

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on January 24, 2007 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Mary Torrence, Revisor's Office
Jason Long, Revisor's Office
Rena Hansen, Committee Assistant

Conferees appearing before the committee:

Kimberly Gencur, ITC Great Plains
Don Low, KCC
Mark Schrieber, Westar
Joe Harkins, Governors Special Assistant
Carol Foreman, Department of Administration
Susan Duffy, KCC

Others attending:

See attached list.

Briefing on: Governors Executive order on Energy, 07-373:

Joe Harkins, Governors Special Assistant- (Attachment 1), spoke on the Governors Executive Order 07-373, specifically emphasizing Energy Efficiency for state government, directed towards four agencies. He specifically spoke on recycling of paper used by state agencies, particularly the legislature. Additionally, the Department of Revenue is directed to include in drivers license materials and tests, information and questions on the relationship of fuel efficiency and speed for vehicles.

Carol Foreman, Department of Administration, spoke on the items that the department of administration has been tasked with carrying out. The Executive Directive was made January 10th and they are in the beginning stages of determining how they are going to complete their part of the directive. They will be working with the department of energy to conduct a survey of energy saving ideas from state employees. Additionally, leased space for the state of Kansas will be looked at, and landlords will be asked to work with the state on making upgrades that will be more energy efficient for facilities. They will be looking at the possibility of entering into an agreement with the Chicago Climate Exchange which deals with carbon emissions. Additionally, they are looking at purchasing cars that are more efficient for state use. It is important that the state purchase items that are Energy Star certified. Also, there will be an Energy Auditor position filled that will oversee this endeavor.

Susan Duffy, executive director, KCC, (Attachments 2,3, & 4) spoke on ways the regional state educational institutions are making improvements to use less energy. Also, several USD school districts and community colleges are participating. It is their intention to encourage more of these institutions to make concerted conservation improvements.

Questions or comments were made by Representatives: Vern Swanson, Tom Sloan, and Carl Holmes.

Hearing on:

HB 2066: Extension of electric transmission lines; exception from siting requirements.

Proponents:

CONTINUATION SHEET

MINUTES OF THE House Energy and Utilities Committee at 9:00 A.M. on January 24, 2007 in Room 241-N of the Capitol.

Kimberly Gencur, ITC Great Plains, (Attachment 5), spoke in support of **HB 2066**, detailing specifics of the history of ITC nationwide, and the fact they are committed to improving Kansas' transmission grid. She noted the specifics of some of the filings any company desiring to construct transmission lines needs to complete.

Questions were asked by Representatives: Tom Sloan, and Carl Holmes.

Neutral:

Don Low, KCC, (Attachment 6), spoke as a neutral conferee to **HB 2066**, noting several changes they recommend.

Hearing closed on **HB 2066**.

Chairman Holmes clarified the remainder of the agenda for the committee for this week and next. On Friday we will be working all bills except for two.

There will be a sub- committee on CWIP **HB 2033** comprised of: Forrest Knox, Chair, Bill Light, Vern Swanson, Cindy Neighbor, and Terry McLachlan. A room for this committee will be determined later.

Any members can attend and participate fully with the sub-committee process.

The next meeting is scheduled for January 25.

Meeting adjourned.



OFFICE OF THE GOVERNOR

KATHLEEN SEBELIUS, GOVERNOR

EXECUTIVE DIRECTIVE NO. 07-373

Energy Conservation And Management

By virtue of the authority vested in the Governor as the head of the Executive Branch of the State of Kansas, the following actions are hereby directed:

There is no more effective or environmentally appropriate way to address energy shortages, increasing costs, air pollution and climate change than using less energy. Therefore, energy efficiency and conservation will be priorities of this administration for the next four years. While some Kansas energy conservation efforts are nationally recognized as best practices, there is much more that must be done. Good leadership requires good stewardship. The following initiatives will provide the foundation of a vigorous efficiency and conservation effort that will place Kansas State Government at the forefront of appropriate and effective energy and environmental practices.

1. First, I am directing the Department of Administration, in cooperation with the Kansas Energy Office and the Energy Steering Committee, to conduct a survey of all state employees requesting energy saving suggestions specific to their agency, or to the whole of state government. I fully expect to expand the issues outlined in this document based on suggestions from the workforce. My goal is to complete the survey by July 1, 2007.
2. I am directing the Department of Administration to adopt a policy to require an energy audit on any facility being considered as leased space and require the landlord to either make the necessary improvements on the property or make them a condition of the lease before it is executed. Further, I am directing the Department of Administration to collect energy data associated with state-owned and leased space and identify locations appearing to use excessive energy.
3. I am directing the Department of Administration and the Kansas Corporation Commission to immediately initiate an evaluation of the advantages for the State to become a member of the Chicago Climate Exchange (CCX). The CCX membership would require a commitment on the part of the state to reduce carbon dioxide emissions to an agreed upon goal through energy conservation practices and/or the increased use of

ENERGY AND HOUSE UTILITIES

DATE: 1/24/2007

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clean and renewable sources of energy. Failure to meet agreed upon goals would result in financial penalties.

4. I am directing the Department of Administration to take necessary measures to assure that the average EPA mileage rating for automobiles purchased in 2010 is at least 10% higher than the 2007 average.
5. I am directing the Department of Administration negotiate the next contract with an auto leasing company to assure that the average EPA mileage rating for cars provided under the 2010 lease is at least 10% higher than the average for cars provided under the current lease.
6. I am directing the Department of Administration to review its purchasing practices to assure 100% compliance with existing requirements related to energy conservation and to develop or increase standards for such products as appliances, light bulbs, and computers using Energy Star® as a minimum standard.
7. I am directing that all computers not having a technical or operational need, be turned off at work stations when not in use for a period of four or more hours.
8. I am directing the Department of Administration to establish an Energy Auditor position charged with oversight of the initiatives set out in this order. The Auditor shall submit an annual status report to the Governor and present the report to the Governor's Cabinet at a special meeting focused on energy conservation at least once a year.
9. The Auditor shall be a professional architect or engineer with experience in energy/utility management.
10. I am pleased that the Department of Health and Environment has initiated a recycling program in state government. Currently only a few buildings are participating and I am directing the KDHE and the Department of Administration to expand that program to every state office by December 2007.
11. I am directing the Department of Revenue to include information on fuel efficiency in the operation of vehicles and include questions on this topic in the examination for all classes of operator licenses.
12. Kansas is recognized by other states as having one of the best energy savings performance contracting programs in the country, known as the Facilities Conservation Improvement Program (FCIP). The Kansas Corporation Commission's Energy Office has facilitated the implementation of energy efficiency improvements in nearly half of the 40 million square feet of state-owned buildings. These improvements not only pay for themselves with reduced energy bills, but significantly reduce the emission of greenhouse gases. I expect to implement improvements in the remaining state-owned buildings by December of 2010.

13. The FCIP is also available to local governments and school districts and some have utilized the program. I am directing the Kansas Energy Office to accelerate efforts to market the FCIP to school districts and local governments. Kansas taxpayers should not be paying the bill for wasted energy in any of our public institutions.

I will request the legislature to require the Kansas Energy Office review all state construction projects, both new and remodeling, that exceed \$100,000 for possible inclusion in the FCIP. This will include Regent's facilities. I will oppose any funding for deferred maintenance that is not subject to this requirement.

THE GOVERNOR'S OFFICE

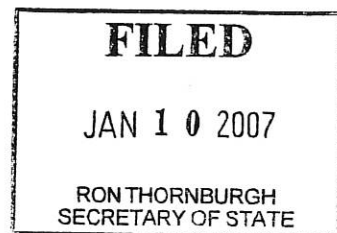
By the Governor

Kathleen Sebelius

01 | 10 | 07
Date

Ron Thornburgh
Secretary of State

Brad Bryant
Assistant Secretary of State



Kansas Facility Conservation Improvement Program Projects

(State Owned Building Projects - as of March 1, 2006)

<i>Agency</i>	<i>Area (Sq. Ft.)</i>	<i>Project Amount</i>	<i>Avoided Energy Costs</i>
Kansas School for the Blind	112,689	\$467,153	\$44,519
Hutchinson Correctional Facility	424,030	\$2,355,000	\$332,196
Pittsburg State University	1,379,549	\$4,500,000	\$358,975
Kansas State University - Housing	1,080,981	\$2,418,169	\$356,097
Kansas Neurological Institute	414,539	\$2,268,817	\$177,764
University of Kansas - Campus	5,881,330	\$18,393,010	\$1,723,488
University of Kansas Medical Center	1,912,889	\$12,500,000	\$964,768
Kansas State University - Campus	5,532,479	\$21,090,000	\$1,629,935
Winfield Correctional Facility	227,385	\$1,164,639	\$182,400
Wichita Work Release Facility	54,672	\$261,000	\$33,100
Norton Correctional Facility	308,150	\$1,682,971	\$189,000
Lansing Correctional Facility	716,157	\$3,583,697	\$445,736
Fort Hays State University	1,839,022	\$4,689,072	\$348,816
Parsons State Hospital	394,618	\$2,058,435	\$194,542
Kansas School for the Deaf	243,108	\$1,016,810	\$95,151
El Dorado Correctional Facility	609,431	\$2,123,556	\$220,610
Topeka Correctional Facility	245,069	\$887,985	\$96,252
Ellsworth Correctional Facility	201,676	\$998,090	\$111,829
Larned Correctional Facility	131,327	\$178,035	\$19,996
Pittsburg State University - Housing	232,009	\$1,550,401	\$60,425
Kansas Insurance Department	36,000	\$692,419	\$83,143
Wichita State University	1,976,646	\$12,316,635	\$1,103,277
TOTAL	23,953,756	\$97,195,894	\$8,772,019

ENERGY AND HOUSE UTILITIES

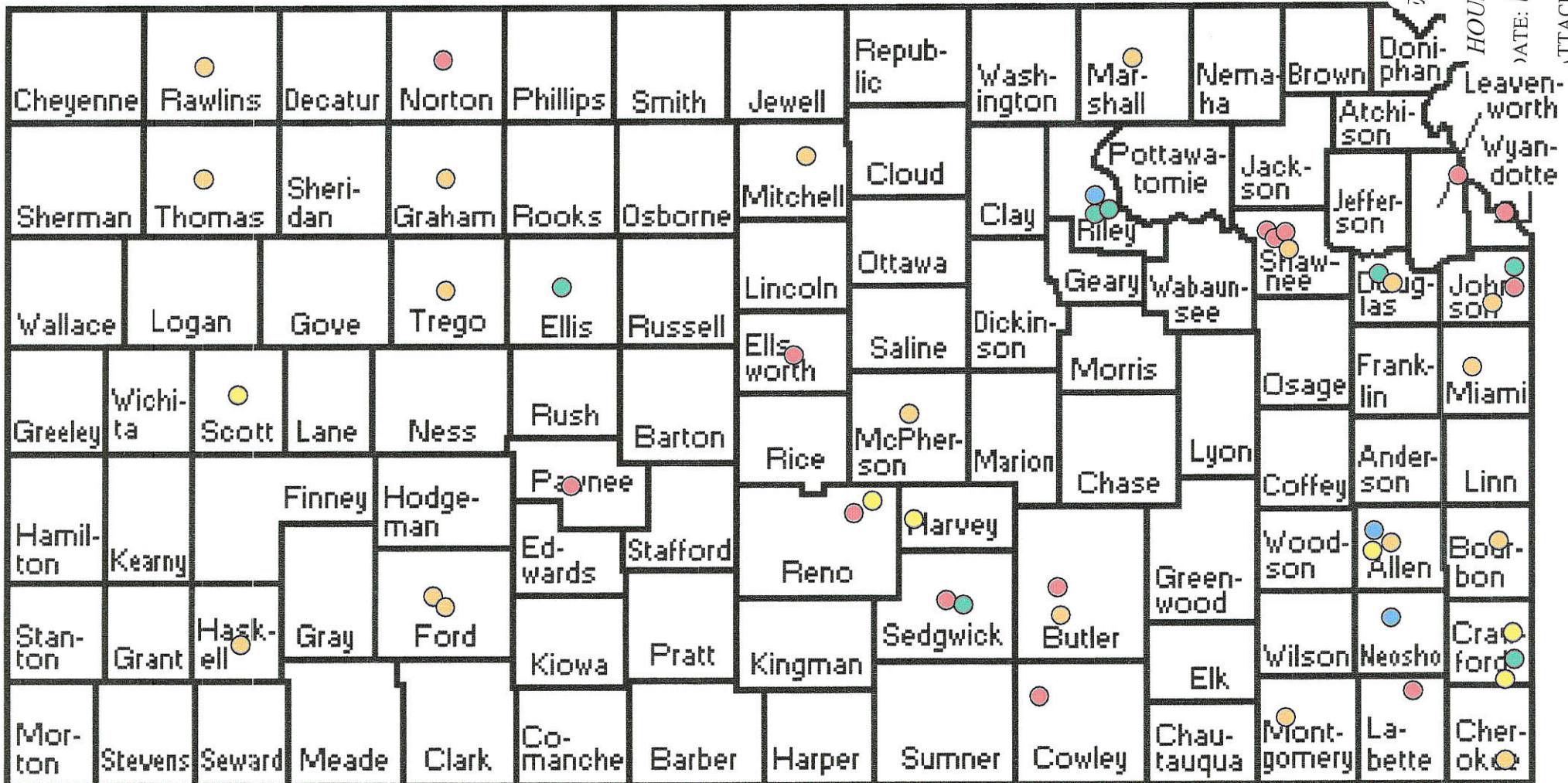
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ATTACHMENT 2

Kansas Facility Conservation Improvement Program Projects

(Municipality Projects - as of January 23, 2007)

<i>Agency</i>	<i>Area (sq ft)</i>	<i>Project Amount</i>	<i>Ann Savings</i>
Neosho County Community College	190,608	\$2,064,361	\$70,704
Allen County Community College	158,407	\$2,743,950	\$123,123
Manhattan Area Tech. School	61,898	\$457,932	\$29,940
USD #466 Scott County	145,569	\$945,271	\$44,719
USD #382 Humboldt	94,939	\$255,348	\$17,478
USD #246 Northeast-Arma	139,552	\$612,533	\$38,283
USD #313 Buhler	588,259	\$1,166,186	\$67,128
USD #369 Burrton	91,911	\$432,284	\$33,940
Independence Community College	168,564	\$2,699,701	\$154,378
USD #250 Pittsburg	606,377	\$2,121,800	\$84,651
Fort Scott Community College	219,793	\$2,052,494	\$99,884
TOTALS	2,465,877	\$15,551,860	\$764,228



- State Projects
- Unified School Districts
- State Universities
- Community/Technical Colleges
- Pending Projects

**Facility Conservation Improvement
Program (FCIP) Projects**
(as of January 2007)
Compiled by the Kansas Energy Office



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Good morning Chairman Holmes and members of the Committee.

My name is Kimberly Gencur. I am Vice-President of Government Affairs and Community Relations for ITC Great Plains and I greatly appreciate the opportunity to testify before you this morning on this matter.

ITC Great Plains supports HB 2066 and the filing requirements with the Kansas Corporation Commission this bill intends to codify.

As many of you know, ITC Great Plains opened its doors in Kansas in July. Our business is new to the state of Kansas, but our business model is not new to the country as our parent company, ITC Holdings owns and operates 95% of the transmission facilities in Michigan and is in the process of acquiring the transmission assets owned by Alliant Energy in Iowa, Illinois and Minnesota. We are an independent transmission provider, focused solely on owning, operating, constructing and maintaining the transmission infrastructure across Kansas and in the Great Plains region. ITC Great Plains is committed to improving the state's transmission grid while providing access to low-cost energy for all Kansas electric customers. In that sense our role is very similar to that of the Kansas Electric Transmission Authority. We, at ITC Great Plains, are committed to working with all Kansas stakeholders including the state and local elected and appointed officials, the Kansas Corporation Commission, KETA, the municipal, cooperative and investor-owned utilities and community stakeholder groups to identify and solve transmission issues.

It is in that vein that we come before you today. When an electric utility wants to build a transmission line in the state they must make a series of filings before the KCC including:

- (1) Siting Application which details the specifics of the transmission line such as pin-pointing its route; noting all the impacted landowners; and how the utility will comply with environmental and historical preservation laws, to name a few;
- (2) EL filing which demonstrates that the utility is complying with the Wires Stringing guidelines and details the construction specifics for the proposed project;
- (3) Transmission rights or Form CC filing wherein the utility would request KCC approval to transmit energy across another utilities' certified territory;

In our review of the Kansas statutes, ITC Great Plains has not identified a statute requiring a transmission rights filing for an entity of our nature. We, just like KETA, will not have retail electric customers within a designated service territory. As an

independent transmission company we will be a wholesale provider with a statewide certificate.

This bill would change the statute from mandating that a **retail electric provider** make the transmission rights filing to requiring any **transmission facilities owner**, including ITC Great Plains, KETA and the retail electric providers, to make such a filing when constructing transmission facilities that may encroach in another provider's certificated territory.

Thus, ITC Great Plains views House Bill No. 2066, specifically Section 1 (b) as clarifying the regulatory procedures for transmission facility owners whether they may be a private company like ITC Great Plains or an entity like KETA. We also believe that House Bill No. 2066 does not adversely affect the incumbent utilities as this change does not alter their filing requirements or procedures.

ITC Great Plains supports, but does not have substantial comments on the new Section 2 (4) which clarifies siting guidelines for upgrading existing transmission facilities.

I appreciate the opportunity to speak before you this morning. Carl Huslig, President of ITC Great Plains and Alan Myers, Vice President of Technical Services, are also here this morning. We all are happy to stand for questions at the appropriate time.



KANSAS

CORPORATION COMMISSION

KATHLEEN SEBELIUS, GOVERNOR
BRIAN J. MOLINE, CHAIR
ROBERT E. KREHBIEL, COMMISSIONER
MICHAEL C. MOFFET, COMMISSIONER

**BEFORE THE HOUSE COMMITTEE ON ENERGY AND UTILITIES
PRESENTATION OF THE
KANSAS CORPORATION COMMISSION
January 24, 2007
HB 2066**

Thank you, Chairman and members of the Committee. I am Don Low, Director of Utilities for the Kansas Corporation Commission. I appreciate the opportunity to testify for the Commission on HB 2066.

HB 2066 modifies the retail electric suppliers act and the transmission siting act. Section 1 of the bill adds K.S.A. 66-1,173 (b) which attempts to address extension of transmission facilities through a retail electric suppliers territory by a transmission owner that is not a retail electric supplier. Section 2 of the bill exempts upgrades of an existing line from the transmission siting act.

The Commission does not oppose this bill. However, the Commission has several concerns regarding the bill language.

First, unlike the term "retail electric supplier," the term "transmission facilities owner" is not defined in K.S.A. 66-1,170 or other sections of the retail electric suppliers act. Furthermore, recent statute changes have defined transmission in various ways and there is no overall definition applicable to chapter 66. This could be addressed simply by adding a definition to K.S.A. 66-1,170. A suggested definition to be added to K.S.A. 66-1,170 is:

(i) "transmission facilities owner" means any person, firm, corporation, municipality, association or cooperative corporation engaged in the bulk transfer of electricity for others, that is not a retail electric supplier.

Second, section 2 of the bill appears to attempt to clarify the case where a utility may wish to upgrade an existing "transmission" line and exempts such upgrades from the transmission line siting act. K.S.A. 66-1,177 of the electric transmission line siting act currently defines "electric transmission lines" as "... any line or extension of a line which is at least five (5) miles in length and which is used for the bulk transfer of two hundred thirty (230) kilovolts or more of electricity;" This bill clarifies the upgrading of any line of lesser voltage or length as exempt from the siting act. However it does not address the case mentioned in 66-1,182.(a)(1):

"That portion of any electric transmission line to be constructed on an easement where there currently exists one or more electric transmission lines if the easement is not within the corporate limits of any city;"

Because 66-1,177 defines electric transmission lines as 230 kV or more and 5 miles or longer in length, this exemption can only be used if the easement contains a line which is 230 kilovolts or more and at least 5 miles long.

If passed as written, the bill would modify the transmission line siting act to exempt lower voltage lines that are **upgraded** to 230 kilovolts or more, but would not exempt 230 kV or larger transmission lines which use existing easements for lines with a nominal voltage under 230 kV and which place the lower voltage line on an "underbuild." That is because neither 66-1,182. (a) (1) nor 66-1,182. (a) (4) would apply. The new facilities would not be on the easement of an existing transmission line, nor would they be an upgrade.

Should the Committee decide that it wishes to exempt new high voltage transmission lines from the transmission line siting act, in the event the applicant plans to use existing easements without upgrading the existing electric lines on that easement, it may wish to take this opportunity to modify 66-1,182. (a) (1). The Commission believes this could be accomplished with the following modification to 66-1,182. (a) (1):

That portion of any electric transmission line to be constructed on an easement where there currently exists one or more electric ~~transmission~~ supply lines *which are used for the bulk transfer of 34.5 kilovolts or more of electricity*, if the easement is not within the corporate limits of any city;