

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 13, 2008 in Room 783 of the Docking State Office Building.

All members were present except:

Annie Kuether- excused

Judy Morrison- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research

Carol Toland, Kansas Legislative Research

Mary Torrence, Revisor's Office

Melissa Doeblin, Revisor's Office

Renae Hansen, Committee Administrative Assistant

Conferees appearing before the committee:

John Peterson

Mark Schreiber

Others attending:

Thirteen including the attached list.

Mark Schreiber, Westar Energy, (Attachment 1), handed out information to the committee on the cost of a meter for net metering per the committees request.

Kansas Corporation Commission, (Attachment 2) handed out information to the committee pertaining to **HB 2632** that was previously requested by the committee.

Representative Tom Sloan moved to introduce a committee resolution pertaining to a bio-energy and water center at the Sunflower Energy property, seconded by Vaughn Flora. Motion Carried.

Hearing on:

HB 2692-Scrap metal dealers, including stainless steel as a regulated scrap metal.

Proponents:

John Peterson, Anheuser-Busch, (Attachment 3) offered testimony in favor of **HB 2692** adding stainless steel to the mix of the existing legislation to be monitored when sold as scrap metal.

Questions were asked and comments made by Representatives: Peggy Mast, Terry McLachlan, Vern Swanson, Tom Hawk, Dan Johnson, and Tom Moxley.

There were no opponents to the bill.

The hearing was closed on **HB 2692**.

Hearing on:

HB 2681-Review of regulations and laws with the intent of promoting nuclear industrial development.

Proponents:

Mark Schreiber, Westar, (Attachment 4), presented testimony in favor of **HB 2681** noting that the current statute K.S. A. 48-1604 is not necessary to be on the books.

CONTINUATION SHEET

MINUTES OF THE House Energy and Utilities Committee at 9:15 A.M. on February 13, 2008 in Room 783 of the Docking State Office Building.

There were no questions asked.

The hearing was closed on **HB 2681**.

Action on:

HB 2692-Scrap metal dealers, including stainless steel as a regulated scrap metal.

Representative Rob Olson moved pass out favorably **HB 2692** and that it be moved to the consent calendar, seconded by Representative Josh Svaty. Motion carried.

Action on:

HB 2681-Review of regulations and laws with the intent of promoting nuclear industrial development.

Representative Rob Olson moved pass out favorably **HB 2681** and that it be moved to the consent calendar, seconded by Representative Josh Svaty. Motion carried.

The next meeting is scheduled for February 14, 2008 at 9:15 a.m.

The chairman thanked the committee for the work they did yesterday on **HB 2711** which is now **HSub SB 327**. He believes the bill will be worked on Monday, February 18, 2008.

Representative Tom Moxley expressed appreciation from everyone on the committee to the chairman for allowing all the amendments to be run in the committee.

The meeting was adjourned at 9:47 a.m.

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: February 13, 2008

NAME	REPRESENTING
Joe Duk	KCBPU
Callie Coco	Hearney + Associates Inc
John Peterson	Antensen Busch
Mark Schreiber	Westar
DAVE HOCTHAUS	KEC
PHIL WAGES	KEPCO
Paul Snider	KLPL
Tom Thompson	Sierra Club
Mark Conklin	KC RPU



*Kathleen Sebelius, Governor
Thomas E. Wright, Chairman
Michael C. Moffet, Commissioner
Joseph F. Harkins, Commissioner*

February 5, 2008

The Honorable Representative Carl Holmes
House Energy and Utilities Committee, Chairman
State Capitol
300 SW 10th
Topeka, KS 66612

Dear Chairman Holmes:

Attached is the information you requested during the hearing for HB 2632. The attachment contains the current demand side management, demand response and/or conservation programs that have been implemented and a short description of each program. The information is provided by company.

Please let me know if the Energy and Utilities Committee needs additional information. I can be reached at (785) 271-3293 or j.buchanan@kcc.ks.gov.

Sincerely,

A handwritten signature in cursive script that reads "Janet Buchanan".

Janet Buchanan
Kansas Corporation Commission

Current Demand Side Management, Demand Response, and Conservation Programs
Implemented by Kansas Utilities

Empire District Electric Company

Interruptible Service Rider – Commercial and industrial customers with a minimum monthly demand of 1000 kW and a minimum load curtailment capability of 500 kW may subscribe to this interruptible service at a reduced rate. A contract is entered into with each customer specifying the daily reduction period and the utility must give the customer at least one hour notice prior to interrupting service. The customer is not required to reduce demand for more than 400 hours per contract year. (Docket No. 190,360-U)

Net Metering Rider – After receiving approval to interconnect with the utility and approval of interconnection equipment, the parallel generator will receive a credit for energy delivered as follows:

- For residential systems less than 25 kW and non-residential systems less than 100 kW, the utility will pay an amount equal to 150% of the average system cost of energy per kWh multiplied by the kWh supplied by the customer each month.
- For residential systems greater than 25 kW (but less than 100 kW) the utility will pay the negotiated price per kWh multiplied by the kWh supplied. The negotiated price will be based on the utility's avoided energy cost.

(Docket No. 04-GIME-080-GIE)

Get Energy Active – Empire District Electric Company provides a link to the Get Energy Active web site. There, consumers can find information about electricity along with tips for using less energy.

Kansas City Power and Light Company

Air Conditioner Load Control Rider – Residential customers agree to have the utility install, at no cost, a temperature activated cycling device (load controller) on their central air conditioner or heat pump used for air conditioning. When ambient temperature is 95 degrees or greater, the utility will interrupt service to the air conditioner for about 7 ½ minutes for each 30 minute period until the ambient temperature falls to 88 degrees. (94-KCPE-370-TAR)

Residential and Small Commercial and Industrial Air Conditioner Cycling Rider – Customers with adequate paging or radio coverage and a working central air conditioning system of at least 2 ton size may participate. Participants will receive, at no cost, a programmable thermostat that can be controlled through radio signals sent by the utility to the thermostat to

cycle the air conditioner. Curtailment of use can occur during the May 1st through September 30th time frame. The utility will be able to curtail service once a day for not more than 4 hours per day. (Docket No. 06-KCPE-315-TAR)

Low Income Weatherization – Through this voluntary program, the utility assists residential customers in reducing their usage by weatherizing the home. To qualify for weatherization assistance, the residential customer must meet the following criteria: household earnings at or below 185% of the current year Federal Poverty Level guidelines for the number of persons living in the residence, the residence must have energy consumption greater than 3,000 kWh per year, and the customer has received electric service from KCPL for at least one year prior to applying for weatherization assistance. (06-KCPE-497-TAR)

Building Operator Certification Program – Through this voluntary program, the utility will partner with the Midwest Energy Efficiency Alliance to encourage Building Operator Certification through the Northwest Energy Efficiency Council's Building Operator Certification Level 1 and Level 2 curriculums. These are nationally recognized energy efficiency courses offered to building operators employed by large commercial customers of the utility, subject to limited enrollment and certain requirements for participation. KCPL will reimburse the annual cost to license the Level 1 and Level 2 curriculums for KCPL's Kansas service territory and reimburse portions of the tuition costs for Building Operators, associated with properties in KCPL's service area, who successfully complete the certifications. The Midwest Energy Efficiency Alliance will be reimbursed for the license for the Level 1 and Level 2 curriculums which is currently \$25,000 per class. Tuition reimbursements will be \$575 for each Level. (Docket No. 07-KCPE-683-MIS)

Energy Audit and Energy Savings Measure Rider – This program provides a rebate for an energy audit conducted on facilities of commercial and industrial customers. To be eligible for the rebate, a customer's energy audit must be performed by a certified commercial energy auditor and a customer must implement at least one of the audit recommendations which qualifies for a retrofit energy saving measure rebate. The audit rebate will be 50% of the audit cost up to \$300 for customers with facilities of less than 25,000 square feet, or a maximum of \$500 for customers with facilities of greater than 25,000 square feet. If a customer has multiple facilities, the customer may apply for multiple audit rebates. A maximum of \$16,080 per year will be provided for audit rebates. In addition, a rebate will be offered for the installation of qualifying higher energy efficiency equipment or systems, or replacing or retrofitting HVAC systems, motors, lighting, pumps or other qualifying equipment or systems. An application must be submitted through the utility's web site. Rebates will range from \$4,907 to \$35,142 depending on the size of the customer and whether the project was a retrofit or new construction. (Docket No. 06-KCPE-1232-TAR)

Residential Time of Day Service – Under this service, a residential customer will pay energy rates based on the time of day (peak or off-peak) energy is utilized. The customer charge is \$11.58 per month. During the summer season (June 1- September 30), peak the energy charge is \$0.12979 per kWh and off-peak usage is \$0.05666 per kWh. During the winter season (October 1 – May 31) the energy charge is \$0.05666 per kWh. Peak hours occur in the summer

season between 1p.m. and 7 p.m. Monday through Friday excluding week-day holidays. Special metering equipment is required. (Docket No. 07-KCPE-905-RTS)

Parallel Generation Contract Service – The utility will pay small parallel generators 150% of the utility's monthly system average cost of energy per kWh received. For larger parallel generators providing 100 kWh or less, the utility will pay \$0.02 per kWh received. For larger parallel generators providing more than 100 kW, the utility will pay an amount set by separate agreement. (Docket No. 02-KCPE-022-TAR)

Mpower Rider – Any commercial or industrial customer with a load curtailment capability of at least 25 kW. The customer must agree to have service curtailed during the months of June through September at a maximum level of at least 25 kW less than the customer's estimated peak demand. No more than 10 separate curtailments will occur per year and each curtailment will last no less than 2 hours and no more than 8 hours. Compensation to the customer is based on the length of the contract (1 to 5 years). The utility will provide a one-time payment to allow the customer to purchase specific equipment necessary to participate. The payment will be deducted from any amounts owed to the customer for curtailment on a net present value basis. (Docket No. 07-KCPE-1119-TAR)

Voluntary Load Reduction Rider – Any commercial or industrial customer with a peak demand greater than 100 kW may agree to voluntarily reduce load during the months of June through September. Customers will be informed of the kWh credit they will receive at the time of each request for voluntary load reduction. (Docket No. 00-KCPE-808-TAR)

Real-Time Pricing – Commercial and industrial customers with a maximum of at least 500 kW may participate in the real-time pricing program. The utility provides 24 hourly prices for the following day. This permits customers to shift load to lower cost hours. (Docket No. 00-KCPE-769-TAR)

Real-Time Pricing Plus – Commercial and industrial customers with a maximum of at least 500 kW may participate in the real-time pricing plus program. The utility provides 24 hourly prices for the following day. This permits customers to shift load to lower cost hours. The determination of the customer's bill varies from the above program. (Docket No. 00-KCPE-769-TAR)

Low-Income Affordable New Homes – The utility will establish agreements with builders of new homes for low-income customers. The builders must install Energy Star rated lighting fixtures, Energy Star rated refrigerators, high efficiency central cooling equipment and increased R-factor insulation in the attic, floor or crawl space. These homes must be built for customers with household earnings at or below 185% of the current Federal Poverty Level guidelines or 60% of the current State median income, whichever is greater. The utility will pay incentives to the builder, including: up to \$100 per home for installation of Energy Star rated lighting fixtures, up to \$200 per home for installing an Energy Star rated refrigerator, up to \$800 per home for installing high efficiency central cooling equipment, and up to \$400 per home for upgrading to at least one of the following – R42 attic insulation, R25 floor insulation or R19 crawlspace insulation. (Docket No. 07-KCPE-767-TAR)

Cool Homes Program – This program is offered to residential customers to encourage them to have their central cooling systems evaluated and brought back to factory specifications or replace less efficient working central cooling systems with high efficiency systems. The utility will identify customers eligible for this program in one of three ways: through analysis of usage data, those customers it believes have a high probability of operating less than efficient central air conditioning equipment; through recommendations of HVAC contractors; and by interested customers that contact the utility or an HVAC contractor. A properly licensed HVAC contractor participating in the Cool Homes program will be sent to evaluate the customer's cooling system. The contractor will recommend either that the equipment be brought back to specification when possible or replaced. Incentives are then offered to customers to help offset the cost of reconditioning or replacing the equipment. If reconditioning is possible, the utility will pay the entire cost. The utility will pay \$650 for installation of equipment with SEER 14.0 or SEER 15.0. The utility will pay \$850 for installation of equipment with SEER of 16.0 or above. (Docket No. 07-KCPE-909-TAR)

Home Energy Analyzer – This is a tool on the utility's website that allows customers to determine the efficiency level of the home and determine how much money they could save on energy usage by taking certain measures.

Mid-Kansas Electric Company, LLC

Interruptible Industrial Service – Customers with the capability of curtailing at least 200 kW of load at any time may enter into a contract with the utility for interruptible service. Customers are billed based on the portion of the load that is firm and that which is interruptible with penalties imposed if load is not interrupted as promised. (Docket No. 04-AQLE-1065-RTS)

Real-Time Price Program – The real-time price program is available to residential, commercial and industrial customers. The utility provides the customer with hourly prices, a day ahead, allowing customers to shift usage to low-cost hours. (Docket No. 04-AQLE-1065-RTS)

Voluntary Load Reduction Rider – Commercial and industrial customers who do not participate in the real-time price program and who have a peak demand of more than 500 kW may agree to voluntarily reduce load during the months of May through September. When requesting load reduction, the utility will also provide the customer with the credit value of the load reduction. The customer then decides whether to reduce load as requested. (Docket No. 04-AQLE-1065-RTS)

Parallel Generation Service – Residential, commercial or industrial customers with generation facilities may enter into contracts with the utility to provide the utility with capacity and energy. The utility will pay 150% of the average system cost of energy per kWh multiplied by the kWh received. (Docket No. 04-AQLE-1065-RTS)

Midwest Energy, Inc.

General Service Small -Time of Day – Time of day service is available to oil field customers with a demand of 10 kW or less for oil production and pipeline power or any other commercial customer with a demand of less than 30 kW for power and energy uses at any one location. During the months of June through August and between the hours of 2:00 p.m. and 9:00 p.m. customers agree to reduce load either manually or automatically. (Docket No. 99-MDWE-272-RTS)

General Service Large – Time of Day – Time of day service is available to customers with a peak demand during June, July or August of 30 kW or more at one location. During the months of June through August and between the hours of 2:00 p.m. and 9:00 p.m. customers agree to reduce load either manually or automatically. (Docket No. 05-MDWE-1213-TAR)

Irrigation Service – Time of Day – Time of day service is available to any irrigation customer for well pumping or other incidental uses. During the months of June through August and between the hours of 2:00 p.m. and 9:00 p.m. customers agree to reduce load either manually or automatically. (Docket No. 99-MDWE-272-RTS)

Oil Field Service – Time of Day – This time of day service is available to any oil field customer having demand of greater than 10 kW for all oil well production and pipeline power and energy uses at one location through one meter. During the months of June through August and between the hours of 2:00 p.m. and 9:00 p.m. customers agree to reduce load either manually or automatically. (Docket No. 99-MDWE-272-RTS)

Parallel Service – Customers with parallel generation capability of 100 kW or less may supply energy to the utility. The utility will pay 150% of the actual cost of purchased energy and fossil fuel burned in generation as indicated in the most recent Energy Cost Adjustment filing for the period in which energy is received. (Docket No. 05-MDWE-1142-TAR)

Interruptible Service Rider to Large Power Contract Service – Customers with an interruptible load of at least 500 kW may receive service under this rider. The Customer agrees to service interruptions for a maximum agreed upon load and is given an incentive credit rate of \$3.00 per kVA plus \$75.00 per MWh of actual interruptible load received by the utility. (Docket No. 03-MDWE-421-ACQ)

HowSmart Rider – Residential, commercial and industrial customers may take advantage of this program to improve efficiency. A conservation plan will be developed by the utility and specify measures for the customer to increase efficiency. The plan will include the change in cost of resources consumed attributable to efficiency measures recommended, the charge that will be included on the customer's bill based on the proposed measures and savings, and the number of payments for the HowSmart projects. The efficiency measures must be permanently installed fixtures at the customer premises. Compact fluorescent light do not qualify. (Docket No. 07-MDWE-788-TAR)

Expert Energy Service Assistance – Through its web site, the utility offers services to its customers to assist with energy efficiency measures.

Pioneer Electric Cooperative, Inc

Large Power-Time-of-Use (Experimental) – This service is available to a maximum of 10 customers who have monthly peak demand of 200 kW or more in at least 3 months. Under the tariff, the customers would pay an additional On-Peak Hours Billing Demand charge. The peak demand period is from 10:00 a.m. to 10:00 p.m. (Docket No. 01-PNRE-058-RTS)

Parallel Generation – This service is available to those customers capable of producing 100 kW or less through their on generation facilities. The utility will pay for metered energy output at a rate equal to 1.5 times the avoidable fuel and energy components of the utility's wholesale rate. (Docket No 04-GIME-080-GIE)

Special Interruptible Contract (Oxy, USA) – Oxy USA agrees to interrupt load upon notice from the utility. The utility attempts to give 24 hour notice of a need to interrupt load but will give at least 30 minutes notice. The total interruption in any one year will not exceed 150 hours. (Docket No. 91-PNRE-120-CON)

Home Energy Calculator and Lighting Calculator – These are features on the utility's web site that aid consumers in determining where energy savings can be achieved.

Tri-County Electric Cooperative, Inc.

Parallel Generation – This service is available to customers previously served by Southwestern Public Service Company under a similar provision. Those customers offer parallel generation for the utility for a rate not less than 150% of the utility's monthly system average cost of energy per kWh. (Docket No. 06-TCEE-510-ACQ)

Westar Energy, Inc.

Restricted Peak Service – Service is offered under this tariff to customers expecting to use service primarily in the off-peak period (October – May 31). There are distinct capacity charges for peak and off-peak demand. The off-peak capacity charge is substantially less to encourage off peak demand. (Docket No. 05-WSEE-981-RTS)

Religious Institution Time of Day Service – Religious institutions may subscribe to this service and pay a flat fee for the first 10 kWh used in a month and then rates distinguished by time of day and peak or off-peak season. (Docket No. 05-WSEE-981-RTS)

Interruptible Contract Service – Customers with contracts for delivery of 5,000 kVA or more may contract for interruptible service. Service is subject to curtailment upon request of the utility. If the customer is unable to curtail demand, there will be an additional capacity charge applied. (Docket No. 05-WSEE-981-RTS)

Parallel Generation Rider -- The utility will pay small parallel generators 150% of the utility's monthly system average cost of energy per kWh received. (Docket No. 05-WSEE-981-RTS)

Dedicated Off-Peak Service – Customers with average demands greater than 5 kW but less than 15,000 kW who are able to dedicate load to off-peak service receive a discounted rate for off-peak capacity. If the customer goes over the maximum allowable amount of peak load, the customer will be assessed a demand charge. (Docket No. 05-WSEE-981-RTS)

Interruptible Service Rider – Customer with an interruptible load of at least 500 kW agree to establish a minimum capacity requirement beyond which load is interruptible. Customers receive a credit on each bill as an incentive to participate. (Docket No. 05-WSEE-981-RTS)

Westar Energy has a portion of its web site devoted to energy efficiency issues. This includes a Home Energy Suite and Commercial Energy Suite resource to assist in determining energy savings that could be achieved.

Wheatland Electric Cooperative, Inc

Parallel Generation – This service is available to those customers capable of producing 100 kW or less through their on generation facilities. The utility will pay for metered energy output at a rate equal to 1.5 times the avoidable fuel and energy components of the utility's wholesale rate. (Docket No 04-GIME-080-GIE)

Wheatland Electric Cooperative's web site offers information to consumers regarding energy audits, energy efficient appliances, and means for improving energy efficiency.

Parallel Generation Interconnection Standards

Within Docket No. 04-GIME-080-GIE, the Commission approved parallel generation interconnection standards, as required by K.S.A. 2007 Supp. 66-1238. While the requirement in K.S.A. 2007 Supp. 66-1238 was for parallel interconnection standards for generators of electricity from renewable resources, the Commission required the interconnection standards be applied to all parallel generation for safety and reliability purposes. These interconnection standards permit an independently owned and operated generator to interconnect with a particular electric utility and be assured of similar treatment to other independent generators that may also interconnect with the same electric utility. The tariffs containing the interconnection standards were to include:

- A flow chart describing the utility's review process
- A standard form to be completed by the applicant for interconnection
- A specified parallel generator size below which there is a described and truncated standard approval process, technical requirements, standard contract and application fee. (small interconnection)
- The standard small interconnection technical requirements, including specifications and drawings, as well as the standard contract and application fee.
- A description of the approval process, technical requirements, standard contract and fee calculation for parallel generation that exceeds the size for the small interconnection.
- Time required for approval of small interconnection applications and for larger interconnection applications.

Parallel generation interconnection standards meeting these criteria were submitted by and approved for:

Sunflower Electric Power Corporation
Tri-County Electric Cooperative
Wheatland Electric Cooperative
Pioneer Electric Cooperative
Empire District Electric Co.
Mid-Kansas Electric Company
Westar Energy /KGE
Midwest Energy, Inc.
Kansas City Power and Light

**TESTIMONY OF JOHN PETERSON
ANHEUSER-BUSCH COMPANIES
HOUSE ENERGY COMMITTEE
HB 2692**

February 13, 2008

My name is John Peterson. I appreciate the opportunity to you have given me to testify in support of HB 2692 on behalf of Anheuser-Busch.

Many entities face increased costs due to metal thefts, including utility companies, home builders, brewers and state and local governments. For brewers, the problem is stolen kegs. The scrap value of a beer keg has gone from approximately \$5 per keg to over \$40 per keg over the past three years. Keg loss is a major financial burden for brewers and importers, costing the industry tens of millions of dollars each year. New kegs cost more than \$130, and every year, the beer industry loses over 300,000 kegs. As an example, Anheuser-Busch lost nearly \$40,000 or approximately 300 kegs in Kansas from 2004 to 2006. These losses will only escalate due to rising metals prices unless action is taken.

Kegs are the property of a brewery or importer – not the distributor, retailer, or consumer. All kegs are marked very clearly, by permanent stamping in the metal, as being the property of the brewer or importer. Nonetheless, people continue to steal kegs and attempt to sell them to scrap metal dealers. While most states have stolen property laws already, this type of specific scrap metal legislation is a tool that can combat metal theft. Many state legislatures are interested in keg/scrap metal loss prevention efforts. In 2007 alone numerous states passed keg/scrap metal loss laws including California, Colorado, Louisiana, New York, and Texas among others. While Kansas passed a strong new law in 2007, stainless steel was not included in the list of metals covered by this new legislation. We ask that Kansas join this list of states attempting to combat theft by passing HB 2692 and adding stainless steel to the metals covered by Kansas law.

Thank you very much for this opportunity to testify.

HOUSE ENERGY AND UTILITIES

DATE: 2/13/2008

ATTACHMENT 3



MARK A. SCHREIBER
Director, Government Affairs

**Testimony before the House Energy and Utilities Committee
on HB 2681
February 13, 2008**

Chairman Holmes and members of the committee, thank you for the opportunity to address you today on house Bill 2681. Westar Energy supports the bill.

K.S.A. 48-1604 directs various state agencies, such as the department of commerce, the state labor department and the department of transportation to initiate and pursue continuing studies as to changes needed in state laws related to the presence of nuclear industrial development in the state.

The repeal of K.S.A. 48-1604 will not prevent state agencies from initiating or pursuing these studies. We believe it is unnecessary and respectfully ask for your support to repeal the statute.

I will answer questions at the appropriate time.

Thank you.