

MINUTES OF THE SENATE UTILITIES COMMITTEE

The meeting was called to order by Vice Chair Pat Apple at 9:30 A.M. on January 23, 2008 in Room 526-S of the Capitol.

Committee members absent: Senator Emler (excused)

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Mike Corrigan, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:

James Ludwig, EVP Public Affairs and Consumer Services, Westar Energy
John Grimwade, Senior Director Strategic Planning & Development, Kansas City Power & Light

Others in attendance See attached sheet

Status of Nuclear Generation in the US

Jim Ludwig, Westar Energy, presented their perspective on the nuclear power industry and its potential future direction. The United States produces 19.4% of its electric power from nuclear sources. The last operating license for a commercial nuclear reactor was issued in 1995 and the industry has since then concentrated on developing and certifying standard reactor designs. He cited the improvement in output by the Wolf Creek Plant from an average capacity factor of 74% to 91%. Other improvements at Wolf Creek in operations and capacity reflect a 28% increase in annual MW/h production.

Mr. Ludwig noted there are tremendous obstacles to any renaissance in nuclear power - (1) In September 2007 a construction license for a new nuclear power plant in the US for the first time in 30 years was sought; (2) Long term spent fuel storage; (3) cost and how long it would take to bring a plant on-line is unknown. Recent cost estimates for a plant in Florida are in the \$6 to \$9 billion range. If Kansas wants to be ready to enhance its baseload capacity through the expansion of nuclear power, he cited some conceptual statutory changes which would create a more favorable environment for the potential expansion of nuclear power in Kansas. (Attachment 1)

Committee members voiced concern about availability of the water needed for nuclear plants, how the size of a new plant would be determined and the legislation required to move forward.

John Grimwade, Senior Director Strategic Planning & Development, Kansas City Power & Light, noted KCPL's Comprehensive Energy Plan (CEP) represents a balanced approach to meet the needs of their customers. It is composed of affordable, reliable energy; environmental improvements; renewable energy, infrastructure investment and programs to give customers more control over their energy usage. Nuclear alternative not chosen in the CEP due to regulatory and permitting uncertainty and other issues. He noted what the feds and some states are doing legislatively in permitting, tax incentives and loan guarantees. For Kansas, he listed potential issues that may need to be addressed by legislation. (Attachment 2)

Committee asked about conservation, costs for building a nuclear plant, multi-owner relationships. Senator Lee's question: I heard rumors yesterday that KCP&L was backing off with 100 megawatts of wind for 2008 -which was in your original plans with the Serra Club, it was 200 - is that correct?

Grimwade response: Yes, there was a second 100 megawatts - the first 100 was part of the plan for a distributable energy facility; the second one was an obligation for KCP&L to look at for additional wind in 2008 time frame but we collaborated with the partners to see if it made sense. We went to the market, looked at the project and from a business perspective with capital markets and such wasn't a good business decision for our rate payers to proceed.

Approval of Minutes

CONTINUATION SHEET

MINUTES OF THE Senate Utilities Committee at 9:30 A.M. on January 23, 2008 in Room 526-S of the Capitol.

Moved by Senator Reitz, seconded by Senator Taddiken, the minutes of the January 17, 2008 meeting of the Senate Utilities Committee be approved. Motion carried.

Adjournment.

Respectfully submitted,

Ann McMorris, Secretary

Attachments - 2