

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:15 A.M. on March 11, 2008 in Room 783 of the Docking State Office Building.

All members were present except:

Judy Morrison-excused
Cindy Neighbor-excused
Josh Svaty-excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Melissa Doebelin, Revisor's Office
Renaë Hansen, Committee Administrative Assistant

Conferees appearing before the committee:

Mark Tomb-League of Municipalities
Luke Bell-Kansas Assc. Of Realtors
John Flower
Ryan Vincent-Kansas Housing Resources Corporation
Tom Thompson-Sierra Club
Social Rehabilitation Service
David Springe, CURB and LKM
Senator Roger Pine, 3rd District

Others attending:

Twenty-two including the attached list.

Hearing on:

SB 555-Notice for customers of certain utilities of proposed rate increases by such utilities, CURB intervention in such rate increase proceedings subject to deadline.

Senator Roger Pine, 3rd District, spoke to the committee (Attachment 1) on the history and reasoning for **SB 555**.

Questions were asked and comments made by Representatives: Rob Olson, and Tom Sloan.

David Springe, CURB, (Attachment 2), spoke to the committee on **SB 555**, noting some changes that need to be considered for the bill.

Questions were asked and comments made by Representatives: Tom Hawk, Vaughn Flora, Tom Moxley, and Carl Holmes.

Written Proponents:

John Flower, (Attachment 3), presented written testimony in support of **SB 555**.

The hearing on **SB 555** was closed.

Hearing on:

SB 580-Establishing the weatherization assistance program account of the state housing trust fund, providing annual transfer from state general fund.

Proponents:

CONTINUATION SHEET

MINUTES OF THE House Energy and Utilities Committee at 9:15 A.M. on March 11, 2008 in Room 783 of the Docking State Office Building.

Ken Frahm, KEC, (Attachment 4), presented testimony in support of **SB 580**.

Questions were asked and comments made by Representatives: Vaughn Flora, Margaret Long, Tom Sloan, Oletha Faust-Goudeau, Don Myers, and Carl Holmes.

Questions were also answered by Larry Bentley, Kansas Housing Resources Corporation, Program Manager and Sandra Hazlett, SRS.

Written Proponents:

Mark Tomb-League of Municipalities, (Attachment 5), gave the committee written testimony in support of **SB 580**.

Luke Bell-Kansas Association of Realtors, (Attachment 6), offered written testimony in favor of **SB 580**.

Stephen R. Weatherford, Kansas Housing Resources Corporation, (Attachment 7), presented written testimony in support of **SB 580** and also had a map, (Attachment 8) of the State of Kansas and how many home owners took advantage of this program in the past.

Tom Thompson, Sierra Club, (Attachment 9), offered testimony in support of **SB 580**.

Candy Shively, Social Rehabilitation Service, (Attachment 10), presented testimony in support of **SB 580**.

Neutral:

David Springe, CURB, (Attachment 11), spoke to **SB 580** noting that in general they are in support of the legislation and that **SB 580** is a small step towards making a difference.

Questions were asked and comments made by Representatives: Annie Kuether, and Peggy Mast.

It was noted by Mr. Springe, that we might want to look at an interim committee to study third party funding of these programs.

Further Proponents:

Paul Johnson, Kansas Catholic Conference, (Attachment 12), then spoke to the committee on **SB 580**. He noted that he would like to see this funding come from the lottery revenue income. Additionally, he would like to see a report come back to this committee and the Senate Utilities committee on a yearly basis.

Questions were asked and comments made by Representative Peggy Mast.

The hearing on **SB 580** was closed.

The chairman reminded the committee to be prepared to work any bills we have heard so far, tomorrow.

The next meeting was scheduled for March 12, 2008.

The meeting was adjourned at 10:15 a.m.

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SENATOR ROGER C. PINE

COMMITTEE ASSIGNMENTS
VICE-CHAIR: AGRICULTURE
MEMBER: ASSESSMENT AND TAXATION
EDUCATION
UTILITIES

Testimony for SB 555

March 11, 2008

Presented by Roger E. Pine

Chairman Holmes and members of the House Utilities Committee, SB 555 is a bill to be sure customers of small privately held water utilities are notified in a timely way of a major rate change. There are approximately 3-5 public water utilities under the jurisdiction of the KCC that SB 555 effects.

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 555

As Amended by Senate Committee on
Utilities

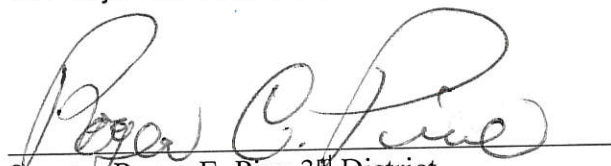
Brief*

SB 555, as amended, would require water utilities under the jurisdiction of the Kansas Corporation Commission (KCC) which apply for a major increase in rates to provide notice of that increase by means of a bill insert or message in customers' ensuing monthly bill following the application. The notice would have to include a comparison of current and proposed rates and a description of the cost increase for a typical customer, would have to be in boldface type no smaller than 8-point type, and would have to include a contact number the customer could call to receive additional information, as well as a website address for the KCC.

The bill would require the KCC to report to the Citizen's Utility Ratepayer Board (CURB) each application it receives for a major increase in rates by a water utility within seven days of receiving such application. CURB would be required to notify the water utility and the KCC within 30 days after receiving notice of the application whether it intended to intervene in the rate hearing conducted by the KCC. The KCC would be required to post on its website whether or not CURB intends to intervene.

The bill would provide a definition of the term "major increase in rates or charges."

The purpose of this Bill is to notify customers in a timely way to give them sufficient time to prepare themselves, or to hire someone to "Stand In" for them if CURB decides not to intervene in a major rate case as defined in the bill.



Senator Roger E. Pine 3rd District

ENERGY AND HOUSE UTILITIES

DATE: 3/11/2008

ATTACHMENT 1

Citizens' Utility Ratepayer Board

Board Members:

Gene Merry, Chair
Randy Brown, Vice-Chair
Carol I. Faucher, Member
Laura L. McClure, Member
A.W. Dirks, Member



State of Kansas

Kathleen Sebelius, Governor

David Springe, Consumer Counsel
1500 S.W. Arrowhead Road
Topeka, Kansas 66604-4027
Phone: (785) 271-3200
Fax: (785) 271-3116
<http://curb.kansas.gov>

HOUSE UTILITIES COMMITTEE S.B. 555

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 11, 2008

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on S.B. 555. The Citizens' Utility Ratepayer Board is neutral on this bill but does have some suggested clarifications:

Senate Bill 555 deals with customer notice issues surrounding the filing of a rate case with the state corporation commission by a water utility. Section 1 of the bill requires a water utility that files for a "major increase in rates or charges", as defined in the bill, must send notice to its customers in the customer's ensuing monthly bill. Section 2 of the bill requires the Kansas Corporation Commission to give CURB notice of this same filing. Section 3 of the bill requires CURB to inform the water utility and the KCC, in writing not more than 30 days after the notice, whether CURB intends to intervene in the rate hearing. The KCC must post this notice on its web site.

The majority of CURB's concerns regarding the drafting of this bill were address in the Senate Sub-Committee and are represented in the bill as amended. CURB would note that the notice provisions do not apply to electric, natural gas or telephone utilities in the amended bill. While this bill is specifically directed at issues regarding a water utility, CURB supported the original version that included electric, natural gas and telephone utilities in the notice provision in the bill. Defining and drafting under what circumstances notice pursuant to section 1 would be required became a difficult task, especially in regards to telephone utilities, and this probably explains why the other utilities were removed from this bill. However, CURB would recommend the committee determine whether the notice provision should also apply to electric and natural gas utilities.

HOUSE ENERGY AND UTILITIES

DATE: 3/11/2008

ATTACHMENT 2

John E Flower
15515 Cedar Lane
Bonner Springs, Ks 66012

Subject: SB555 Balloon Amendment (H-1 Drafts/Balloons/z555g3.pdf)

This 3rd revision of the Bill is back on track with the original intent of the Bill. It reinstates the timely notification of customers of utilities requesting a major rate increase. I'll get to the issue with "major" later. It puts the onus on the requesting utility. This additional time allows citizens to become informed. It allows them time to learn the reason for the rate increase rather than just assuming the mean old utility is just greedy. It allows for intelligent discourse between parties so questions can be answered and only the real issues are argued not conspiracy theory. It allows time for honest disagreements to be surfaced and resolved or an agreement to disagree. The difference between the current process and the new SB555 process is it allows time for healthy examination by clients which is cut short at this time.

I am still concerned about the use of the word "major" even as defined in item (d).

- Item (d) (1) states "relates to a general increase in revenues for the purposes of obtaining an alleged fair rate of return." My understanding of this is if the overall rate increase doesn't result in an overall revenue increase it doesn't equal "major". Let me give you an everyday example of how this does not protect the consumer. Let's say a telephone company faced with competition in the business segment of its offerings needs to reduce price on its high speed data lines to remain competitive but did not want to reduce its revenue. Consequently, it could increase rates for single family lines (1FR) by a small amount and based on the volume of 1FR's be able to reduce the price on data lines significantly. The earnings would be the same but would have resulted in a change in rates to consumers, potentially worth millions in a year. Example: \$1.00/mo increase X 12 months = \$12.00 x 2M customers = \$24M. Using the word "major" in its current definition the 1FR customers, mostly likely state wide, would have had an increase without the extended time notice. This same scenario could take place within a class but be between urban and suburban and rural.
- Item (d) (2) is fine. This is the circumstance of the Suburban Water rate increase. They invested \$1.2M in a new water tower. With the definition as shown in revision 3 additional notice would have been given.
- Item (d) (3) I'm still out to lunch on because as I stated in my earlier testimony "materially affects" is like beauty it's in the eye of the beholder. The \$274,000 increase for Suburban Water didn't cause a stir in most minds unless you were the recipient of the 37% increase. It should be noted their \$1.2M dollar investment over a 20 year period will return to them \$18M after paying back principal and interest. What a country! When this was brought to the attention of the KCC

Staff their response was we'd never let that happen. You tell me when is the last time you saw a utility come in for a rate reduction or the KCC Staff sitting around with nothing to do but go check on small utilities earnings. Having been in the business world, if you are a monopoly, the reason for the KCC, and are able to earn on all your expenses and get a guaranteed rate of return above expense. I believe utilities are smart enough to insure their expenses will equal the amount they need to not over earn. I am uneasy this group will perceive "materially affect" the same way I do.

So what's my solution? At first glance it seems pretty straight. If a utility comes in with a rate request above a certain % then this Bill applies. Unfortunately, once you start to really think about it you realize it is a Solomon like decision. The reason is rate cases are rarely simple. They have different rates for class of customer; type of services offered, optional feature etc. Given this complexity I suggest we not add to the confusion and set the threshold at 3% (cost of living increase for a number of years) increase on any item in the requested rate increase. I'm sure there are those who will find fault with this proposal. I would suggest they provide an alternative that does not contain the holes the present loose language.

Thank you again for the opportunity to provide input on this precedent setting Bill.

Testimony in Support of SB 580
House Energy & Utilities Committee, March 12, 2008
Ken Frahm, Co-Chair, Kansas Energy Council

Chairman Holmes and members of the committee, thank you for this opportunity to testify in support of the original version of SB 580.

The Kansas Energy Council strongly supports the establishment of annual state funding for the Kansas Weatherization Assistance Program, operated by the Kansas Housing Resources Corporation (KHRC). In fact, after having several months to consider and hear public comment on this proposal, the Council voted unanimously to include this recommendation for \$2 million in annual State funding in its *Kansas Energy Plan 2008*.

The average house in Kansas is over 40 years old, and homes of many low-income Kansans are much older. Most homes occupied by low-income families lack adequate insulation and have older, less efficient (and sometimes dangerous) mechanical systems. According to a recent study, nearly 43,000 Kansas households spend 44.7% of their income on home energy bills and another 27,564 households spend 18.0% of their income on energy bills (see *Kansas Energy Plan 2008*, p. 26).

The weatherization assistance provided by the Kansas Weatherization Assistance Program not only helps low-income Kansas residents save money on their energy bills, it also benefits the residents' health and safety through improvement of indoor air quality, vent repairs for water heaters and furnaces, removal of unvented heaters, duct balancing to eliminate backdrafts, and repair of gas leaks.

Operated by the Kansas Housing Resources Corporation (KHRC), WAP provides housing improvements that increase energy efficiency in households with incomes up to 150% of the federal poverty level or 60% of the state median income, whichever is higher.

HOUSE ENERGY AND UTILITIES

DATE: 3/11/2008

ATTACHMENT 4-1

The weatherization improvements are provided through local public or private not-for-profit agencies, which apply for the grants from KHRC. Due to the high technical investment and expertise required to operate the grants, the local grants are generally continued from year to year.

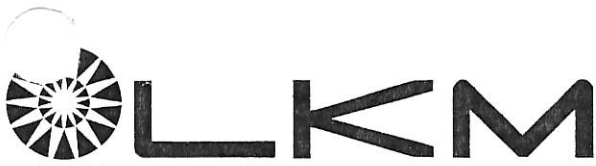
Historically, weatherization has increased residential energy efficiency by up to 25%. In 2006, a total of 1,726 homes were weatherized and 453 dangerous furnaces were replaced. Of the households served by WAP, 506 had occupants who were elderly and 370 were occupied by persons with disabilities.

Traditionally, WAP has been funded solely through federal funds (15% of the LIEAP funds transferred from SRS and annual allocations from the U.S. Department of Energy), the amount of which varies from year to year. In Fiscal Year 2007, the State of Kansas appropriated \$2 million in state general funds to supplement the program's funding (\$2,264,099 from U.S. DOE; \$2,501,399 from LIEAP). The additional State funding allowed WAP to increase the number of homes weatherized by about 30 percent. With predictable State funding, WAP would be able to weatherize more low-income Kansas households and improve program performance at the local level.

In summary, the Kansas Energy Council strongly encourages the Committee to restore the \$2 million in annual state funding to SB 580 bill which will help to:

- promote energy conservation and efficiency statewide,
- improve the comfort and safety of homes occupied by low-income Kansans, many of whom are elderly or disabled,
- reduce utility bills for more low-income Kansans, and
- improve affordable housing stock.

Thank you for this opportunity to testify in support of establishing annual state funding for the Weatherization Assistance Program.



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League of Kansas Municipalities

To: House Energy and Utilities
From: Mark Tomb, LKM
Date: March 11, 2008
Re: Support of SB 580

On behalf of the 576 member cities of the League of Kansas Municipalities, thank you for the opportunity to offer comments regarding SB 580. SB 580 would create the weatherization assistance program account within the State Housing Trust.

This program would increase funding for weatherization grants to low income homeowners in an effort to increase energy efficiency. This past year our policy development committees spent considerable time examining energy efficiency issues. We examined the issue not only in the case of our own buildings, but also from the view of customers who rely on municipal owned utilities. As you can see the language that was adopted by our Convention of Voting Delegates in October includes a wide-range of policy considerations:

Energy Efficiency. We support the promotion of energy efficiency in local government and municipal utilities operations through statewide programs which recognize the diversity of utility structures serving local governments. We support increased participation in the Facilities Conservation Improvement Program by local governments. We support efforts to enable local governments to access energy-efficient products through state purchasing programs. We support the development of a statewide energy policy which enables local governments to take cooperative and individual action to address issues of energy efficiency. [LKM, Statement of Municipal Policy, Page 9]

Voluntary efforts to encourage energy efficiencies should be encouraged. For this reason, we support SB 580 and respectfully request that you recommend it favorably for passage. I would be happy to stand for questions at the appropriate time.



To: House Energy and Utilities Committee

From: Luke Bell, KAR Director of Governmental Relations

Date: March 11, 2008

Subject: **SB 580** – Providing an Annual Appropriation to the Weatherization Assistance Program Under the State Housing Trust Fund

Chairman Holmes and members of the House Energy and Utilities Committee, thank you for the opportunity to appear today on behalf of the Kansas Association of REALTORS® (KAR) to offer testimony in support of **SB 580**. KAR has faithfully represented the interests of the 10,000 real estate professionals and over 670,000 homeowners in the State of Kansas for over 85 years.

As originally drafted, **SB 580** would increase funding for the Weatherization Assistance Program with an annual appropriation of \$2.0 million from the State General Fund. This program, administered by the Kansas Housing Resources Corporation, provides funding for energy efficiency and housing improvements to households with incomes less than 60% of the state median income.

Traditionally, the program has been funded solely through federal funding. In Fiscal Year 2007, the Kansas Legislature approved a one-time appropriation of \$2.0 million in state general funds to supplement the program's current funding (approximately \$4.7 million in federal funds). As a result of this additional appropriation, this program was able to service approximately 30 percent more Kansas families.

While we definitely understand the concerns associated with authorizing new expenditures from the State General Fund in this challenging fiscal environment, KAR would strongly support additional SGF funding for the Weatherization Assistance Program. This program not only helps low-income Kansas families increase the energy efficiency of their homes, it also improves the health and safety of families through improvements in indoor air quality and repairs of potentially hazardous conditions like gas leaks and faulty furnaces.

HOUSE ENERGY AND UTILITIES
DATE: 3/11/2008
ATTACHMENT 6

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**TESTIMONY TO HOUSE ENERGY AND UTILITIES COMMITTEE
REGARDING SENATE BILL NO. 580**

**Stephen R. Weatherford
President, Kansas Finance Development Authority
President, Kansas Housing Resources Corporation**

March 11, 2008

Chairman Holmes and Honorable Members of the Committee, in this age of rising energy costs and growing environmental concerns, I am pleased to address Senate Bill No. 580 (Bill), which offers a sensible approach to addressing some of these concerns.

Kansas Housing Resources Corporation (KHRC) administers the successful Kansas Weatherization Assistance Program (Weatherization Program) which provides home improvements that increase energy efficiency in income-eligible households throughout our state. Unlike utility payment assistance programs which only address the short term need, the Weatherization Program identifies the cause of energy loss and eliminates the problem for the long term.

Our weatherization agencies use the latest technology to locate energy loss in homes, whether through insufficient insulation, leaky seals, or obsolete furnaces. The Program then addresses that need through energy efficient improvements and collects data on energy savings captured from those improvements.

During the 2006 grant year which runs from April through March, weatherization providers replaced 453 dangerous furnaces and served 1,725 households, or nearly 4,000 Kansas residents. Weatherization services saved approximately \$325 per household in annual energy savings. Weatherization improvements are targeted to be no more than \$3,000 per home including, any furnace replacements necessitated by health and safety issues. The weatherization services result in an average payback of less than ten years.

HOUSE ENERGY AND UTILITIES
DATE: 3/11/2008
ATTACHMENT 7-1

Final numbers for the 2007 grant year are still out, because weatherization grants do not end until March 31st and about a third of our production is completed in the last three months. However, we can report that our providers have weatherized 1,118 homes so far and are on track to finish a record 1,876 homes by the end of the grant year. As of today, we've replaced 84 dangerous furnaces and saved approximately \$351 per household in annual energy savings. The Program is a win for homeowner, a win for the taxpayer, and a win for the environment.

We're proud to report that the Kansas Weatherization Assistance Program is one of the most successful weatherization programs in the country. Utilizing a portion of our Department of Energy grant, we provide funding to Kansas State University, making us one of the first states to fund training for weatherization inspectors in building science, combustion appliance testing and home energy audits through. We're also one of the first to develop, implement and utilize a web-based management information system for local and state agency reporting use.

Kansas Weatherization Program staff have been involved with two national level events within the past three years. This past December, KHRC's Deputy Director Norma Phillips received the 2007 National Department of Energy Recognition Award. Al Dorsey, Director of KHRC's Housing with Supportive Services Division, serves on a DOE national level committee and as Vice-President of the National Association of State Community Association Programs

Other than a 2006 Kansas Legislative Appropriation, the Program has been entirely funded with grants from the U.S. Department of Energy and Low-Income Energy Assistance Program. Despite the overwhelming success of the Weatherization Program, substantial cuts in Federal funding put its continued success at risk. Development of private sector capacity for weatherization has been one of the long term challenges of the program. As you can see from the provided graph, federal funding for weatherization is inconsistent. Although federal funding for 2008 is up by \$250,000, overall the state program will have \$1.75 million less than in 2007 due to the loss of state appropriation. Further, initial reports suggest that federal funding of the program is likely to decrease dramatically, or perhaps be eliminated from the 2009 Budget.

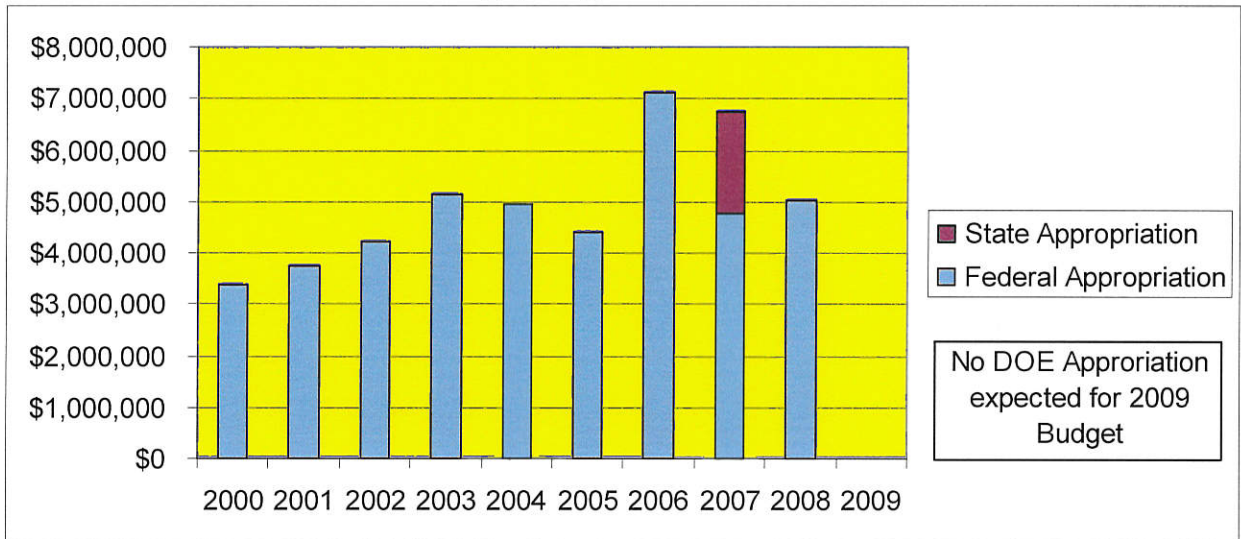
This Bill, as amended, helps provides some sorely-needed funding. I encourage your consideration for this Bill, which provides a sensible long-term approach to helping Kansas families. I would welcome any questions you may have.

Kansas Housing Resources Corporation

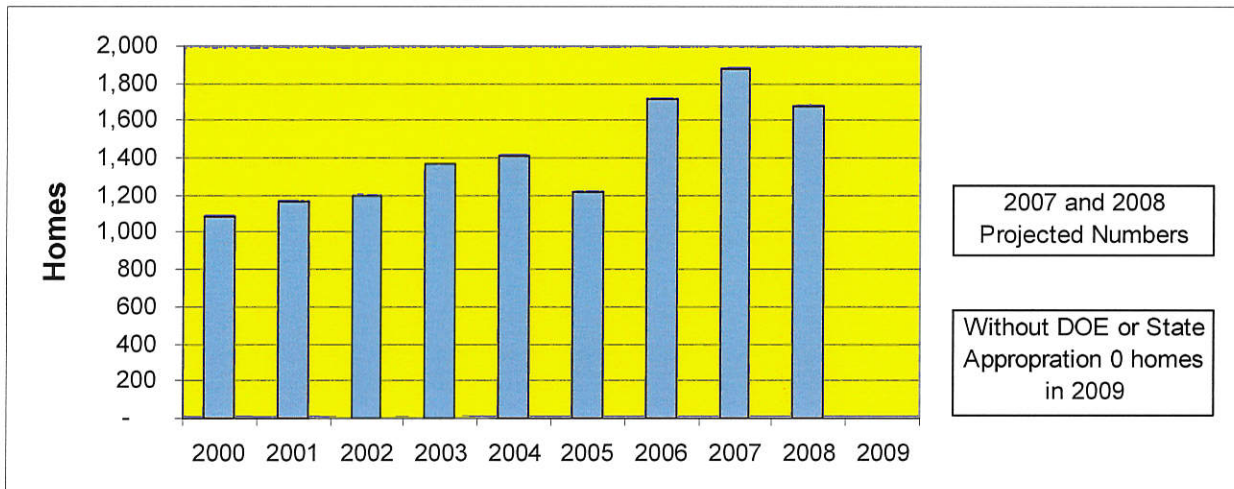
Weatherization Activity

2000-2009

Overall Appropriation 2000-2009

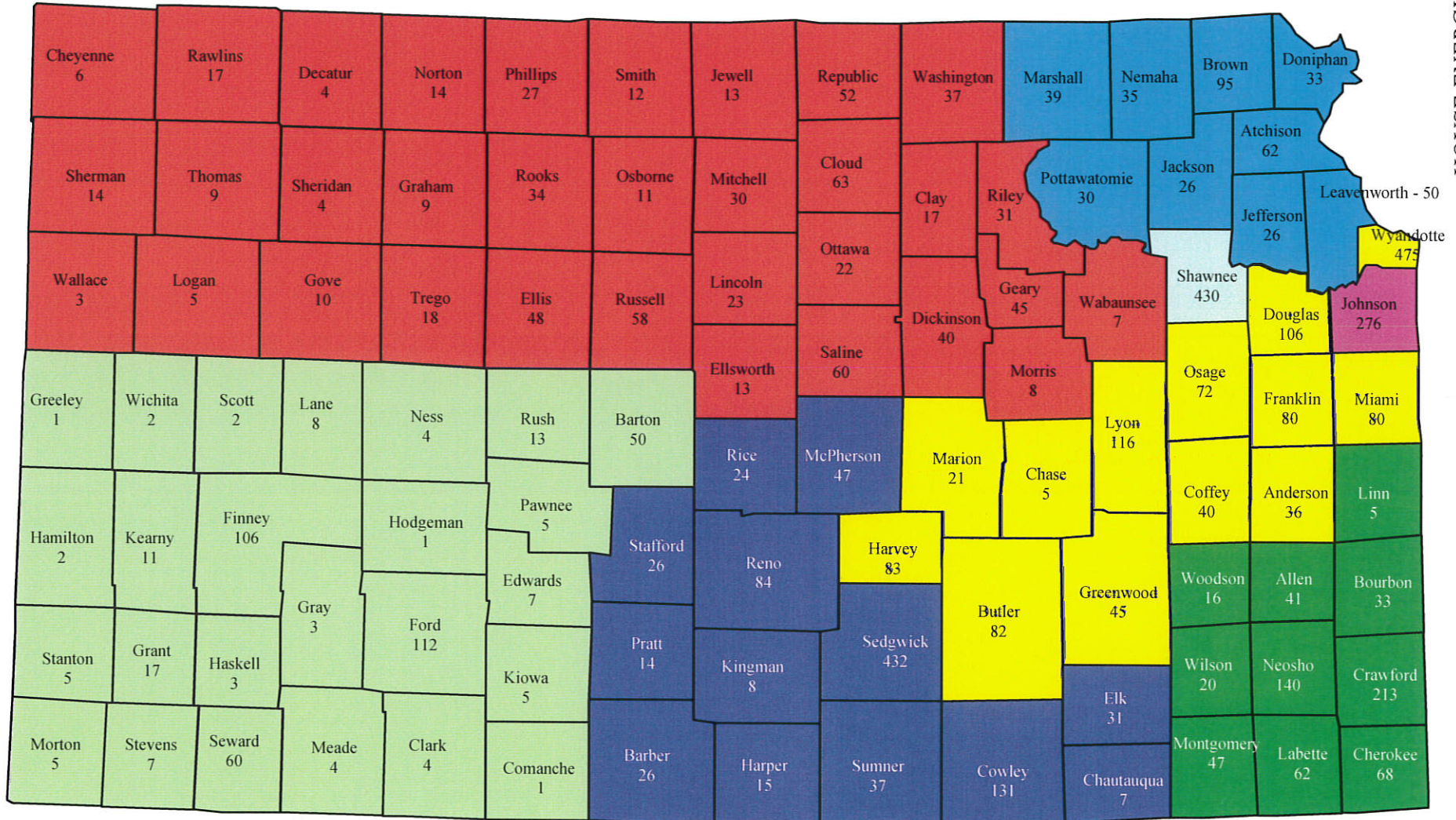


Weatherized Homes 2000 - 2009



Homes Weatherized by Kansas Weatherization Assistance Program, Apr. 2002-Dec. 2005

HOUSE ENERGY AND UTILITIES
 DATE: 3/11/2008
 ATTACHMENT 8



- Northeast Kansas Community Action Program
- North Central Regional Planning Commission
- Harvest America Corporation
- Southeast Kansas Community Action Program
- South Central Kansas Economic Development District
- East Central Kansas Economic Opportunity Corp. & Harvest America Corp.
- Johnson County Human Services & Aging
- Community Action, Inc.

**Testimony Supporting SB 580
House Energy and Utilities Committee
March 11, 2008**

Chairman Holmes and Honorable Members of the Committee:

My name is Tom Thompson and I represent the Kansas Chapter of the Sierra Club. I submit this testimony in support SB 580.

SB 580 originally provided for \$2,000,000 from the SGF to be used to fund grants for low- and moderate-income homeowners so they can make their homes more energy efficient. Now it transfers 15% of any emergency or supplemental federal appropriations to the Weatherization Assistance Program in Kansas. The Sierra Club would like to see the \$2,000,000 put toward weatherization but believes that this bill provides the beginning of a beneficial program.

The Sierra Club supports efforts to make homes more energy efficient. Doing so helps people save money in the long run through energy efficiency and can help decrease the demand for electricity generated using fossil fuels that add greenhouse gasses to the atmosphere. This would help decrease the advance of climate change.

Making it easier for citizens to take on energy and efficiency projects benefits all of us. Electric bills would be lower allowing families to spend money on other essentials. Such spending in the community helps local businesses. The need to expand generation capacity is decreased.

The Sierra Club believes it is important to make this type of help available to targeted homeowners.

The Sierra Club encourages the Committee to support SB 580 and help people live a more energy efficient life.

Thank you
Tom Thompson
Sierra Club

HOUSE ENERGY AND UTILITIES
DATE: 3/11/2008
ATTACHMENT 9

Kansas Department of
Social and Rehabilitation Services
Don Jordan, Secretary

House Utilities Committee
March 11, 2008

Weatherization Assistance Program Account

Integrated Service Delivery
Candy Shively, Deputy Secretary



For Additional Information Contact:
Dustin Hardison, Director of Public Policy
Docking State Office Building, 6th Floor North
(785) 296-3271

HOUSE ENERGY AND UTILITIES

DATE: 3/11/2008

ATTACHMENT 10-1

Weatherization Assistance Program Account

House Utilities Committee March 11, 2008

Chairman Holmes and members of the committee, thank you for the opportunity to provide information on Senate Bill 580. In addition to 15% of the regular annual federal low income energy assistance (LIEAP) block grant funding that is currently transferred to the weatherization program administered by the Kansas Housing Resource Corporation, this bill proposes transferring 15% of any emergency LIEAP appropriation to the weatherization program.

Senate Bill 580 would provide a financial benefit to landlords and home owners for help in increasing housing energy efficiency. Transferring additional funds from LIEAP to the weatherization assistance program would address improving the heating efficiency of individual residences and have a long term positive impact on reducing energy costs.

LIEAP assistance payments address the immediate needs of low-income Kansans by helping to ensure they have the resources to meet their heating needs and address the issue of public safety. The emergency LIEAP appropriations are predicated on responding to extreme temperature situations or significant heating fuel price increases. This proposal would reduce LIEAP benefits available to low income families and individuals during these times of extreme temperatures or high fuel costs.

Citizens' Utility Ratepayer Board

Board Members:

Gene Merry, Chair
Randy Brown, Vice-Chair
Carol I. Faucher, Member
Laura L. McClure, Member
A. W. Dirks, Member



State of Kansas
Kathleen Sebelius, Governor

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HOUSE UTILITIES COMMITTEE S.B. 580

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 11, 2008

Chairman Holmes and members of the committee:

Thank you for this opportunity to offer testimony on S.B. 580. The Citizens' Utility Ratepayer Board is neutral on this bill for the following reasons:

CURB testified in support of S.B. 580 in the Senate. As originally drafted, S.B. 580 created a weatherization assistance program account within the state housing trust fund, with moneys credited to the account used to fund grants to increase housing energy efficiency. Of import in this bill was that the funding commitment would be \$2,000,000 annually. This increase in funding, and the commitment to annual funding, would allow the weatherization assistance program to ramp up its activities to serve more Kansas consumers annually.

In the current version of S.B. 580, the \$2 million in annual funding for the assistance program has been removed. Rather the bill now uses 15% of any low income emergency or supplemental federal funding to fund the weatherization program. This lowers the amount of supplemental and emergency funds available to pay consumer utility bills and makes the weatherization program funding intermittent. It is CURB's understanding that there are years in which there is no supplemental or emergency funding above the initial federal appropriation. The chief benefit of the earlier version of the S.B. 580 was that the \$2 million funding increase was consistent over time, such that the weatherization program could be ramped up and sustained at an increased level over time. This will not be the case with intermittent funding under the current version of the bill.

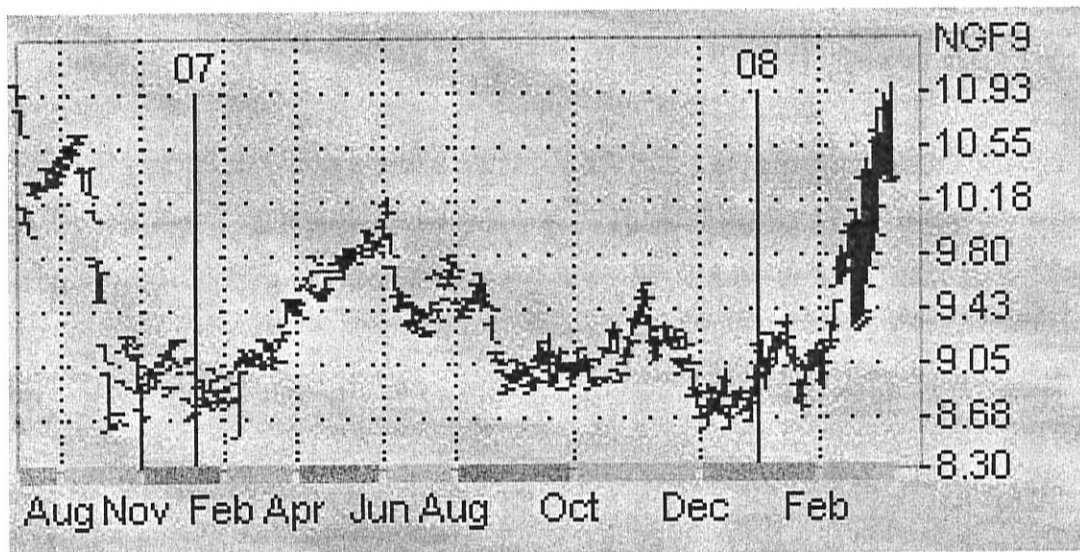
Utility costs for consumers have increased in recent years, especially the cost of natural gas for heating. The cost of electricity is also starting to increase as fuel costs increase and as an aging infrastructure needs to be updated to meet new demands and new environmental standards. Conservation, weatherization and energy efficiency will become a more important tool to help consumers manage these increased utility costs. The weatherization assistance program is one of the few state programs offered in Kansas, and the modest funding commitment requested in the original bill was a step in the right direction for Kansas consumers.

HOUSE ENERGY AND UTILITIES

DATE: 3/11/2008

ATTACHMENT 11-1

The Chart below is a pricing history of the January 2009 natural gas contract on the NYMEX exchange. This gives a picture of what natural gas prices may look like next winter on consumer bills. Of particular note is the in the last three months the price of natural gas in January 2009 has gone from about \$8.75/ MMBtu up to \$11.06/MMbtu. Over the next 10 months the price could move higher or lower.



CURB again asks that the Committee consider creating a customer funded third party non-utility entity that can focus on providing low income utility assistance and weatherization, energy conservation and energy efficiency measures to all Kansas customers.

For the above reasons, CURB would urge the committee to restore the funding in the original bill.

**KANSAS HOUSE ENERGY and UTILITIES COMMITTEE
PAUL JOHNSON – KANSAS CATHOLIC CONFERENCE
MARCH 11, 2008
PROPONENT FOR SENATE BILL 580**

Thank you for this opportunity to testify in support of SB 580. The Kansas Catholic Conference has been a long time advocate for expanding the Kansas Weatherization Program (WAP). The hope now is that state funding will also become a regular, dedicated part of the revenue stream for WAP.

The Kansas Catholic Conference does support the Kansas Senate funding amendment that 15% of all Low Income Home Energy Assistance Program grants be directed to WAP. There is great funding uncertainty from the federal government for its continued support of the U.S. Department of Energy weatherization program. The FY 2009 federal budget proposed by the President zeroes out the weatherization program and this would cut the WAP program in Kansas about \$2.5 million. **When the formula for distributing the lottery revenues is reconsidered, \$2 million of the \$73 million in lottery revenues should be dedicated to WAP automatically with further supplemental funding considered when available.**

Accountability is vital for this program. An annual accountability report to the Kansas Senate Utilities Committee and the Kansas House Energy & Utilities Committee should be required for the next three years. This report would detail the number of homes weatherized by each sub-grantee of WAP and whether waiting lists by county may exist. This report would document which weatherized homes were owner-occupied versus rental. This report should note whether actual utility usage was factored into the scoring determining which homes were weatherized. Using the customer billing information waiver in the application for SRS's 41,000 LIHEAP recipients, each sub-grantee should report on their progress in working with their local utilities to identify applicant's homes of highest usage. If emergency repairs were required – such as fixing the roof – this information should also be noted with the applicable funding source such as the State Housing Trust Fund.

Kansas has been last of all 50 states on a per capita basis in having utility based or governmental sponsored conservation programs. SB 580 would be one important step in expanding weatherization services – with a dedicated revenue source – to at least 3,000 homes a year.

HOUSE ENERGY AND UTILITIES

DATE: 3/11/2008

ATTACHMENT 12-1

**Kansas Weatherization Assistance Program
Subgrantee Areas by County**

AGENCY

Counties Served

East Central Kansas Economic Opportunity Corporation

Contact: **Don Hobbs, Weatherization Director**
1320 S. Ash Street, Suite 205, PO Box 40
Ottawa, KS 66067-0400 Phone: **785-242-6413**
Toll Free: **1-888-833-0832** FAX: **785-242-1081**

Anderson, Butler, Chase, Coffey, Douglas, Franklin,
Greenwood, Harvey, Lyon, Marion, Miami, Osage,
Northern Wyandotte *(North of State Avenue
determines if ECKAN provides services)*

Harvest America/Wyandotte County

Contact: **Nancy Esquivel-Gomez, Housing Coordinator**
14th and Metropolitan, Kansas City, KS 66103
Phone: **913-342-2121** FAX: **913-342-2861**

Southern Wyandotte
*(South of State Avenue determines if Harvest America
provides services)*

Northeast Kansas Community Action Program

Contact: **Jack Shaefer, Weatherization Director**
PO Box 380, 1260 220th Street, Hiawatha, KS 66434-0380
Phone: **785-742-2222 (Ext. 143)**
Toll Free: **1-888-904-8159** FAX: **785-742-2164**

Atchison, Brown, Doniphan, Jefferson, Jackson,
Leavenworth, Marshall, Nemaha, Pottawatomie

Southeast Kansas Community Action Program

Contact: **Hoyt Johnson, Weatherization Director**
PO Box 128, 401 N. Sinnet, Girard, KS 66743-0128
Phone: **620-724-8204 (Ext. 148)** FAX: **620-724-4471**

Allen, Bourbon, Cherokee, Crawford, Labette, Linn,
Montgomery, Neosho, Wilson, Woodson

Community Action, Incorporation

Contact: **Aaron Bucker, Weatherization Director**
1000 SE Hancock, Topeka, KS 66607-1578
Phone: **785-235-9296** FAX: **785-235-9564**

Shawnee

Harvest America/Southwest Kansas

Contact: **Nancy Esquivel-Gomez, Housing Coordinator**
116 E. Chestnut, Suite 102, Garden City, KS 67846-5441
Phone: **620-275-1619** FAX: **620-275-1762**

Barton, Clark, Comanche, Edwards, Finney, Ford,
Grant, Gray, Greeley, Hamilton, Haskell,
Hodgeman, Kearny, Kiowa, Lane, Meade, Morton,
Ness, Pawnee, Rush, Scott, Seward, Stanton,
Stevens, Wichita

North Central Regional Planning Commission

Contact: **Margaret Cathey, Weatherization Director**
PO Box 565, 109 N. Mill, Beloit, KS 67420
Phone: **785-738-2218** Toll Free: **1-800-432-0303**
FAX: **785-738-2185**

Cheyenne, Clay, Cloud, Decatur, Dickinson, Ellis,
Ellsworth, Geary, Gove, Graham, Jewell, Lincoln,
Logan, Mitchell, Morris, Norton, Osborne, Ottawa,
Phillips, Rawlins, Republic, Riley, Rooks, Russell,
Saline, Sheridan, Sherman, Smith, Thomas, Trego,
Wabaunsee, Wallace, Washington

South Central Kansas Economic Development District

Contact: **Mike West, Weatherization Director**
209 E. Williams, Suite 300, Wichita, KS 67202-4012
Phone: **316-262-7035**
Toll Free: **1-800-658-1742** FAX: **316-262-7062**

Barber, Chautauqua, Cowley, Elk, Harper, Kingman,
McPherson, Pratt, Reno, Rice, Sedgwick, Stafford,
Sumner

Johnson County Human Services & Aging

Contact: **Len Paulie, Weatherization Director**
12425 W. 87th Street Parkway, Lenexa, KS 66215-4524
Phone: **913-715-6617** FAX: **913-715-6630**

Johnson