

Approved: January 24, 2012
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Chairman Pat Apple at 1:30 p.m. on January 18, 2012 in Room 546-S of the Capitol.

All members were present except:
Senator Jay Emler, excused

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes
Tamera Lawrence, Office of the Revisor of Statutes
Cindy Lash, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Ann McMorris, Committee Assistant

Conferees appearing before the Committee:

Bill Eastman, Westar Energy
Phil Wages, KEPCO
Whitney Damron, Empire District Electric Company
Colin Hansen, Kansas Municipal Utilities, Inc.
Wayne Penrod, Sunflower Electric Power Corporation

Others attending: See attached list.

Update on Environmental Protection Agency (EPA) New Regulations

Bill Eastman, Westar Energy, presented a regulatory summary covering status, effective dates, emissions/areas covered, energy centers impacted, and the cost issues. He discussed Westar's emission reductions; current status under CSAPR, construction status and technology. Emission reductions vs. costs was charted. ([Attachment 1](#))

Phil Wages, Kansas Electric Power Cooperative, Inc. (KEPCo), discussed their function as a wholesale electric provider. With the new regulations KEPCo will need to pass along to its member systems the cost of compliance. The cost to install catalytic converters and crankcase ventilation systems on the generators at the Sharpe Generating Station is approximately \$400,000. ([Attachment 2](#))

Whitney Damron, Empire District Electric Company, discussed the costs and effects of complying with EPA regulations. He summarized the replacements that would be required on existing equipment and construction required and noted the estimated cost would be in the range from \$135 million to \$185 million. This estimate does not include several significant expenses, such as possible replacement 92 MW of baseload power at Riverton, cost of emission allowances, the additional fuel cost of natural gas, and other costs. ([Attachment 3](#))

Colin Hansen, Kansas Municipal Utilities, Inc. summarized the estimated impact of the RICE Rule on the Midwest, reported on dual fuel engines, compliance with catalytic converters, the problems in small municipal communities, and the difficulty of paying for expensive retrofits at a time when cities are having declining population. He urged EPA reconsideration. ([Attachment 4](#))

Wayne Penrod, Sunflower Electric Power Corporation, discussed the effects of EPA regulations on Sunflower Electric Power Corporation. ([Attachment 5](#))

Written testimony provided by Earnie Lehman, Midwest Energy, Inc. ([Attachment 6](#))

At the January 17 meeting, the committee requested cost estimates. Joe Dick of BPU, provided a rough estimate of the impact based on the scenario that base rates will increase by 50%. ([Attachment 7](#))

Chairperson announced no meeting would be held on January 19.

Adjournment.

Respectfully submitted,
Ann McMorris, Committee Secretary
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