

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:15 A.M. on February 1, 2008 in Room 783 of the Docking State Office Building.

All members were present except:

Dan Johnson- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research

Melissa Doeblin, Revisor's Office

Rena Hansen, Committee Administrative Assistant

Conferees appearing before the committee:

Tom Wright, Chairman, Kansas Corporation Commission, (KCC)

Ken Frahm, Co-Chair, Kansas Energy Council (KEC)

Others attending:

Twenty Seven including the attached list.

Tom Wright, Chairman, KCC, (Attachment 1), presented a brief synopsis of the KCC annual report to the committee noting that the full report is available on CD and he told where all the reports and rulings could be found online. He noted that the nuclear round table meeting will be on February 28th and that the speakers will be video taped and put online for viewing.

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

Ken Frahm, Co-Chair, KEC, presented a power-point giving an overview on the 2007 KEC activities (Attachment 2). Additionally, a report of the Kansas Energy Plan 2008, was given to the committee and can be found the KEC website, (Attachment 3). Mr. Frahm also provided the committee with the Kansas Energy Chart Book 2008 that can also be acquired through the KEC office.

Questions were asked and comments made by Representatives: Tom Hawk, Carl Holmes, Cindy Neighbor, Forrest Knox, Vaughn Flora, Tom Moxley, and Oletha Faust-Goudeau.

Liz Brosius, KEC Director, also helped answer some of the questions that were asked by the committee. Norma Phillips, Deputy Director, Kansas Housing Resource Center, contributed to answering some of the committees' questions.

It was noted that by 2014 all incandescent light bulbs under 101 watts will be outlawed for sale or production in the United States.

Representative Carl Holmes spoke to the committee on some recent activities involved in the progress of the upgraded process of improving the waste storage and reprocessing of nuclear waste. The nuclear waste reprocessing process would thereby eliminate approximately 90% of the waste product of nuclear fission. Additionally, he shared with the committee some of the energy meetings he was privileged to get to attend in China and Canada.

Questions were asked by Representatives : Tom Moxley, Vaughn Flora, Terry McLachlan, Peggy Mast, and Margaret Long.

The next meeting is scheduled for February 4th in 313-S in the Capitol and 9 am. And the committee will meet there all of the next week.

The meeting was adjourned at 10:35 a.m.

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: February 1, 2008

NAME	REPRESENTING
Lindsey Douglas	Hein Law Firm
Steve Johnson	ONEOK, Inc.
Tom DAY	KCC
Jim BARTLING	ATMOS ENERGY
Dan Spring	Curbs
Shirley Nellin	SITA
Dave Frithaus	KEC
Liz Brosius	KEC
Dana Maher	KEC
Paul Snider	KCPCL
Mick Urban	KGS
Whitney Jam	KGS
Mark Schreiber	Westar
NELSON Krueger	LLC
LARRY BERG	MIDWEST ENERGY
Kimberly Lechner Svady	KMU

Before the House Energy and Utilities Committee
February 1, 2008

KCC ACTIVITIES
Thomas E. Wright, Chairman

Chairman Holmes and members of the House Energy and Utilities Committee:

Thank you for allowing me the opportunity to appear before you this morning on behalf of the Kansas Corporation Commission (KCC) to provide you with comments of some Commission activities. I am Tom Wright, Chairman of the Kansas Corporation Commission. Today, I would like to comment on some of the activities taking place at the KCC.

Kansas Corporation Commission's Annual Report to the 2008 Legislature

Attached to this page is a summary of the KCC's Annual Report to the 2008 Legislature. The report in its entirety may be found at http://kcc.ks.gov/pi/08_legis_rpt.pdf. Chairman Holmes also has been provided a CD with the report on it. If any member wishes to have a copy of the CD, our staff will provide one to you.

Kansas Corporation Commission's Website

Our website now provides word search capability. A new **keyword search** has been added to the docket filings search capabilities on the KCC web site. The new search option can be found by clicking on the Docket Filings link from any KCC web page or at <http://kcc.ks.gov/docket/>.

Although the docket search interface has been streamlined, all previous search options by docket number are still available. Conservation division docket search options are now also available from the Docket Filings web page. Tips on effective keyword searching as well as a table of docket type codes can be found by clicking on the "More information about docket links and searches" links.

Electronic Filing

Electronic filing (e-filing) of docket information to the KCC should be available by spring. This is the first step of a project that will streamline the docket process, improve information sharing process between industry and the KCC as well as internally.

Nuclear Generation Round Table

Nuclear round table discussion. The KCC will be inviting industry experts to a round table discussion of nuclear generation in Kansas and the United States. Potential dates are still be explored for this round table event. Tentatively, the Commission is looking at late spring, early summer timeframe.

Thank you for the opportunity to make these comments. I would be glad to entertain questions as time permits.

KANSAS CORPORATION COMMISSION
Annual Legislative Report
Report of the Kansas Corporation Commission
to the Kansas Legislature
for Fiscal Year 2007

The Kansas Corporation Commission submits this report in compliance with requirements of K.S.A. 66-117b.

That statute requires the Commission to monitor and report annually to the legislature any changed rate, joint rate, toll, charge or classification or schedule of charges, or any rule or regulation or practices pertaining to service or rates approved by the Commission in the preceding fiscal year for a public utility or common carrier that had \$10 million or more annual operating revenues in the previous calendar year.

This report covers action taken by the Kansas Corporation Commission for the fiscal year beginning July 1, 2006 through June 30, 2007. As in previous reports, this report includes information on Commission actions regarding utilities with less than \$10 million annual operating revenues. Within each industry, information is provided separately for both categories. "Large" companies with more than \$10 million of revenues. "Small" companies with less than \$10 million in revenues. "Large" matters are cases which generally involve an application or petition from the company and a formal Commission order.

The annual report to the 2008 Legislature may be found on the Commission's website at: http://kcc.ks.gov/pi/08_legis_rpt.pdf

KANSAS CORPORATION COMMISSION
Annual Legislative Report
Electric Restructuring

The Commission is actively monitoring efforts to restructure the operation and regulation of the electric utility industry. Over the past 20 years, changes in technology (namely those related to system control and generation) and federal laws and regulations have introduced increasing competition to wholesale electric markets. While the generation segment of the industry is increasingly subject to the discipline of the marketplace, transmission and distribution of electricity are generally recognized as natural monopolies. As such, allowing competition in those segments will not be economically efficient and continued agency regulation of transmission and distribution functions remains appropriate.

Most proponents of electric restructuring argue that competitive generation markets will lower prices for generation service over time. Many opponents to electric restructuring express concern that the benefits of lower priced generation service may not benefit residential customers or customers currently served by low-cost utilities. On November 1, 2000, the U.S. Department of

Energy's Energy Information Agency listed 24 states which were engaged in implementing electric restructuring. However, as of February, 2003, the EIA indicates that only 16 states (and the District of Columbia) have implemented restructuring, 5 states have delayed restructuring and 1 state (California) has suspended its restructuring initiatives. In Kansas, Commission staff has participated in the legislative Retail Wheeling Task Force, established by the 1996 passage of HB 2600. In 1997, the Commission employed the National Regulatory Research Institute (NRRI), a nonprofit, nationally recognized regulatory policy research group which primarily assists state utility regulatory commissions, to investigate and make recommendations regarding implementation of retail competition for the Kansas electric power industry. This report is available through the Commission's internet site at www.kcc.state.ks.us.

Federal Rulings

In response to the Energy Policy Act of 1992 (EPACT), the Federal Energy Regulatory Commission (FERC) has taken steps to promote competition in wholesale generation markets through its regulation of electric transmission. In 1996, the FERC issued Orders 888 and 889. Order 888 required all utilities to file open access transmission tariffs which permit any entity to use its transmission system in a manner comparable to the utility's own use. Order 889 required transmission utilities to establish an information system that allows potential users of the system nondiscriminatory access to information concerning available capacity. On December 29, 1999, the FERC issued Order 2000. Order 2000 required all public utilities that operate interstate transmission facilities to file either a proposal for a regional transmission organization (RTO), a description of efforts to form an RTO, or reasons it is not participating in an RTO by October 15, 2000. Order 2000 also required all RTOs to be operational by December 15, 2001. In July of 2001, the FERC issued a series of orders designed to describe the relevant scope of any approved RTO. This series of orders included a determination that the Southwest Power Pool (SPP) was not sufficiently large enough to be an RTO. On October 19, 2001, SPP announced its decision to merge with the Midwest ISO (MISO). On November 9, 2001, the FERC issued an order in response to criticism of its July actions and structured state, federal, and regional panels to comment on its actions regarding RTO implementation. On November 29, 2001, the KCC issued an order determining MISO was a public utility pursuant to the Kansas Public Utilities Act and denying MISO's request for a finding of no jurisdiction or, in the alternative, for a limited certificate that waives various Kansas statutory obligations. On December 20, 2001, the FERC determined that MISO's proposal satisfied the criteria required under Order 2000 and granted MISO RTO status, the first such entity in the U.S. to be granted RTO status by the FERC.

On July 31, 2002, the FERC issued a Notice of Proposed Rule-Making (NOPR) in Docket RM01-12. The rule making proposal for a wholesale standard market design (SMD) was a response to the regional panels contemplated in its November 9, 2001 order. The formation of a standard market design addresses the fact that there is no single set of rules governing transmission of electricity. While FERC hopes the NOPR will be a major step forward in promoting standard market design, the document contains several highly contentious provisions surrounding FERC's proposed exercise of jurisdiction over functions that were formerly the province of states. Between August and December 2002 the FERC held further regional panel discussions regarding the more contentious provisions of the SMD NOPR. On July 19, 2005 the FERC issued an order terminating the SMD initiative.

Failing to achieve the agreed upon threshold commitment from the SPP membership, on March 20, 2003, SPP and MISO announced that they had agreed to terminate their merger agreement. Shortly thereafter, on April 28, 2003, the FERC issued a white paper entitled "Wholesale Power Market Platform." The white paper and various other FERC rulings and statements indicated that the FERC might be willing to reconsider its previous positions regarding minimum scope and size of an RTO. Additionally, the FERC indicated that it would allow much greater state involvement in RTO direction and governance. As a result of these and other actions, on October 15, 2003, SPP made a new filing with the FERC seeking approval as an RTO. Related to the SPP RTO initiative, the state utility regulators in Kansas, Oklahoma, Missouri, Texas, New Mexico, Arkansas and Louisiana formed an SPP Regional State Committee (RSC) to coordinate related regulatory activities and to comment and advise on SPP FERC filings. On August 31, 2005, the SPP filed for KCC authority to act as a public utility in Kansas for purposes of RTO transmission operation and all KCC jurisdictional Kansas transmission owning utilities, with the exception of Sunflower and the Kansas City Board of Public Utilities (KC BPU),³ filed requesting KCC permission to join the SPP RTO and to transfer functional control of their transmission operations to SPP. On September 19, 2006 the Commission granted this request.

In addition to the FERC's actions involving establishment of a standard market design for electric wholesale markets, on July 23, 2003, the FERC issued Order 2003. This long awaited order addressed standard transmission interconnection procedures for generators larger than 20 megawatts. With this order, the FERC continued its policy of encouraging transmission owners to join and form RTOs. This order requires, in essence, any transmission owning electric utility to repay all required transmission upgrades made to interconnect the new generator, unless the transmission utility belongs to an approved RTO. In the case of an RTO, the FERC implied it would consider alternative transmission upgrade funding mechanisms, if they were based upon assessing costs to all who "participated" in the benefits of the transmission upgrades. This incentive of participant funding, as well as the requirement to refund transmission upgrade expenses if a utility does not belong to an RTO, is anticipated to entice many utilities to form or join RTOs.

Generation Capacity and Reliability

The Commission continues to monitor the generation capacity and reliability of Kansas electric utilities. The Commission staff annually reviews generation and load forecasts of Kansas electric utilities to ascertain whether there is adequate electric supply to meet the needs of Kansas electric consumers. Based on its 2006 review, Staff determined that Kansas electric generation capacity appears sufficient through the year 2014 given current load and generation forecasts. While Kansas generation capacity margins appear adequate in the near term, Kansas utilities are no longer in a position of owning and operating excess generation capacity.

Investigation Into Aquila's Financial Health

On March 4, 2003, the Commission issued an order that required Aquila to submit: (a) a financial plan, (b) provide detailed information about its long-term debt and its current or other assets and liabilities, (c) provide detailed information about its legal structure, internal organization, directors/officers and management contracts or other similar agreements and (d) provide comments on the Commission's proposed interim standstill provisions. On May 7, 2003,

the Commission issued an order that established procedural schedules and required an investigation process to further analyze Aquila's financial plan and to develop a cash flow analysis to determine the proper allocation of debt attributable to Aquila's utility operations. The May 7th order also addressed Aquila's motion to use Kansas utility assets as collateral for a term loan facility and extended the interim standstill provisions until such time as the Commission removed them. The interim standstill provisions ordered by the Commission are as follows:

Aquila shall not, unless Commission approval is granted:

1. Pledge regulated assets, presently devoted to serving Kansas retail customers, for the benefit of its current and prospective lenders;
2. Invest any money in any existing or new nonutility businesses;
3. Incur any new indebtedness other than in the ordinary course of business;
4. Commit to any modification of existing indebtedness;
5. Pay any dividends; or
6. Commit to any other financial transaction that would not be reversible upon an order of this Commission.

PIPELINE SAFETY

Natural Gas Pipeline Safety

Pipeline safety personnel continue to conduct on-site inspections of intrastate natural gas facilities. The inspections monitor the gas systems for any areas of non-compliance with pipeline safety regulations. A typical audit will stress compliance with the operator's management of the integrity of the pipeline delivery system including such topics as odorization requirements, cathodic protection, leak surveys, and operator qualification requirements. Staff also participates in gas industry technical committees as Commission representatives in developing standards for incorporation into federal and state pipeline safety regulations. In addition, engineers and pipeline safety inspectors investigate any incident caused or suspected of being caused by natural gas and report these to the Commission. Any recommendations of Staff regarding prevention of potential incidents are included in the report and considered by the Commission.

Pipeline safety personnel also investigate violations of the Underground Utilities Damage Prevention Act. Investigators work with excavators and utility operators to assure compliance with provisions of the act such as requesting locates prior to digging, and locating facilities within 48 hours of being notified of pending excavation work.

TELECOMMUNICATIONS

Telecommunications – For Fiscal Year 2006 (the period July 1, 2005, through June 30, 2006), the Kansas Corporation Commission (KCC or Commission) reports continued effort in fulfilling its obligation to protect the rights and privileges of Kansas consumers in balance with the interests of the service provider utilities. The evolution of competition in providing local and toll (long distance) telecommunications has, in some instances, resulted in greater choice of available

services at a variety of rates, with a wider array of providers, packages and bundles from which to choose. The continuing development of technology has led to advanced means of transport and delivery for services that are beyond the existing parameters for regulatory oversight. Against this backdrop, the KCC has continued to make progress toward implementation of both state and federal legislation intended to foster competition in the provision of telecommunications services across Kansas. Following are selected highlights of those efforts including updated information beyond the close of the fiscal year, where available.

Competition

As of December 4, 2006, the Commission has authorized 143 competitive local exchange carriers (CLECs) to provide local telephone service in the exchanges of SWBT and United Telephone of Kansas d/b/a Embarq.

Throughout the period, approximately 46 CLECs were actually operating in Kansas. Of those CLECs, 11 were facilities-based providers providing service entirely over their own facilities, 16 resold the services of the incumbent local exchange carrier (ILEC), 3 were providers utilizing a commercial agreement, and another 16 provided service via a combination of resale, facilities-based modes of provisioning and commercial agreements. The number of interexchange service providers authorized by the KCC to offer intrastate (long distance or toll) service in Kansas was 366 as of December 21, 2006.

Broadband Service Deployment

The term "broadband" is often used interchangeably with the terms "advanced services" and/or "high-speed access services." In general, these terms refer to services that allow consumers fast access (speeds greater than 200 kilo bits per second [kbps]) to a wide range of both information and services, most typically through the Internet. Because of its broad social/economic impacts, deployment of broadband services has become a national priority and has been the focus of much legislative and regulatory attention in recent years.

Broadband service has been declared to be an interstate service by the FCC and, thus, is not under the jurisdiction of state public service commissions. The FCC has established a data gathering process whereby all service providers (wireline, cable, wireless, etc.) semi annually report selected data concerning their broadband service offerings. By relying on FCC data the reader is assured of definitional consistency between the states and historical consistency.

TRANSPORTATION

Transportation Division

The goal of the Transportation Division of the Kansas Corporation Commission (KCC) is to ensure the appropriate and effective regulation and oversight of motor carriers and to protect the public interest and safety through comprehensive planning, licensing, education, and inspection to the extent not preempted by federal law. Each segment regulated by the Transportation Division is discussed in more detail below:

Motor Carriers

The objective of the Transportation Division, which is responsible for the regulation of motor carriers, is to develop, modify and implement the licensing, auditing, inspection and other administrative procedures to achieve effective and efficient operations along with easing the burden of regulation on those motor carriers while ensuring protection of the public interest and safety.

The Transportation Division's strategies include conducting comprehensive investigations and audits on new and existing motor carriers, and taking appropriate action when unsafe conditions are determined. The Transportation Division also develops regulations to implement legislative changes to deal effectively with the vast array of diverse and complex issues arising out of changes at the state and federal levels. Further, the Transportation Division continues to work with the Kansas Highway Patrol and the Federal Motor Carrier Safety Administration to reduce the number of accidents involving motor carriers through enforcement of regulations and education of the motor carrier industry.

State law requires the KCC to verify that a motor carrier is in compliance with KCC safety regulations within twelve months of a carrier being granted Common For-Hire authority. This is an attempt to keep the new carriers off SafeStat (Motor Carrier Status Measurement System), which is an automated analysis system that combines current and historical safety data to measure the relative safety fitness of a motor carrier. Motor Carriers on SafeStat are identified as "at risk" and have a much higher crash rate. Every six months the Federal Motor Carrier Safety Administration publishes a list of approximately 500 Kansas-based motor carriers that are identified as "at risk."

The Transportation Division targets the "at risk" motor carriers to the fullest extent possible. Special Investigators from the Transportation Division conduct comprehensive compliance reviews. The in-depth reviews have resulted in an increase in violations issued against motor carriers in the form of enforcement proceedings before the KCC. The violations identified by the Transportation Division Investigators include: drug testing, hours of service, driver qualification and vehicle maintenance issues.

The increase in violations discovered from the in-depth compliance reviews has prompted the KCC to implement an aggressive safety-training program for all public and private motor carriers in Kansas.

The Transportation Division's Special Investigators conduct educational safety seminars throughout Kansas four times per month. The seminars are designed to inform and educate new and existing motor carriers of the KCC's safety rules and regulations. The KCC has developed specific presentations to acknowledge non-compliance trends the Transportation Division has noted. The Transportation Division's Special Investigators also conduct individual "refresher" safety programs as requested by a specific motor carrier. Motor carriers are notified of safety seminar dates at the time their applications for KCC authority are filed, as well as during any enforcement proceedings against them. The safety seminar schedule is also sent to the various transportation associations in the state for inclusion in those organization newsletters and websites. The seminar information can also be found on the KCC's website. The Transportation Division anticipates an increase in the number of motor carriers attending the safety seminars thanks to increased public awareness of the safety program.

Anti Terrorism Training

In FY 2005, the Commission incorporated the Highway Watch program into its training curriculum. Highway Watch is the roadway sector's national safety and security program that utilizes the skills, experiences, and "road smarts" of America's transportation workers to help protect the nation's critical infrastructure and the transportation of goods, services, and people. Highway Watch participants are specially trained to recognize potential safety and security threats and avoid becoming a target of terrorists or to spot a terrorist threat to others. The Highway Watch effort seeks to prevent terrorists from using large vehicles or hazardous cargoes as weapons. The training provides Highway Watch participants with the observational tools and the opportunity to exercise their expert understanding of the transportation environment, and to report safety and security concerns rapidly and accurately to the authorities. In addition to matters of homeland security, the program aids in cases of stranded vehicles or accidents and unsafe road conditions.

Additionally, other safety-related situations are reported eliciting the appropriate emergency responders. The Highway Watch program is administered by the American Trucking Association (ATA) under a Cooperative Agreement with the U.S. Department of Homeland Security (DHS). The Division has an agreement with the KMCA to provide the training on the security segment as part of the regular training program. KMCA reimburses the Division a nominal fee for providing this service from the federal assistance award provided by the Transportation Security Administration. The Commission's contract to provide the Highway Watch program has been extended through FY 2007.

The American Trucking Association (ATA) supports a strong, effective and targeted motor carrier program. As the motor carrier industry continues to expand, the Transportation Division is establishing a strong infrastructure by focusing on a sound safety/training and enforcement program. An effective program can minimize unsafe conditions to the motor carrier and the traveling public.

In the first half of 2002, the KCC adopted the federal safety fitness guidelines found at (49 C.F.R Part 385) which allows the KCC to assess a safety rating to intrastate motor carriers. Motor carriers are rated as Satisfactory, Conditional, or Unsatisfactory. A motor carrier that receives an unsatisfactory rating must be re-inspected within 45 days if the motor carrier had safety violations involving hazardous materials and within 60 days if the motor carrier had safety violations not involving hazardous materials. This follow-up inspection helps the Transportation Division verify that the motor carrier has complied with the state and federal regulations. The workload generated by the additional enforcement proceedings and unsatisfactory-rated carriers has limited the number of Compliance Reviews the Transportation Division can perform for new entry motor carriers. In FY 2002, the Transportation Division developed a database to compile and monitor the information for all compliance reviews and complaints. The report is called the Transportation Division Summary.

Kansas Trucking Connection update

On December 1, 2004, the Kansas Trucking Connection opened. The KTC project was initially designed to be a three-phase project. Phase I consisted of the initial planning process and the physical co-location of KDOR and KDOT staff to the KCC building. Phase II involves

purchasing and sharing software programs, basic cross-training, reallocating two KDOT staff to KCC, and developing a front-end computer system as well as a web-based application. Phase III will involve an aggressive cross-training program for all staff and then an aggressive advertisement program to inform and educate the Kansas trucking industry.

Phase I is complete. Based on the overwhelming response from the industry, the KTC project is already a huge success. We have received numerous compliments from the trucking industry regarding the amount of time they save by doing business at one location.

Phase II projects remaining:

Develop a front-end computer system and a web-based application for each group to enhance our customer service abilities. KTC staff is currently reviewing the newly built Texas web-based application program for ideas and applicability. The new web-based application program would replace some of the current programs under contract with the Information Network of Kansas (INK) for potential cost savings and provide new registrants with the ability to enter information directly on line. The Texas program has direct links to FMCSA's Safety and Fitness Electronic Records System (SAFER) for its interstate carriers. The SAFER system verifies the motor carrier is in compliance with interstate operating authority and insurance. The program also shares the information with Property Valuation and several other divisions within the state. The new program has reduced the amount of time it takes a new applicant to start and complete an application from 30 days to 2-5 days. The web-based application has reduced the number of office staff by 50% with the potential for additional staff reduction in the near future.

KTC will design, build and implement a comprehensive on-line motor carrier application providing service to new and existing motor carriers and insurance agents during FY 2006. This web-based application will allow the public to submit new applications electronically for motor carrier authority, modify existing authorities and information, submit insurance information, and complete the annual renewal process. The system will be available 24 hours a day, seven days a week. The new program will utilize our current servers, load balancers, software and security devices. Payments will be performed by Access Kansas via the State of Kansas Payment Portal. We currently have the staff, technology and systems in place to develop a web-based program at no additional cost to KCC based on the total number of transactions INK performed in 2004. As the number of transactions increase, additional server and software items may need to be purchased in the future.

Phase III will involve extensive cross-training, promotions/advertisements, and training the industry on how to use the new system, etc.

The Transportation Division has undertaken significant efforts to enhance its enforcement in the areas under its purview and has made great strides in motor carrier safety and economic regulation. The Transportation Division is still exploring ways to expand and refine its role; however, the Transportation Division's current duties have taxed its existing Staff and resources. While the Transportation Division and its staff have worked diligently to carry out the stated goals, additional staff and resources are necessary in order to better serve the public interest and safety in the state of Kansas. The Transportation Division has attempted to obtain, and will continue to seek, additional resources to aid in the fulfillment of its duties.

*Kansas Energy Council
2008 Recommendations*

Ken Frahm, KEC Co-Chair

Presentation before the House Energy & Utilities Committee
February 1, 2008

**Kansas Energy Council
(KEC)**

- KEC is a 35-member energy policy advisory group, initially established by former Governor Graves and reconstituted by Governor Sebelius.
- Develops background information and policy recommendations on priority topics annually, culminating in the *Kansas Energy Plan*, delivered to Governor, Legislature, and KCC prior to the legislative session.

Kansas Energy Plan 2008

- This year's plan contains background information—including a summary of existing state and federal policies and programs—and 8 recommendations on biomass & biofuels, energy conservation & efficiency, and energy education.

Kansas Energy Plan 2008
Biomass and Biofuels

Ethanol and Biodiesel

1. Encourage State agencies currently administering biofuel incentives to coordinate an internal program review of existing biofuel incentives and report to Legislative Committees on both the effectiveness and potential problems, inefficiencies.
 - Commerce staff reported to House Energy and Utilities on January 16, 2008.

Kansas Energy Plan 2008
Energy Conservation and Efficiency

Utility-sponsored Programs

1. Monitor the KCC's ongoing energy efficiency investigations to determine need for further KEC investigation of rate design and other energy efficiency issues.
 - Comments and reply comments due January 2008 on KCC Dockets 08-GIMX-442-GIV and 08-GIMX-441-GIV.

Kansas Energy Plan 2008
Energy Conservation and Efficiency

Residential Structures

1. The State of Kansas should provide \$2 million in annual funding to expand weatherization assistance to low-income households provided through the Kansas Weatherization Assistance Program (WAP).

<p>Kansas Energy Plan 2008 <i>Energy Conservation and Efficiency</i></p>	
Residential Structures	<p>2. The Kansas Housing Resources Corporation (KHRC) should expand existing low-interest energy efficiency loan program (KEEP) to facilitate adoption of energy conservation improvements by all Kansas homeowners.</p> <ul style="list-style-type: none"> ▪ KHRC revised program in December 2007 to raise maximum amount of loan and eliminate income restrictions. Since then, number of applications has increased.

<p>Kansas Energy Plan 2008 <i>Energy Conservation and Efficiency</i></p>	
Residential Structures (also C&I)	<p>3. The KCC's Energy Programs Division should develop a program to promote adoption of model energy efficiency codes by local units of government.</p> <ul style="list-style-type: none"> ▪ Energy Programs Division staff will coordinate with Kansas League of Municipalities and establish advisory group.

<p>Kansas Energy Plan 2008 <i>Energy Conservation and Efficiency</i></p>	
Public Structures	<p>1. The Kansas Legislature should adopt legislation requiring all new publicly funded buildings to meet minimum energy efficiency standards, as recommended by the Special Committee on Energy, Natural Resources, and the Environment.</p> <ul style="list-style-type: none"> ▪ Senate Bill No. 452, Sec. 6.

<p>Kansas Energy Plan 2008 <i>Energy Education</i></p>	
K-12 Education	<p>1. The State should provide \$30,000 in annual funding to the Kansas Association for Conservation and Environmental Education (KACEE) to support energy conservation education in public schools (K-12).</p>

<p>Kansas Energy Council <i>2008 Committees</i></p>	
Midwestern Governor's Association (MGA) Committee	<ul style="list-style-type: none"> ▪ Objectives include (1) understanding the goals and objectives of the MGA Platform and Accord and (2) evaluating suggested policy options and considering need for addition policies to meet stated goals.

<p>Kansas Energy Council <i>2008 Committees</i></p>	
Electricity Committee	<p>Objectives are:</p> <ol style="list-style-type: none"> 1) to study existing electric generation on a utility-by-utility (unit-by-unit) basis, 2) understand considerations that drove baseload investment, 3) identify carbon emissions from existing units and estimate emissions from future options, <i>and</i> 4) understand how utilities will meet expected demand on a 5- to 10-year planning horizon.

	Additional Information
	<ul style="list-style-type: none">▪ Available on the KEC web site: http://www.kec.kansas.gov/▪ <i>Kansas Energy Chart Book 2008</i> contains graphs, tables, and charts related to content in <i>Kansas Energy Plan</i>: http://www.kec.kansas.gov/chart_book.htm

	Additional Information
	<p>If you have questions, please contact:</p> <p>Liz Brosius, KEC Director (271-3264; l.brosius@kcc.ks.gov)</p> <p>Ray Hammarlund, KCC Energy Programs Division Director (271-3179; r.hammarlund@kcc.ks.gov)</p>

Kansas Energy Council
2008 Kansas Energy Plan
Overview of Recommendations

Chapter 5: Biomass and Biofuels, Sections 5.1 and 5.2

1. Encourage State agencies currently administering biofuel incentives to coordinate an internal program review of existing biofuel incentives and report to Legislative Committees on both the effectiveness and potential problems, inefficiencies.

Chapter 9: Energy Conservation and Efficiency, Section 9.1

1. Monitor the Kansas Corporation Commission's ongoing energy efficiency investigations to determine need for further KEC investigation of rate design and other energy efficiency issues.

Chapter 9: Energy Conservation and Efficiency, Section 9.2

1. The State of Kansas should provide \$2 million in annual funding to expand weatherization assistance to low-income households provided through the Kansas Weatherization Assistance Program (WAP).
2. The Kansas Housing Resources Corporation (KHRC) should expand existing low-interest energy efficiency loan program (KEEP) to facilitate adoption of energy conservation improvements by all Kansas homeowners.
3. The KCC's Energy Programs Division should develop a program to promote adoption of model energy efficiency codes by local units of government.

Chapter 9: Energy Conservation and Efficiency, Section 9.3

1. The KCC's Energy Programs Division should develop a program to promote adoption of model energy efficiency codes by local units of government. *Note: This recommendation is also listed in Section 9.2.*

Chapter 9: Energy Conservation and Efficiency, Section 9.4

1. The Kansas Legislature should adopt legislation requiring all new publicly funded buildings to meet minimum energy efficiency standards, as recommended by the Special Committee on Energy, Natural Resources, and the Environment.

Chapter 12: Energy Education, Section 12.1

1. The State should provide \$30,000 in annual funding to KACEE to support energy conservation education in Kansas public schools (K-12).

ENERGY AND HOUSE UTILITIES

DATE: 2/1/2008

ATTACHMENT 3