

Testimony of Kansas Electric Cooperative, Inc. and Kansas Municipal Utilities
Regarding HB 2181 requiring the KCC to annually report on Kansas electric rates.

Neutral with concerns.

House Committee on Energy, Utilities & Telecommunications
Feb. 9, 2021

Chairman Seiwert and members of the House Committee on Energy, Utilities and Telecommunications, thank you for the opportunity to offer neutral comments with concerns on HB 2181. I am Leslie Kaufman, Vice President of Government Relations & Legal Counsel for Kansas Electric Cooperatives, Inc. (KEC). I appear today on behalf of KEC and Kansas Municipal Utilities (KMU).

KEC is the Kansas statewide service organization for 27 electric distribution cooperatives and three generation and transmission cooperatives. KEC represents the interests of, and provides needed services and programs to, the electric co-ops that serve Kansans. Our major programming areas include advocacy, education, and communications. Cooperatives provide electric service to consumer-owners spread over nearly 80 percent of Kansas in 103 of 105 counties.

KMU is the Kansas statewide service organization for 186 municipal electric, natural gas, water, wastewater, stormwater and telecommunications utilities. As a non-profit association established by its member utilities in 1928, KMU is dedicated to serving the training and education needs and legislative & regulatory interests of consumer-owned municipal utilities. The KMU membership ranges in size from some of the largest utilities in the state such as those operated by Kansas City Board of Public Utilities and the City of Wichita, down to some of the smallest utility systems in the state, some serving fewer than 100 customers.

Our associations have long engaged in efforts to increase consumer awareness on a multitude of energy topics, including information on utility rates. As municipal utilities, consumers are the residents of communities across Kansas. For cooperatives, the consumers own the utility. We care deeply about providing useful information to utility consumers. We supported Sub. Senate Bill (SB) 69 (2019) authorizing a two-part study of electricity rate issue in Kansas. But we also want to avoid unnecessary expenses that add to the cost of providing consumers with safe, reliable, and affordable electricity. As such, we respectfully raise the following concerns and/or questions with HB 2181:

- **Why must a state agency be tasked with this study?** As we understand the bill, current, publicly available data could be used by the proponent's staff to craft an analysis of average rates across states. The U.S. Energy Information Administration (EIA) and SNL Global Market Intelligence are just two of the resources available to the public.
- **Will this bill alter time-honored KCC procedures that rightfully protect confidential or commercially or competitively sensitive business information?** The report called for in paragraph (2) "shall contain financial, statistical and narrative information..." We

are concerned that this language might create a potential backdoor for acquiring confidential or commercially or competitively sensitive business information.

- **How will the non-contiguous states be selected for the regional sample? Will that group change from year-to-year?** It is unclear how five of the required nine states will be selected for the regional comparison group. Will the Kansas Corporation Commission (KCC) need to open a docket to select the states or will that fall to staff? Should those states all participate in the Southwest Power Pool? Should it include all the states in our EPA region? Those are just some of the questions that could be asked about the group. No matter the answers, it is clear that Kansas' position in comparison to a "region" could vary greatly depending on which five states are included in the mix. If the group of states changes from year to year, utilities are always being compared to a moving target.
- **Although the KCC report may contain "any other information as the commission deems appropriate" and the report "shall contain" information outlining components of average rates, we are unsure if that is enough to provide needed context?** Rate making is a complex process and the cost of service differs, sometime significantly, from utility to utility. Identifying the impacts of state and federal regulation, especially where that varies among states or regulatory regions, variations in taxing structures among states, the number of consumers per line mile, and load factors are among the many conditions that help contextualize the rate picture.
- **Will the "average" be treated as an average of all utilities or a weighted average of the state?**
- **Will the additional costs to the KCC associated with providing the report required by paragraph (2) be assessed to the state's utilities?** The Sub. SB 69 study carried a hefty total price tag. The cost of that study was pushed back on utilities. Although the fiscal note on HB 2181 is estimated to be less than SB 69/Sub. SB 69, as not-for-profit utilities, we are concerned that the costs of the reporting under paragraph (2) will once again be shifted to utilities. Overall costs of doing business are a direct driver of electric costs for the consumers served by our not-for-profit utilities, so our members are mindful of any additional, governmentally assessed costs, even small ones.

Although the list above is not exhaustive, we believe it illustrates some of the gaps in HB 2181, as originally introduced. We appreciate the opportunity to share our concerns with the Committee. If you have any questions for either of our associations, please feel free to contact us.

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