

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on January 19, 2010, in Room 548-S of the Capitol.

All members were present except
Senator Emler, excused.

Committee staff present:

Kristen Kellems, Office of the Revisor of Statutes
Matt Sterling, Office of the Revisor of Statutes
Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Ann McMorris, Committee Assistant
Jeannine Wallace, Sen. Apple's Office Assistant

Conferees appearing before the Committee:

Thomas Wright, Chairman, KCC
Ryan Freed, KCC
Janet Buchanan, KCC
Ray Hammarlund, KCC
Liz Brosius, KCC
Steve Weatherford, Kansas Housing Resource Corp

Others attending: See attached list.

Introduction of Bills

Chair Apple explained the proposed Senate Resolution 9rs1275 titled A RESOLUTION urging the leaders of the State of Kansas and the United States to address global climate change while safeguarding American jobs and America's global competitiveness. (Attachment 1)

Moved by Senator Reitz, seconded by Senator Petersen, approve introduction of the proposed Resolution 9rs1275. Motion carried.

Briefing on ARRA-funded Initiatives at the KCC (Attachment 2)

KCC Chairman Thomas Wright provided an overview of funds received by KCC from the Department of Energy and used to create new energy efficiency and renewable energy programs. He introduced KCC staff members to speak to the various programs.

Ryan Freed, Manager, State Energy Office, explained the Efficiency Kansas Loan Program which targets energy-efficiency improvements in existing homes and small businesses.

Janet Buchanan reviewed the comprehensive rate design and the planning process project.

Ray Hammarlund, spoke on renewable energy incentive grants (\$3.5 Million) and their purpose. He explained the provision to hire energy managers and their funding. (\$2.5 Million). The Public projects grant program (\$3 Million) is still in the concept stage and the program is expected to be finalized in February 2010.

Liz Brosius provided background and discussed current activities of the Energy Efficiency Building Codes Working Group.

Summary of program activity under American Recovery and Reinvestment Act

Stephen Weatherford, President of Kansas Finance Development Authority and President of Kansas Housing Resources Corporation, reported to the committee on the background and current activities of KHRC. His report contained a brief overview of the energy or utilities related to the current status of program expenditures. (Attachment 3)

CONTINUATION SHEET

Minutes of the Senate Utilities Committee at 1:30 p.m. on January 19, 2010, in Room 548-S of the Capitol.

Chair announced the various changes in this week's agenda. No meeting is scheduled for January 20 and the program on metro dialing was cancelled.

The next meeting is scheduled for January 21, 2010.

The meeting was adjourned at 2:30 p.m.

Respectfully submitted,

Ann McMorris
Committee Assistant

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**SENATE UTILITIES
COMMITTEE GUEST LIST
JANUARY 19, 2010**

NAME	REPRESENTING
JANET BUCHANAN	KCC
SUSAN DUFFY	KCC
RYAN FREED	KCC
LIZ BRIGGS	KCC
RAY HAMMARLUND	KCC
ANN FURLONG	KCC
TOM WRIGHT	KCC
LON STANTON	NORTHERN NATURAL GAS
Don Hallock	KCC
TOM DAY	KCC
SUSAN CUNNINGHAM	Midwest Energy
Nelson Kraeger	PAR ELECTRIC
Phil Perry	LIBA of KCC
Marka Lee Paul	KMHHA
Kirsten Gimmel	Sen. Derck Schmidt
Sandy Jacquot	LKM
Mark Schreiber	Westar

**SENATE UTILITIES
COMMITTEE GUEST LIST
JANUARY 19, 2010**

NAME	REPRESENTING
Joe Dich	KLAPOU
Coney Mohr	KDOC
Mike Urban	oreak
Mike Hattches	Rural Independent Telephone Cor
Shudy Allen	KRITC
Leslie Kaufman	Ks Coop Council
Sean Moore	CAPITOL STRATEGIES

SENATE RESOLUTION NO. _____

By Committee on Utilities

A RESOLUTION urging the leaders of the state of Kansas and the United States to address global climate change while safeguarding American jobs and America's global competitiveness.

WHEREAS, The greenhouse gas emissions of developing countries are rising more rapidly than the emissions of the United States and have surpassed the greenhouse gas emissions of the United States and other developed countries;

WHEREAS, Kansas's greenhouse gas emissions account for only 0.23% of global greenhouse gas emissions; and

WHEREAS, Any system to regulate greenhouse gas emissions must not eliminate American jobs nor diminish the ability of American industry to compete in the global marketplace; and

WHEREAS, Any system to regulate greenhouse gas emissions must reward, not punish, early adopters of energy efficient technologies and practices; and

WHEREAS, Any system to regulate greenhouse gas emissions must adopt an international component to prevent "emissions leakage" and ensure that emissions do not simply migrate to another state or nation; and

WHEREAS, The only manner to quantify these emissions is through a domestic and international greenhouse gas emissions registry that is uniform, transparent, and verifiable; and

WHEREAS, Any system to regulate greenhouse gas emissions must ensure that the adopted regime does not result in the off-shoring of international trade sensitive industries; and

WHEREAS, Manufacturing accounts for \$15.2 billion of Kansas's gross state product and is the number one contributor to the state's economy. Kansas has already lost 20,700 manufacturing jobs since 1998; and

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WHEREAS, Any system to regulate greenhouse gas emissions must ensure the availability of sufficient, affordable energy, including clean energy, before restricting emissions in a manner that could reduce the volume of energy available to consumers; and

WHEREAS, Any system to regulate greenhouse gas emissions must provide credits or allowances to support operations that reduce greenhouse gas emissions: Now, therefore,

Be it resolved by the Senate of the State of Kansas: That the Senate of the state of Kansas and the United States should combat global climate change and reduce greenhouse gas emissions in a manner that promotes American jobs, saves American citizens and industries from higher energy prices, rewards early adopters of efficient practices and technologies, prevents "emissions leakage" and champions the global competitiveness of American industry; and

Be it further resolved: That the Secretary of the Senate be directed to send enrolled copies of this resolution to the governor of the state of Kansas, Mark Parkinson, and the Kansas Congressional delegation.

ARRA-funded Initiatives at the Kansas Corporation Commission

Briefing by the KCC to the Senate Utilities Committee
January 19, 2010

Overview and Introduction – KCC Chairman Thomas Wright

The Kansas Corporation Commission (KCC) received \$48.7 million—\$38,284,000 through the State Energy Program (SEP) and \$9,593,500 through the Energy Efficiency and Conservation Block Grant—from the Department of Energy as part of the American Recovery and Reinvestment Act of 2009. The bulk of the funding has been used to create new energy efficiency and renewable energy programs at the State Energy Office, with \$1 million going to the KCC's comprehensive rate design initiative.

In addition to the above funds, the KCC received a \$821,422 staffing grant from the DOE's National Energy Technology Laboratory, which provided funds to regulatory agencies to meet the increased demands caused by the ARRA. With this grant, the KCC has hired an attorney and an engineer to address ARRA electricity-related issues. Additionally, the KCC intends to hire an engineer specializing in reservoir analysis and carbon sequestration and storage. These funds will also be used to provide training for these new employees as well as existing employees to develop expertise to address emerging energy issues.

Efficiency Kansas loan program (\$37.2 million) – Ryan Freed

The Efficiency Kansas Loan Program (www.encykansas.com), which targets energy-efficiency improvements in existing homes and small businesses, is the largest of the State Energy Office's new ARRA-funded programs. Officially launched on November 17, 2009, the program is designed as a public-private partnership that will channel \$34 million through private businesses directly into local Kansas communities. Once the initial \$34 million is loaned out, the revolving loan fund is expected to replenish and provide approximately \$2.3 million for additional loans each year.

The program is accessed through partner lenders and partner utilities. The State Energy Office provides oversight of the energy audits and auditors and manages the utility track. The Office of the State Treasurer manages the lender track, on behalf of the KCC, and the Efficiency Kansas Lender Participation Agreement was modeled on their existing linked deposit programs.

Kansans can borrow up to \$20,000 for approved projects in homes and up to \$30,000 for approved projects in small commercial and industrial structures—that is, those that use residential-sized equipment. In general, projects are expected to average \$5,000 to \$6,000. In order to be approved for Efficiency Kansas financing, the estimated energy savings must cover the project cost over the term of the loan, which can not exceed 15 years.

Efficiency Kansas is based on a “whole house” approach to energy efficiency. All approved

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projects are based on the findings of a comprehensive energy audit, performed by private-sector energy auditors who have met program qualifications.

Currently, 15 lenders, with a total of 93 separate branches, have signed on as official partners. To date, three loans have been approved and funded. Demand for the program is expected to grow as TV and radio ads begin to run during the week of January 18, 2010, and 29 billboards are placed around the state.

At this time, one utility, Midwest Energy, has signed on as a partner and is offering their How\$mart program in partnership with Efficiency Kansas. Several of the state's jurisdictional utilities are expected to submit applications to operate meter-based energy-efficiency programs in partnership with Efficiency Kansas; at this time, Kansas Gas Service is the only one to have filed an application with the KCC. Several coops are also considering partnering with Efficiency Kansas.

The State Energy Office is also offering several complementary programs in conjunction with Efficiency Kansas. These include (1) \$350 rebates to offset the costs of the energy audit for the first 1,000 participants who elect to implement projects approved through Efficiency Kansas; (2) \$250 loan fee rebates to lenders to defray upfront administrative costs and thus reduce costs to borrowers; (3) energy auditor training grants to "train the trainers" and enhance facilities at three institutions identified as qualified to provide effective training; (4) 100 scholarships for energy auditor training; and (5) 50 energy auditor equipment packages that can be borrowed or rented at a nominal fee from the three qualified training institutions and other community organizations. We also hired a professional marketing firm to assist with partner recruitment, development of the program web site, and statewide advertising campaign, involving TV, radio, and billboard ads, to ensure all Kansans are made aware of Efficiency Kansas.

Comprehensive Rate Design (\$1 million) – Janet Buchanan

Christensen Associates Energy Consulting, LLC (Christensen) has been awarded a contract to assist in developing and guiding a comprehensive, collaborative planning process to redesign utility rate structures to encourage consumers to utilize energy in an efficient manner. At this time, Christensen is developing a formal project management plan. As part of that plan development, consultants met with KCC Staff to gather input for the project plan on January 11, 2010 and with several utility companies and the Citizens' Utility Ratepayer Board on January 12, 2010. Once Christensen has incorporated this feedback, the consultants will provide the Commission with a final project plan and the project will begin.

Renewable Energy Incentives Grants (\$3.5 million) – Ray Hammarlund

This program will provide grants to local units of government, including school districts, community colleges, technical schools, universities, cities, counties, and state agencies for renewable energy projects. Projects may include wind, solar, biomass, hydropower, and geothermal, including ground-source heat pumps. Grants will cover up to 25% of approved project costs, not to exceed \$250,000. Funding will be awarded through a competitive process. The first round was announced November 24, 2009, and applications are due on January 31, 2010. The first awards will be announced in mid-February. Four rounds are expected.

Energy Managers for Local Units of Government (\$2.5 million) – Ray Hammarlund

This program will provide stipends to coalitions of local units of government to hire energy managers for up to two years. Funding will be awarded through a competitive process. This program is still under development, but energy managers will be expected to develop a strategic plan to determine energy usage and energy savings strategies. Energy managers will also be expected to provide elected officials with guidance on energy issues and community outreach.

Public Projects Grant Program (\$3 million) – Ray Hammarlund

This program is still in the concept stage. It is intended to supplement the state's Facility Conservation Improvement Program (FCIP) by providing assistance to cities and counties for energy-efficiency improvement projects in public buildings. The State Energy Office expects to have this program finalized in February.

Energy Efficiency Building Codes Working Group – Liz Brosius

As a requirement for receiving ARRA funds from the Department of Energy, the State provided assurances that Kansas would make progress on several initiatives, including adoption of energy codes for residential and commercial buildings, as specified in H.R. 1, Section 410.

To ensure timely progress towards compliance with the energy code requirement, the Energy Efficiency Building Codes Working Group was established in May 2009. This small working group of building codes officials was augmented by a stakeholder advisory group, and the two merged to form a single group in December 2009.

The Working Group's assignment is to develop recommendations for the Kansas legislature and outline a plan to achieve compliance with the ARRA requirements. At their December meeting, the Working Group adopted a framework for accomplishing the following goal: *By 2017, 90% of new and renovated residential structures in Kansas meets the 2009 IECC standards, and 90% of new and renovated commercial structures meets the ANSI/ASHRAE/IESNA Standard 90.1-2007.*

The approach adopted by the Working Group respects Home Rule privileges and focuses on the voluntary adoption of energy codes by local jurisdictions, as well as voluntary compliance with applicable standards by builders and owners through market transformation. The Working Group seeks to develop sensible, understandable, and effective standards and suggests that the IECC and federal manufacturing standards embodied in the existing Energy Efficiency Disclosure Form serve as a "baseline code."

Data compiled in 2008 indicate that 90% of the state's building permits were issued in 8 counties. This suggests that the scope of the challenge may be narrowed by targeting parts of the state with the most activity. The State Energy Office is collaborating with the League of Kansas Municipalities and the Kansas Association of Counties to provide outreach about energy codes and appropriate incentives.

Preliminary strategies for achieving compliance in both new construction and retrofits have been outlined. The Working Group will begin drafting bill language this spring for presentation to Energy and Environment Committee during the summer of 2010. The intention is to introduce a bill during the 2011 Legislative session.

Highlights of State Energy Office ARRA-funded Programs

Efficiency Kansas

- \$34 million revolving loan fund
- 15 Partner Lenders, including 1 credit union, with 93 locations statewide
- 3 loans approved, totaling \$11,470.22
- 1 Partner Utility – Midwest Energy
 - Kansas Gas Service filed application on 12/21/2009 with KCC
 - Several non-jurisdictional coops have also submitted programs to SEO.
- Statewide advertising campaign started 1/17/2010
 - TV and radio ads: staggered flights during January – February; April – May; October - November
 - 29 billboards, located throughout state



- 44 energy auditors on current list (33 individual businesses)
- Efficiency Kansas Qualified Training Institutions
 - Kansas Building Science Institute, Manhattan
 - Metropolitan Energy Center, Kansas City, KS
 - Neosho County Community College, Chanute
- 84 energy auditor training scholarships awarded
 - 9 scholarship recipients on list of qualified auditors

Renewable Energy Incentive Grants

- \$3.5 million available for public entities
- Grants are for 25% of project costs; maximum of \$250,000
- Wind, solar, biomass, hydropower, or geothermal (including ground-source heat pumps)
- First round applications due January 31st, awarded in mid-February. Second round applications due at the end of April

Energy Managers for Local Units of Government

- \$2.5 million available for coalitions of cities and counties
- 2-year grant of \$50,000 for an Energy Manager's salary
- Energy Manager will help reduce energy costs for coalition, and provide guidance on energy issues and community outreach
- Program will be announced in February

Public Projects Grant Program

- \$3 million for grants to improve the energy-efficiency of cities and counties
- Program will supplement the FCIP
- Program will be finalized in February

	<p><i>Energy Efficiency Building Codes Working Group</i></p> <p>Kansas Corporation Commission, State Energy Office Senate Utilities Committee, January 19, 2009</p>

	<h2>ARRA Requirements</h2>
	<ul style="list-style-type: none">■ As a requirement for receiving Department of Energy funding, authorized through the ARRA, Kansas provided assurances that the State would make progress on several initiatives, including adoption of energy efficiency building codes.

ARRA Requirements

- The state, or applicable units of local government, will adopt a building energy code for residential buildings that achieves energy savings equivalent to the 2009 IECC standards and, for commercial buildings, the ANSI/ASHRAE/IESNA 90.1-2007 standard.
 - HR 1, Sec. 410, paraphrased

ARRA Requirements

- The state will develop a plan for jurisdictions to achieve compliance within 8 years of the date of enactment in at least 90 percent of new or renovated residential and commercial building space.

EE Building Codes Working Group

- To ensure timely progress towards the building code requirements, the State Energy Office established a small working group in May 2009 to develop initial plan.
- Working group created stakeholder advisory group in fall of 2009 and the two groups merged in December.

Working Group Members

- Tim Ryan, City of Overland Park –Chair
- Randall Allen, KS Assoc. of Counties
- Sam Alpert, Construction Users Council of Greater KC
- Trudy Aron, American Institute of Architects
- Luke Bell, Kansas Assoc. of Realtors
- Nancy Jackson, Climate & Energy Project
- Sandy Jacquot, League of Kansas Municipalities
- Jerry Mallory, Johnson County
- Tina Rakes, City of Baldwin City
- George Schluter, National Assoc. of Home Builders
- Martha Smith, Kansas Manufactured Housing Assoc.
- Bruce Snead, Engineering Extension, KSU
- Chris Wilson, Kansas Building Industry Assoc.

	<h2>EE Building Codes Working Group</h2>
	<ul style="list-style-type: none">At the Dec. 3 meeting, the working group approved a preliminary plan, consisting of a goal statement, planning principles, and general strategy.

	<h2>Kansas Goal Statement</h2>
	<ul style="list-style-type: none">By 2017, 90% of new and renovated residential structures in Kansas meets the 2009 IECC standards, and 90% of new and renovated commercial structures meets the ANSI/ASHRAE/IESNA Standard 90.1-2007.

Planning Principles

- Respect Home Rule privileges and focus on voluntary adoption of building codes by local jurisdictions.
- Focus on free market transformation and encourage voluntary compliance with building standards by builders and owners.

Planning Principles, *continued*

- Adopt sensible, understandable, and effective standards based on the sound building science principles already embedded in the existing Kansas Energy Efficiency Disclosure Form and apply them uniformly in local codes, Efficiency Kansas, FCIP, Weatherization, and Disclosure Forms.

Kansas Energy Efficiency Disclosure Form, part 1

Part 1: Builder *must* describe the following energy efficiency elements of this house:

	Actual Value	2006 IRC/IECC* Zone 4	2006 IRC/IECC* Zone 5
Wall Insulation R-Value	_____	R-13	R-19 <i>(or R-13 cavity + R-5 insulated sheathing)</i>
Attic Insulation R-Value	_____	R-38	R-38
Foundation Insulation R-Value			
Basement Walls	_____	R-10'13**	R-10'13**
Crawlspace Walls	_____	R-10'13**	R-10'13**
Slab-on-Grade	_____	R-10, 2 ft depth	R-10, 2 ft depth
Floors over Unheated Spaces	_____	R-19	R-30
Window U-Value	_____	0.40	0.35

	Actual Value	Current Federal Manufacturing Standards***
Water Heater		
Gas or Propane (Energy Factor)	_____	0.67 - (0.0019 x _____ ***) = _____
Electric (Energy Factor)	_____	0.97 - (0.00132 x _____ ***) = _____
Heating and Cooling Equipment		
Warm-Air Furnace (AFUE)	_____	0.78
Air Conditioner (SEER)	_____	13
Air-Source Heat Pump-Cooling (SEER)	_____	13
Air-Source Heat Pump (HSPF)	_____	7.7

[Note: Federal standards for geothermal heat pumps are not available.]

Kansas Energy Efficiency Disclosure Form, part 2

Part 2: Builder *may* provide the following additional information about this house:

- _____ This residence has been/will be built to meet the energy-efficiency standards of the International Energy Conservation Code of 2006 (IECC 2006).
- _____ This residence has received a Home Energy Rating (HERS) index score of 100 or less based on an energy audit performed in accordance with the Mortgage Industry National Home Energy Rating Systems Standards (July 1, 2006) by a rater certified by Residential Energy Services Network (RESNET).
- _____ This residence is an Energy Star Qualified Home and has been verified and field tested in accordance with RESNET standards by a RESNET-accredited provider.

Seller Signature: _____ Date: _____
 Seller Name and Address: _____
 Buyer Signature: _____ Date: _____
 Buyer Signature: _____ Date: _____

* See reverse for more information on existing standards and explanation of abbreviations.
 ** The first R-value applies to continuous insulation; the second to framing cavity insulation.
 *** Equipment meeting federal standards may not always be available.
 **** Insert rated storage volume in gallons.

May 2007

	<h3>Information on Existing Standards and Explanation of Abbreviations</h3>
	<p>R-value = Thermal Resistance Rating of insulation materials. The higher the R-value, the better the material resists heat flow (i.e., the better it insulates).</p> <p>U-value = Heat Loss Rating of windows. The lower the U-value, the less the window loses heat (i.e., the better it prevents heat loss).</p> <p>Equipment Performance Ratings (the higher the number, the more efficient the equipment)</p> <p>AFUE = Annual Fuel Utilization Efficiency: used to rate gas or propane warm-air furnaces and small boilers.</p> <p>SEER = Seasonal Energy Efficiency Ratio: performance indicator for residential air conditioners and air source heat pumps.</p> <p>HSPF = Heating Seasonal Performance Factor: measures heating performance of air-source heat pumps.</p> <p>Energy Star qualified homes are at least 15% more energy efficient than homes built to the 2006 International Energy Conservation Code (IECC). Energy Star is a joint program of the U.S. Environmental Protection Agency and Department of Energy.</p> <p>The International Energy Conservation Code (IECC), developed by the International Code Council, sets standards for energy efficiency in homes and commercial and industrial buildings. It is revised on a three-year cycle, with a supplement issue midway through each cycle.</p> <p>The International Residential Code (IRC), developed by the International Code Council, brings together all building, plumbing, mechanical, fuel gas, energy, and electrical provisions for one- and two-family residences.</p> <p>The HERS Index is a scoring system established by the Residential Energy Services Network (RESNET) in which a home built to the specifications of the HERS Reference Home (based on the 2004 International Residential Code) scores a HERS Index of 100, while a net zero energy home scores a HERS Index of 0. The lower the score, the more energy efficient a home is in comparison to the HERS Reference Home. Each 1-point decrease in the HERS Index corresponds to a 1% reduction in energy consumption compared to the HERS Reference Home. Thus a home with a HERS Index of 85 is 15% more energy efficient than the HERS Reference Home and a home with a HERS Index of 80 is 20% more energy efficient.</p> <p>RESNET Standards ensure that accurate and consistent home energy ratings are performed by accredited home energy rating systems nationwide; increase the credibility of the rating systems with the mortgage finance industry; and promote voluntary participation in an objective, cost-effective, sustainable home energy rating process. This accreditation process will be used by the mortgage industry to accept home energy ratings and by the states to assure accurate, independent information upon which a state may recognize the home energy ratings as a compliance method for state building energy codes; as qualification for energy programs designed to reach specific energy saving goals; and as a way to provide its housing market the ability to differentiate residences based on their energy efficiency. The Mortgage Industry National Home Energy Rating Systems Standards (July 1, 2006) can be found at http://www.natresnet.org/standards/mortgage/RESNET_Standards-2006.pdf.</p>

	<h2>New Construction Strategy</h2>
	<ol style="list-style-type: none"> 1) Continue use of Kansas Energy Efficiency Disclosure Form, as required in KSA 66-1228. <ul style="list-style-type: none"> ▪ Provide additional outreach and education, as needed, to realtors and homebuilders to ensure compliance. 2) Retain statewide energy efficiency standard for commercial and industrial structures in KSA 66-127.

New Construction Strategy, *continued*

- 3) Encourage local jurisdictions to adopt a “baseline code” using the IECC and federal manufacturing standards outlined in the Kansas Energy Efficiency Disclosure Form.
- Scope of challenge: Based on 2008 data, 90% of the state’s building permits were issued in 8 counties (Butler, Douglas, Johnson, Leavenworth, Riley, Sedgwick, Shawnee, and Wyandotte).

New Construction Strategy, *continued*

- 4) Provide incentives for local jurisdictions to adopt baseline codes.
- Collaborate with the League of Kansas Municipalities (LKM) and the Kansas Association of Counties (KAC) to provide education and training related to EE codes development, implementation, and enforcement—including strategic collaboration on SEO Energy Managers Grant Program.

	New Construction Strategy, <i>continued</i>
	5) Require all recipients of State Energy Office's block grant funds to work towards adoption of energy efficiency standards consistent with the Working Group's goals.

	Retrofit Strategy
	<ul style="list-style-type: none">■ Statewide deployment of Efficiency Kansas, Weatherization Assistance Program, and Facility Conservation Improvement Program (FCIP).■ Enhanced marketing of all state and federal energy efficiency buildings programs.

Retrofit Strategy, *continued*

- Incorporation of Kansas Energy Efficiency Disclosure Form standards into Efficiency Kansas, Weatherization Assistance Program, and FCIP.

SEO Support Role

- Collaborate with LKM and KAC to provide technical assistance and training to local jurisdictions.
- Develop user-friendly web portal for all energy-efficiency programs.
- Collaborate with other state and federal agencies and organizations to implement effective statewide marketing of all programs.
- Work with homebuilders and realtors on Disclosure Form compliance.

	<h2>Near-term (2010-2011) Action Steps</h2>
	<ul style="list-style-type: none"> ■ Draft amendments to KSA 66-1227 and 66-1228 to incorporate IECC 2009 and ASHRAE 2007 standards and to allow KCC to update the Kansas Energy Efficiency Disclosure Form in accordance with the three-year IECC update cycle.

	<h2>Near-term (2010-2011) Action Steps</h2>
	<ul style="list-style-type: none"> ■ Present proposed bill to Energy & Environment Committee, summer 2010. ■ Introduce bill during 2011 Legislative session.

KANSAS ENERGY EFFICIENCY DISCLOSURE

As required by KSA 66-1228

Kansas law requires the person building or selling a previously unoccupied new residential structure which is a single family or multifamily unit of four units or less shall disclose to the buyer or a prospective buyer, at any time upon request or prior to the signing of the contract to purchase and prior to closing if changes have occurred or are requested, information regarding the energy efficiency of the structure. For new residential structures that are completed and suitable for occupancy, but unsold, the completed disclosure form shall be made available to the buyer or a prospective buyer by the builder or seller when the residence is shown and at any other time upon request.

Common Address or Legal Description of Residence:

Part 1: Builder *must* describe the following energy efficiency elements of this house:

	Actual Value	2006 IRC/IECC* Zone 4	2006 IRC/IECC* Zone 5
Wall Insulation R-Value	_____	R-13	R-19 <i>(or R-13 cavity + R-5 insulated sheathing)</i>
Attic Insulation R-Value	_____	R-38	R-38
Foundation Insulation R-Value			
Basement Walls	_____	R-10/13**	R-10/13**
Crawlspace Walls	_____	R-10/13**	R-10/13**
Slab-on-Grade	_____	R-10, 2 ft depth	R-10, 2 ft depth
Floors over Unheated Spaces	_____	R-19	R-30
Window U-Value	_____	0.40	0.35
	Actual Value		Current Federal Manufacturing Standards***
Water Heater			
Gas or Propane (Energy Factor)	_____	0.67 – (0.0019 × _____ ****) = _____	
Electric (Energy Factor)	_____	0.97 – (0.00132 × _____ ****) = _____	
Heating and Cooling Equipment			
Warm-Air Furnace (AFUE)	_____		0.78
Air Conditioner (SEER)	_____		13
Air-Source Heat Pump-Cooling (SEER)	_____		13
Air-Source Heat Pump (HSPF)	_____		7.7

[Note: Federal standards for geothermal heat pumps are not available.]

Part 2: Builder *may* provide the following additional information about this house:

- _____ This residence has been/will be built to meet the energy-efficiency standards of the International Energy Conservation Code of 2006 (IECC 2006).
- _____ This residence has received a Home Energy Rating (HERS) index score of 100 or less based on an energy audit performed in accordance with the Mortgage Industry National Home Energy Rating Systems Standards (July 1, 2006) by a rater certified by Residential Energy Services Network (RESNET).
- _____ This residence is an Energy Star Qualified Home and has been verified and field tested in accordance with RESNET standards by a RESNET-accredited provider.

Seller Signature: _____ Date: _____

Seller Name and Address: _____

Buyer Signature: _____ Date: _____

Buyer Signature: _____ Date: _____

* See reverse for more information on existing standards and explanation of abbreviations.
 ** The first R-value applies to continuous insulation; the second to framing cavity insulation.
 *** Equipment meeting federal standards may not always be available.
 **** Insert rated storage volume in gallons.

2-17
May 2007



TESTIMONY BEFORE
SENATE UTILITIES COMMITTEE
January 19, 2010

STEPHEN R. WEATHERFORD
PRESIDENT, KANSAS FINANCE DEVELOPMENT AUTHORITY
PRESIDENT, KANSAS HOUSING RESOURCES CORPORATION

SUMMARY OF PROGRAM ACTIVITY UNDER
AMERICAN RECOVERY AND REINVESTMENT ACT

Kansas Housing Resources Corporation (KHRC) is a quasi-governmental corporation established by Governor's Executive Reorganization Order (ERO) # 30 and pursuant to K.S.A. 74-8904(v). KHRC serves as the primary administrator of federal housing programs on behalf of the State of Kansas. KHRC does not receive any operational revenue from the state but rather sustains itself through federal contracts for service and program administration fees.

Kansas Housing Resources Corporation (KHRC) currently administers six programs that were either impacted or created by the American Recovery and Reinvestment Act of 2009 (ARRA). These programs include the following: State Energy Efficient Appliance Replacement Program, Kansas Weatherization Assistance Program, Housing Credit Exchange Program, Tax Credit Assistance Program, Homelessness Prevention and Rapid Re-Housing Program, and Community Services Block Grant Program. This report contains a brief overview of the energy or utilities related the current status of program expenditures. We will begin with the launch of KHRC's newest initiative, the appliance rebate program.

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Attachments 3-1

STATE ENERGY EFFICIENT APPLIANCE REBATE PROGRAM (SEEARP)

The Recovery Act provided \$296 million nationwide to implement Section 124 of the Energy Policy Act of 2005 establishing Department of Energy support for State rebate programs involving residential ENERGY STAR appliance products. States will receive formula-based funding to establish or supplement established ENERGY STAR appliance rebate programs. The program is called the State Energy Efficient Appliance Rebate Program or SEEARP.

One of the first states to launch the program, Kansas has already received nearly \$2.7 million for SEEARP. Only Kansas, Delaware and Oregon launched the program this month. Most other states will not launch their programs until February. The Kansas plan provides rebates to low-income consumers who purchase ENERGY STAR® refrigerators, clothes washers, freezers, dishwashers and window air conditioners. KHRC expects to issue approximately 4800 appliance rebate vouchers to consumers. Rebates for the high-efficiency appliances will range from \$200 to \$800. New appliances will qualify only if they have earned the ENERGY STAR® label. Old appliances to be recycled must be at least ten-years-old. Point-of-sale rebates will be made directly to participating retailers.

SEEARP is designed after the successful energy-efficiency initiative launched by KHRC earlier this year called the Residential Appliance Replacement (RAR) Program. This initiative (explained in more detail below) was funded by the Low Income Energy Assistance Program. RAR converted a \$4 million dollar investment into nearly \$19 million in lifetime energy savings for participating families. Although RAR ended months ago, KHRC still has 1500 applications for services. This data base of eligible customers will be used to initiate SEEARP. After January 15th, 2010, if funding is still available, KHRC will open SEEARP to new low-income applicants.

RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM (RAR)

As mentioned previously, KHRC launched the Residential Appliance Replacement Program earlier this year. While not technically an ARRA program, the large increase in 2009 stimulus funds provided an opportunity to utilize \$4 million in funding from the Low Income Energy Assistance Program for the Appliance Replacement Program. This program allowed income-eligible homeowners and renters to replace old, energy-hungry and unsafe appliances with new, energy-efficient and environmentally-friendly models. Appliances eligible for replacement include refrigerators, water heaters, heating and cooling systems and window air units.

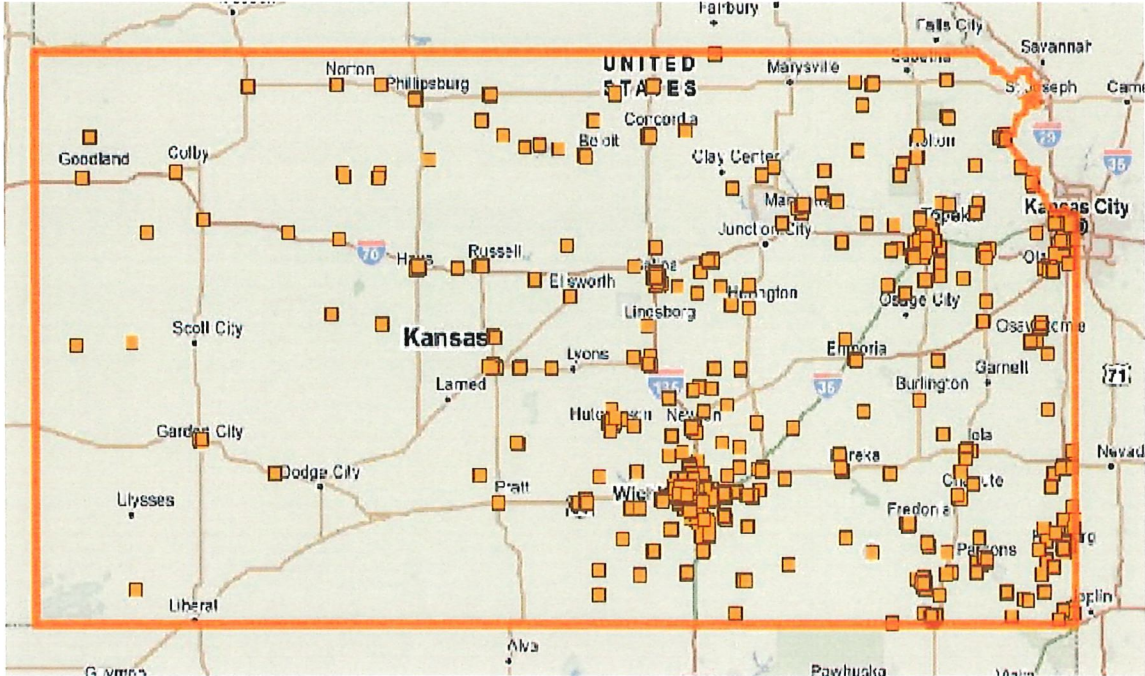
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Demonstrating the exceptional popularity of this program, KHRC had to close the application process after only two weeks. In addition to the \$4 million expended in the program, additional applications totaling \$7 million remain unfunded. To date, 1,021 homes have been served by RAR across the state and \$3,989,842.50 in program funds has been expended.

The following table and map demonstrates the distribution of homes served across the state.

Residential Appliance Replacement Program (Appliances Replaced)	
Furnaces	573
Window Air Conditioners	127
Central Air Units	533
Tankless Water Heaters	155
Refrigerators	712

Residential Appliance Replacement Program (Distribution Map)



RESIDENTIAL APPLIANCE REPLACEMENT PROGRAM II

KHRC is pleased to announce that new funding has been secured to offer the Residential Appliance Replacement Program on an annual basis starting in 2010. The Kansas Department of Social and Rehabilitation Services, the agency which allocates funding from the Low Income Home Energy Assistance Program, agreed to increase the allocation to KHRC's energy efficiency program from 15 percent to 20 percent. With this additional funding, KHRC will direct one half of the funds to an annual RAR program with the balance used as to leverage the weatherization program. Funding will fluctuate from year to year, however KHRC estimates \$3 million will be available for RAR 2 in 2010. KHRC is still evaluating how the new rebate program will be structured.

KANSAS WEATHERIZATION ASSISTANCE PROGRAM (KWAP)

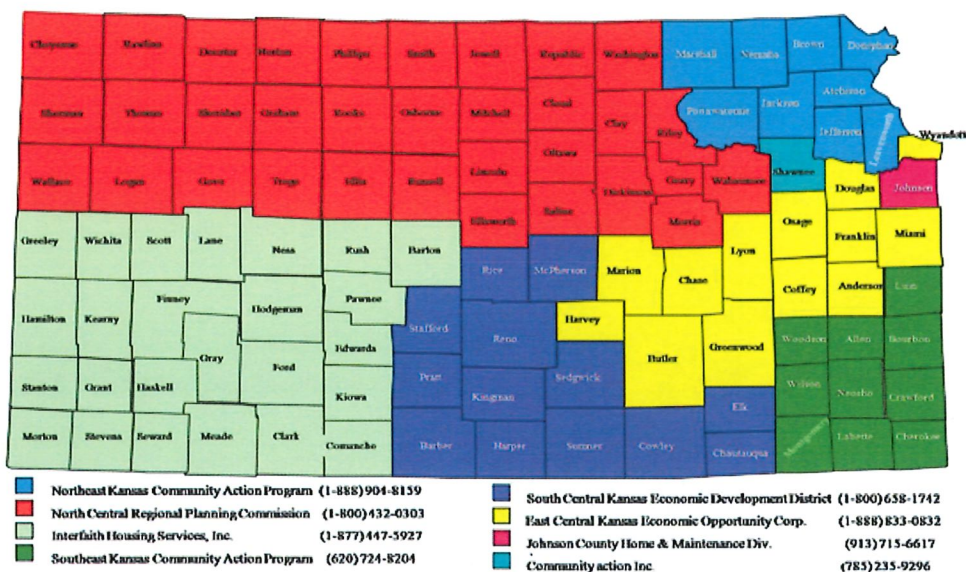
K-WAP is a U.S. Department of Energy (DOE) funded program that KHRC initially began administering in 1974. The purpose of the program is to make low-income households in single or multi-family dwellings more energy efficient, thereby reducing the household's monthly heating and cooling bills.

Funds may be used for leakage reduction, incidental repairs, health and safety measures, furnace and cooling system repair/replacement, insulation, and replacement of inefficient refrigerators. DOE regulations limit the eligibility to those with incomes at or below 200% of the poverty level (\$20,800 annually for a single person or \$42,400 annually for a family of 4 in Kansas). The new regulations also include an increase in the per-home average cost of repair and improvements from \$2,500 to \$6,500.

The weatherization program is operated through a network of eight local service providers. Each agency provides weatherization for their region of the state. The following map identifies each service provider and the region in which they operate.

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Counties Served by Kansas Weatherization Assistance Program



The following chart shows a five year history of funding for the Weatherization Program. Funding is based on a program year which begins each April 1 and ends the following March 31.

WEATHERIZATION FUNDING (5 YEAR HISTORY)			
Year	DOE	LIEAP	Total
2009	\$ 5,001,866	\$ 2,856,708	\$ 7,858,574
2008	\$ 2,518,837	\$ 2,497,970	\$ 5,016,807
2007	\$ 2,264,099	\$ 2,501,390	\$ 4,765,489
2006	\$ 2,706,214	\$ 4,415,873	\$ 7,122,087
2005	\$ 2,262,771	\$ 2,149,146	\$ 4,411,917
2004	\$ 2,390,904	\$ 2,548,024	\$ 4,938,928
Average	\$ 2,857,499	\$ 2,828,213	\$ 6,018,994

Impact of ARRA: In addition to doubling DOE funds for FY 2009, the K-WAP program also received \$56 million in ARRA funds for a three-year period. In view of the substantially increased funds as well as the existing sub grantee agencies' ability to ramp up operations to the extent necessary, for the short term, KHRC set aside \$16 million and established a multi-family program to be managed with KHRC staff, to focus on weatherizing multi-family homes, including: Tax Credit properties, USDA Rural Development properties, and project-based Section 8 properties that had no direct HUD funds for energy-efficiency improvements. The

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balance of the \$56 million, or \$40 million, is expected to be used for single-family dwellings.

Recent Activity: The network agencies have performed weatherization in homes through both the “traditional” DOE funding and the ARRA funding this past year and KHRC’s multi-family program is now fully underway with nearly 1,200 homes complete and an additional 4,573 in progress.

Overview	Traditional DOE / LIEAP	ARRA Weatherization	TOTAL
Homes Completed	883	289	1,172
Homes in Progress	173	4,400	4,573
Homes on Waiting List	na	3,633	3,633
Funds Expended	\$6,974,571	\$7,021,691	\$13,996,262

Status of ARRA Expenditures: To date, the state’s network of weatherization providers have expended \$7,021,691 in ARRA funds and completed 289 homes. ARRA funds have been utilized to increase provider capacity including vehicles, equipment, salaries, and perhaps most importantly training and technical assistance. In addition, KHRC has expended \$307,387 for similar capacity enhancement for both multi-family activities and compliance monitoring. In all, a total of over 4,400 homes are now in progress with a waiting list of over 3,600 pending.

Status of 2009 DOE and LIEAP Expenditures: Kansas received a total of \$7,858,574 in 2009 funding (an increase of nearly 60% over 2008) from both the Department of Energy and Federal Low Income Energy Assistance Program (LIEAP). To date, WAP providers in Kansas have weatherized 883 homes and expended nearly \$7 million (including some cost for homes that have not yet been reported as completed).

Issues: Utilization of the ARRA funds has lagged somewhat primarily due to new requirements that the program comply with Davis Bacon regulations. Prior to the ARRA funds, the DOE weatherization program was exempt from complying with these regulations. In order to implement the Davis Bacon regulations, the Departments of Energy and Labor had to work together to establish residential weatherization positions and prevailing wage rates. This process was not completed until November and weatherization agencies have begun utilizing the ARRA funds. Seven of our weatherization agencies have completed their ramp-up and are making good

progress with this program. The last agency continues to struggle. KHRC is working closely with this agency to develop and implement a plan to accelerate their production.



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Press Release

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FOR IMMEDIATE RELEASE
January 19, 2010

Applications Now Accepted for Appliance Rebate Program

--Recovery Act Helps Families Replace Old, Energy Hog Appliances--

Topeka - Income-eligible Kansans looking to purchase new, energy efficient appliances may now apply for assistance through the State Energy Efficient Appliance Replacement Program (SEEARP). The program, created by the American Recovery and Reinvestment Act (ARRA), provides rebate vouchers ranging from \$200 to \$800 to low-income consumers who purchase ENERGY STAR rated appliances.

"This program not only allows families to save money on monthly utility bills, it also helps the environment and gives a boost to local businesses" said Gary Allsup, Executive Director for Kansas Housing Resources Corporation (KHRC).

Qualifying appliances include new refrigerators, clothes washers, freezers, dishwashers and window air conditioners that have earned the ENERGY STAR label. Appliances to be recycled must be at least ten-years-old. Rebates may **NOT** be applied to purchases made prior to voucher approval.

To be eligible, applicants must meet SEEARP income guidelines. Income limits are based on 75 percent of Kansas' current median income, which follow:

- 1 Person \$27,247
- 2 Persons \$35,630
- 3 Persons \$44,014
- 4 Persons \$52,397

To apply, please download application forms from KHRC's website at www.kshousingcorp.org or call 800-752-4422 and request a packet be mailed to you. Applications will be processed on a first-come, first-served basis as long as

SEEARP Applications Now Accepted, page 2

funds are available. Due to the volume of applications received, incomplete applications or those without required documentation will not be accepted.

Once an applicant is approved, KHRC will mail a rebate voucher to the consumer, who may take the voucher to a participating retailer. Retailers honor the rebates (up to the amount of the voucher) as cash for the new appliance. Amounts in excess of the voucher and any installation charges must be paid for by the consumer.

After delivering the new appliance and recycling the old unit in accordance with Kansas Department of Health and Environment Guidelines, retailers may submit rebate vouchers to KHRC for reimbursement. KHRC will review all submitted documents to ensure program requirements have been met. Once approved, KHRC will make payment directly to the retailer.

Note to Retailers: SEEARP rebate vouchers may cover appliance and delivery costs. The program does not provide payment for installation charges.

Congress appropriated nearly \$300 million nationwide to support state rebate programs for residential ENERGY STAR appliance products. Kansas received \$2.6 million in funding.

KHRC designed Kansas' program after another successful energy-efficiency initiative launched last year. The Residential Appliance Replacement Program converted a \$4 million dollar investment from the Low Income Energy Assistance Program into nearly \$19 million in lifetime energy savings for low-income families.

When last year's program ended, KHRC still had nearly 1500 applications for services. KHRC used this data base of eligible customers to initiate SEEARP. To date, approximately \$600,000 has been committed for vouchers and \$2 million in funding remains available for the application round starting January 19th, 2010.

SEEARP will be administered within the existing structure of the Weatherization Assistance Program and the Low Income Energy Assistance Program. These programs are funded by the U.S Department of Energy and the U.S. Department of Health and Human Services, respectively. Both programs serve low-income individuals and families.

For more information, please call our recorded information line at 785-296-8440 or visit KHRC's website at www.kshousingcorp.org.