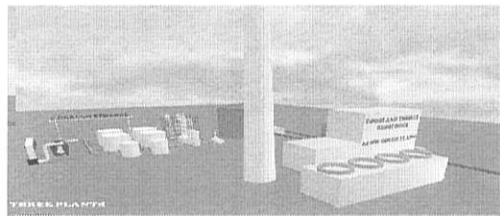
HOUSE UTILITIES

DATE: 2/16/04

ATTACHMENT 1

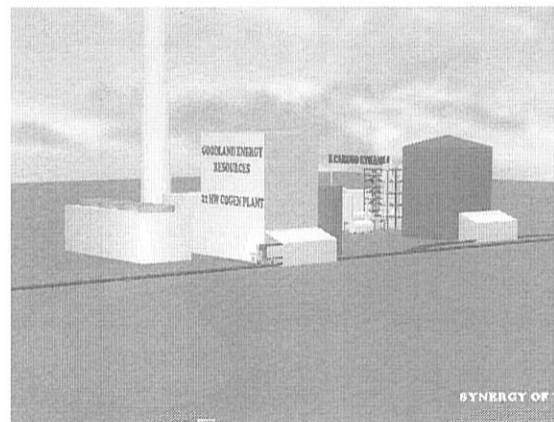
Goodland Energy Center

- 100 acre industrial park with expansion abilities to 300 acres
- Located in NW Kansas – one mile north of I-70 at Exit 12 in Sherman County, Kansas – five miles west of the City of Goodland
- Managed by Goodland Energy Center LLC (GEC)



Development Local Investment Groups

- Goodland Energy Resources LLC (GER)
- Kanza Energy LLC
- E Caruso LLC
- Renewable Energy Resources LLC (RER)



GER LLC

- Owner and developer of the cogeneration power plant
- Capable of generating 22 megawatts of electricity and 250,000 pounds of steam
- Expansion abilities to 28 megawatts and 300,000 pounds of steam
- Fueled by coal and bio-mass
- Wholesaler of electric and steam energy
- Will employ 30 full-time employees with an annual payroll of \$1,250,000.00

Kanza Energy LLC

- Owner and developer of the bio-diesel production facility
- Will produce 10-12 million gallons of bio-diesel a year
- Expansion abilities to 40 million gallons per year
- Will employ 15 full-time employees with an annual payroll of \$600,000.00
- Plant can use corn syrup from the ethanol process for bio oil production
- Bio Diesel can be used as denaturant for ethanol
- Flexibility to use 100% plant oils or waste oil and fats

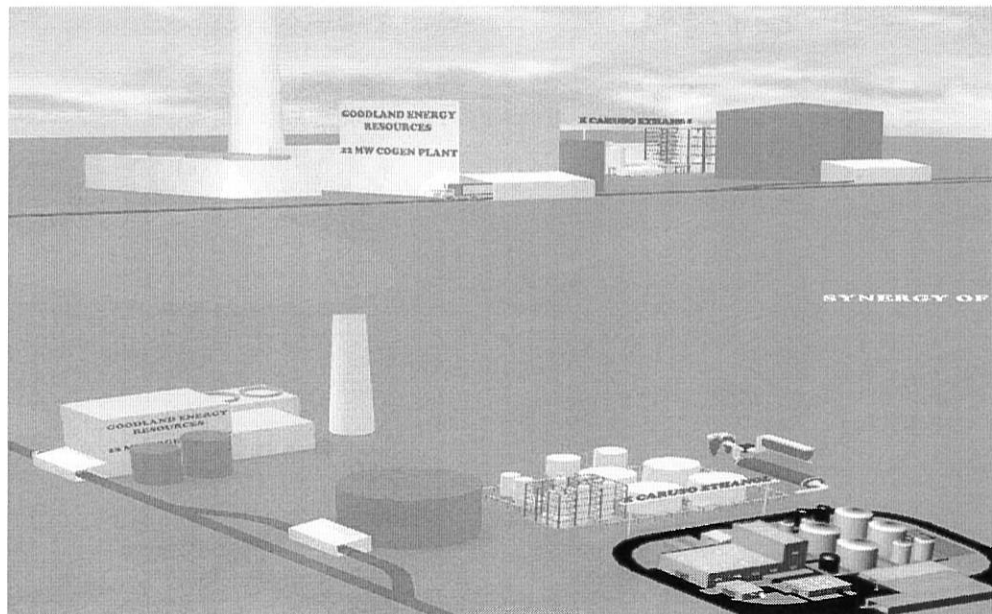
RER

- ✱ 4 – 750 Kilowatt wind-turbines will provide electricity for the city of Goodland
- ✱ Capacity to add 20 additional wind-turbines to assist in a distributed wind farm

E CARUSO LLC

- Owner and developer of the ethanol production plant
- Capacity to produce 20-25 million gallons of ethanol per year
- Expansion abilities to 40 million gallons per year
- Will employ 30 employees with an annual payroll of \$2,000,000.00

- All three facilities will utilize state of the art environmental controls and full scale recycling of production and waste materials





Goodland Energy Center Industrial Park

- Initial development of 100 acres
- Totally self-contained
- Owns and operates its entire infrastructure
- GER, Kanza Energy LLC, RER, E Caruso will occupy approximately 30 acres
- Infrastructure facilities will occupy an additional 10 acres
- Remaining acreage will be open to industrial clients

HOW DID CONCEPT ORIGINATE

- The development grew out of initial discussions between Mark Justus and the City of Goodland on a wind energy proposal
- City's electrical needs currently handled by city production or purchase of wholesale power
- Cost of fuel has risen dramatically over the past couple of years
- City's electrical production plant is aging and requires substantial upgrades
- Alternatives were being considered
- Initial proposal was presented to the City to construct a smaller coal fired electric generation facility that would be owned and operated by City
- City felt associated costs would keep them from proceeding

CONCEPT BECOMES REALITY

- Community individuals got involved
- Completed formation of LLC's
- \$15,000,000 in investment capital raised in only two months
- \$31,000,000 in loans provided by Kansas Banks

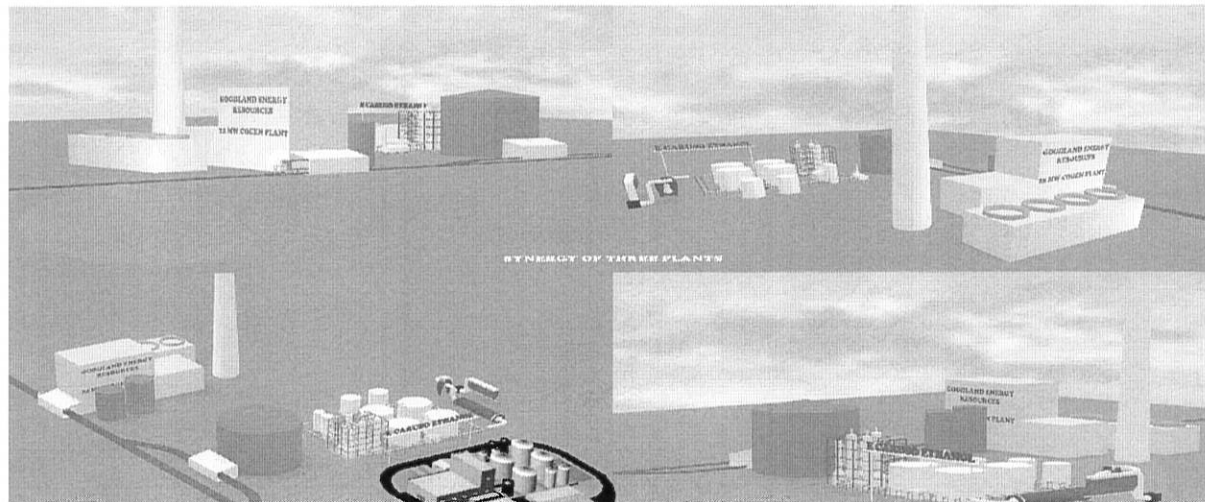


BENEFITS

- Stimulates and enhances local economy
- Job creation – 80 to 100 full-time/200-400 temporary construction
- Spin-off jobs and commercial development
- Provides low cost electrical energy to City
- Provides low cost steam power to industrial partners
- Lets community decide its own destiny
- Enhances local housing market
- Provides market for agricultural products
- Increases local tax base
- Creates opportunity for partnerships
- Lessens dependence on non-renewable energy sources
- Eliminates waste by utilizing recycling to fullest extent
- Environmentally friendly
- Provides the ability for the community to be energy self-sufficient

TECHNICAL BENEFITS

- Steam is delivered to process plants at reduced cost through cogeneration
- Water is recycled for zero discharge facility and reduced consumption
- Economy of scale sizing
- Energy self-sufficiency



QUESTIONS?