

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 a.m. on February 25, 2010, in Room 785 of the Docking State Office Building.

All members were present except:

Representative Dan Johnson- excused
Representative Don Myers- excused
Representative Mike Slattery- excused

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes
Cindy Lash, Kansas Legislative Research Department
Iraida Orr, Kansas Legislative Research Department
Renaë Hansen, Committee Assistant

Conferees appearing before the Committee:

Carole Jordan, Department of Commerce
Corey Johns, Connected Nations

Others attending:

Sixteen including the attached list.

Tom Sloan, 45th district, (Attachment 1), handed out an article on the wind industry and a protest the wind industry has against Westar on their wind variability charges.

Presentation by the Department of Commerce on Broadband issues.

Carole Jordan, Department of Commerce (Attachment 2), spoke to the committee about the Rural Development Division of the Kansas Department of Commerce concerning Rural Broadband development in the state of Kansas and their use of a mapping and planning grant the state received from the federal government. They are working hard to make sure they meet the federal stipulations of the grant.

Corey Johns, Senior Stakeholder Relations Manager, Connected Nations and Connect Kansas, (Attachment 3), presented a power point detailing their focus as an organization and how they are working to: 1) expand broadband availability, and 2) increase broadband adoption rates. He spoke about the objectives for the mapping initiative, progress at the present time, as well as information for the future. Additionally, he gave a demonstration on how the access to the mapping of the existing broadband service was utilized via the internet.

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

The next meeting is scheduled for March 2, 2010.

The meeting was adjourned at 10:12 a.m.

Wrote the Times: "Most of the weatherization projects involve improving insulation and replacing leaky windows and doors in the homes of low-income residents. Under the 2009 Recovery Act, \$5 billion was allotted for weatherproofing apartments and houses over three years, up from \$450 million in the previous fiscal year. States were authorized to spend up to 50 percent of the money they received by the end of December, the report said. Yet the report said action was hobbled by bureaucratic delays and by the recession itself, as spending cuts resulting from the economic downturn forced states to trim personnel expenses."

New York Times, Feb. 24.

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Arizona Bill Could Thwart Plans to Expand Solar Industry

The Arizona State House Government Committee has voted 5-2 to advance legislation (H.B. 2701) that could endanger the state's renewable power industry. The measure now heads to the Arizona State House Rules Committee where it will be prepared for floor action, the Arizona Republic reported today. The bill, introduced by Arizona State Rep. Debbie Lesko, R-Glendale, would reduce incentives for solar energy facilities in the state. Lesko said she acted because the Arizona Corporation Commission, which set the standards years ago, "overstepped its authority. Creating energy policy should rest with the Legislature."

Suntech Power Holdings has said it was planning to build a solar-panel plant in Goodyear, Ariz. Suntech VP of External Affairs Steve Chadima was quoted as saying: "Passage of this bill will force us to reconsider our decision to put a factory in Arizona, moving those jobs and the accompanying tax base to another state." The newspaper wrote that Arizona State Rep. Steve Montenegro, whose district encompasses Goodyear, voted for the bill and "cited concerns with subsidies." Arizona State Rep. Chad Campbell, D-Phoenix, said "while Arizona lawmakers experiment in the philosophical purity of such things as the free market, the rest of the world is pursuing solar."

Arizona (Phoenix) Republic, Feb. 24.

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Wind Industry Protests Westar's Proposal on Wind Variability Charges

The American Wind Energy Association and the Wind Coalition, a group of 35 wind producers and manufacturers and environmentalists, has filed a protest to Westar Energy's proposal requesting that FERC approve charging wind generators for costs incurred when the utility must adjust the system to compensate for the variability in wind generation, Energy Washington Week reported. The protest states: "AWEA and the Wind Coalition submit that Westar's filing has not been shown to be just and reasonable." Should FERC not reject the filing outright, the groups asked "that it suspend the proposed rate for intermittent generators for the maximum statutory period and set it for hearing and settlement judge procedures."

AWEA maintained Westar's filing would charge "more than 35 times the amount justified by wind's actual variability," and argued the costs in question were due to the utility not being prepared to incorporate intermittent generation. "[T]hese costs are the result of a failure on behalf of Westar to take cost effective steps to adopt updated grid operating procedures that would eliminate the necessity for any such charges," said the protest. An AWEA source said the industry feared that FERC approval of Westar's proposal could spur other utilities to ask for similar accommodations. Said the source: "It's an important case because if FERC approves this, then you could see other utilities following suit and we think that would really harm the public interest because there are many things that utilities can do to significantly reduce these costs and so the impetus should remain on them."

A Westar source said: "Right now it's a small issue, but as more and more wind gets built, this could be more of an issue. What happens is, these costs will get paid, but without something like a schedule 3A, the costs of deviations by intermittent resources will affect our fuel costs and ultimately be paid for by our customers even though we think it is the responsibility of the generator and its customers."

Energy Washington Week, Feb. 24.

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Groups Question Wellinghoff's Position on RTO Metrics

HOUSE ENERGY AND UTILITIES

DATE: 2/25/2010

ATTACHMENT 1

<https://legemail.ks.gov/owa/?ae=Item&t=IPM.Note&id=RgAAAAA%2bL%2bCEgP69S4...> 2/24/2010

**Testimony on Connect Kansas
To
The House Committee on Energy and Utilities**

**By Carole Jordan
Director
Rural Development Division
Kansas Department of Commerce
February 25, 2010**

Mr. Chairman and members of the Committee, my name is Carole Jordan, director of the division of rural development at the Kansas Department of Commerce, and a member of a cross-agency team that has worked together since last spring. Much has happened since we first heard about more than \$7 billion ARRA dollars available for Broadband Internet access nationwide. At that time our team set out to ensure that Kansas will be able to take advantage of as many of those one-time funds as possible to benefit our priorities of economic development, telemedicine, education and e-government in rural Kansas.

Today I am here to briefly update you on what is happening in the state, and to introduce you to a technical look at the map of Kansas broadband availability that is being created right now by our designee, Connected Nation. I will be introducing a representative of Connected Nation in a few minutes.

Stakeholder Groups and Teams

Last spring we visited seven locations around the state to hear from regional representatives of economic development, telemedicine, education and government to start building plans for a statewide broadband strategy. We also began working with our interagency team, which includes representatives from KanEd, DISC, the Kansas Corporation Commission, Department of Agriculture, Kansas Hospital Association and others. We work to communicate with the team and the regional stakeholder groups as new information on grants and rules is received from the federal government.

Mapping and Planning Grant

In December we announced that we had received a \$2 million grant for mapping the state's resources and developing a long-time planning effort for future Kansas broadband activities and expansion. Our designee for mapping, Connected Nation, is making progress in getting non-disclosure agreements in place with providers and moving toward an accurate map of broadband availability and usage in Kansas. It is vital for our Kansas companies to comply with requests to

provide data. We are working hard with Connected Nation to make sure the Kansas map is available for applicants for round two grants to use to get coverage data to strengthen their cases for funding.

Planning Effort

\$500,000 of the \$2 million grant will be dedicated to planning efforts to develop and maintain long-term broadband strategy for the state of Kansas. Managed by Department of Commerce, the planning effort will include surveys, cost modeling, outreach to regional leaders, appointment of a Broadband Task Force, and a Broadband Summit, tentatively scheduled for Oct. 24-25 in Wichita.

Round I BTOP (Public Service) or BTOP/BIP Grants

Of the round one grants that have not yet been announced, we are told that likely winners have been contacted by NTIA for more information. Mark Parkinson's office had sent a "green light" list of 22 to NTIA before they considered projects for funding. Each state is supposed to be guaranteed at least one of these BTOP grants.

Kansas BIP (Infrastructure) Grant

USDA RUS announced last week that a large Kansas project has been funded in the amount of \$101 million—about half in the form of a grant and half loans. Rural Telephone Service Company and its subsidiary, Nex-Tech, will use the ARRA funding to develop broadband services in a 4,600 square mile area of Decatur, Ellis, Gove, Graham, Norton, Osborne, Phillips, Rooks, Sheridan, Smith and Trego counties. They estimate this may create as many as 400 jobs. They will use a combination of technologies. So far, Kansas is one of two states (Alaska is first) to receive more than \$100 million in federal broadband funding.

Now I would like to introduce Corey Johns with Connected Nation.



Connect Kansas

Senate Utilities Committee

February 25, 2010

Corey Johns
Senior Stakeholder Relations Manager
cjohns@connectednation.org



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www.connectkansas.org

HOUSE ENERGY AND UTILITIES
DATE: 2/25/2010
ATTACHMENT 3-1



Who We Are and Why We Exist...

Connect Kansas is a partnership between the Kansas Department of Commerce and Connected Nation, a national nonprofit 501(c)(3) organization. Connected Nation's mission is to generate and support economic development by:

- 1) **expanding broadband availability** and
- 2) **increasing broadband adoption rates**

Connect Kansas was established as a state-level subsidiary of Connected Nation to partner with the Kansas Department of Commerce in launching a comprehensive statewide broadband mapping and planning initiative, which has been awarded \$2 million in federal funding under the National Telecommunications & Information Administration's (NTIA) State Broadband Data & Development Grant Program (SBDD).



The State Broadband Data and Development Grant Program (SBDD): Broadband Mapping

- The federal Broadband Data Improvement Act (P.L 110-385) created the “State Broadband Data & Development Grant Program” (SBDD) that was funded by Congress in the American Recovery and Reinvestment Act at \$240 million
- The SBDD Grant Program will provide funds to states to create and maintain broadband maps
- Through a competitive RFP process, Connected Nation was named by Gov. Mark Parkinson, via the Kansas Department of Commerce, as the state’s “single designated entity” to receive SBDD grant funds
- Matching funds were provided by the Information Network of Kansas (\$185,000) and the Kansas Farm Bureau (\$15,000)
- An application was filed with NTIA on August 14, 2009
- A grant award announcement was made for Kansas on November 30, 2009



The State Broadband Data and Development Grant Program (SBDD): Broadband Mapping

Objectives for the Mapping Initiative

- 1. To form strong working relationships with all of Kansas' broadband providers and support an environment of public/private collaboration on broadband issues among all stakeholders**
- 2. To create and maintain Kansas' first detailed maps of broadband coverage**
- 3. To utilize the resulting maps to accurately pinpoint any remaining gaps in broadband availability**
- 4. To assess the level of connectivity currently provided to Kansas' "community anchor institutions" (i.e., schools, libraries, hospitals, etc.)**
- 5. To assess broadband use among Kansas' businesses and residents, and identify barriers to broadband adoption**
- 6. To contribute accurate data from the State of Kansas for inclusion in the national broadband map to be released in February 2011.**



The State Broadband Data and Development Grant Program (SBDD): Broadband Mapping

Progress for the Present

1. More than 75% of Kansas' broadband providers have already submitted data in order to have their coverage areas appear on the Kansas Broadband Inventory.
2. Connect Kansas successfully satisfied the original guidelines for a "substantially complete" map under the NTIA's State Broadband Data Development program, which established criteria for:
 - % of providers in the state represented by the mapping data
 - % of households in the state covered by the mapping data
 - % of households in rural areas covered by the mapping data



The State Broadband Data and Development Grant Program (SBDD): Broadband Research

Information for the Future

1. Research on broadband adoption, broadband use, and barriers to broadband adoption will help complete the picture of Kansas' broadband landscape.
2. To plan for the future, it's important to understand where the "digital divide" exists and what is causing it.
3. Connect Kansas will launch a statewide research project to understand broadband adoption issues, including:
 - I. Adoption rates
 - II. Demographic factors that impact adoption
 - III. Monthly subscription costs
 - IV. Computer ownership rates
 - V. Awareness/computer literacy issues and trends
4. The resulting data will be used to create additional analytical layers within an interactive mapping application called BroadbandStat.



Kansas Providers Supplying Data to Date:

- Access One Online Services
- Allegiance Communications
- AT&T
- Benkelman Telephone Company
- Blue Valley Tele-Communications (BVTC)
- BroadBand Wireless Internet (BBWI)
- BTS Advanced Communications
- Cable One
- CenturyLink
- Cequel Communications
- Columbus Telephone Company
- Comcast of Missouri, Inc.
- Cox Communications
- Craw-Kan Telephone Coop. Inc.
- CTC Wireless Internet
- Cunningham Telephone and Cable Company
- Cyber Lodge Wireless
- DIECA Communications, Inc.
- Diller Tel. Co.
- Eagle Communications, Inc.
- Fairpoint Communications, Inc.
- Golden Belt Telephone Association, Inc.
- Gorham Tel. Co., Inc.
- H & B Cable Services, Inc.
- Haviland Telephone Company
- Home Communications, Inc.
- J.B.N. Telephone Company
- Kanokla Telephone
- Kansas Data Internet, Inc.
- KeyOn Communications, Inc.
- LaHarpe Telephone Company, Inc.
- Lawrence Freenet
- Level 3 Communications
- Madison Telephone Company, LLC
- Mediacom Communications
- MegaPath, Inc & DSLnet Communications, LLC
- Moka Dial, Inc.
- Moundridge Tel. Co.
- Mutual Tel. Co.
- Nautilus.Net
- North Central Kansas Community Network
- Peoples Telecommunications, LLC
- Pioneer Telephone Association, Inc.
- Pixius Communications LLC
- Rainbow Telecommunications Association, Inc.
- Rebeltec Communications, LLC
- Rural Telephone Service Company, Inc.
- S & A Telephone Company, Inc.
- S&T Telephone Cooperative Association
- SKT, Inc.
- South Central Telephone Association
- Sprint Nextel Corporation
- Sumner Communications
- Sunflower Broadband
- Superior iNET
- The Computer Generation
- Time Warner Cable
- T-Mobile USA, Inc.
- Totah Communications, Inc.
- Tri-County Telephone Association, Inc.
- Tri-Rivers Internet
- Twin Valley Telephone Co., Inc.
- TwinMounds
- United Telephone Association
- Valnet, LLC
- Wamego Telecommunications Company, Inc.
- Wave Wireless
- Wheat State Telephone, Inc.
- Wheatland Electric Cooperative, Inc.
- Wilson Tel. Co. Inc.



Summary of Round 2 Federal Broadband Stimulus Grant Components

Program	Amount	Notes
NTIA Broadband Technology Opportunities Program (BTOP) Comprehensive Community Infrastructure (CCI) Grants	\$2.35 Billion	Federal funds capped at 80% of project costs = 20% non federal match requirement; focus on middle-mile projects and community anchor institutions
NTIA BTOP Sustainable Broadband Adoption Grant Program	\$100 Million	Intended to fund innovative programs that will increase demand for and adoption of broadband
NTIA BTOP Public Computing Center Capacity Grant Program	\$150 Million	Intended to increase availability of computers at sites like libraries and community colleges
USDA Rural Utilities Service Broadband Initiatives Program	\$2.2 Billion	Last-mile projects, some middle-mile projects, some satellite
Total:	\$4.8 Billion	



Key Dates

- January 15, 2010 – NOFA (Grant Rules) Released
- February 16 – March 15, 2010 – Applications accepted
- June 2010 – NTIA plans to begin announcing awards on a rolling basis
- September 30, 2010 – By statute, deadline for when all awards must be announced



Resources Available at: www.connectkansas.org

- **County Broadband Maps:**

http://www.connectkansas.org/mapping/County_Broadband_Maps.php

- **Census Block-Level Data:**

http://www.connectkansas.org/mapping/Census_Block-Level_Data.php



The State Broadband Data and Development Grant Program (SBDD): Broadband Mapping & Research

Dates to Remember

- **Provider data approval deadline to appear on the next mapping update:**
 - **Friday, February 26, 2010**
- **Next scheduled update of the Kansas Broadband Inventory:**
 - **Monday, March 1, 2010**
- **BroadbandStat interactive mapping and planning tool made available:**
 - **March 2010 (*tentative*)**
- **Deadline for submission of a “complete” data set to NTIA:**
 - **Wednesday, March 31, 2010**
- **Survey research and updated maps are made available:**
 - **September 2010**



Additional Resources

- Connect Kansas:
 - County Broadband Maps, Census Block-Level Data, Provider Resources, Tools for Prospective Grant Applicants

www.connectkansas.org
- Broadband Grants:
 - One stop source for federal broadband grants

www.broadbandusa.gov
- US Census – American Fact Finder:
 - Mapping tool for locating census block numbers

www.census.gov