



February 11, 2021

House Committee on Energy, Utilities and Telecommunications

Testimony re: HB 2180, Requiring changes to electric rates for transmission costs to be approved through an electric utility's general rate case proceedings.

Dear Chairman Seiwert, Vice Chairman Schreiber, Ranking Member Kuether and Members of the Committee:

Thank you for this opportunity to testify in support of HB 2180, which would stop annual updates to the Transmission Delivery Charge (TDC) and require future changes to occur during a general rate case.

My name is Elizabeth Patton, and I am the State Director of Americans for Prosperity in Kansas. Through broad-based grassroots outreach, AFP is driving long-term solutions to the country's biggest problems. AFP activists engage friends and neighbors on key issues and encourage them to take an active role in building a culture of mutual benefit, where people succeed by helping one another. AFP recruits and unites activists in 35 states behind a common goal of advancing policies that will help people improve their lives.

AFP supports HB 2180 because it reforms a top-down energy regulatory approach that is stifling economic opportunity in Kansas. In 2003 the legislature created the Transmission Delivery Charge (TDC) incentive for utilities to invest in transmission. This surcharge created in 2003 is still on ratepayer bills in 2021 despite the goal having been accomplished. Eighteen years to pay for a transmission incentive with no transparency from the utility is the type of top-down policy that hurts consumers and furthers exacerbates energy poverty.

Kansas has fallen behind the rest of the region when it comes to electricity prices and it is due to policies like these being in place. Affordable and reliable energy is a key driver of prosperity and economic opportunity. AFP supports reform to regulatory policies that are not mutually beneficial to the community they are serving.

According to the [Energy Information Administration](#), Kansas has had the highest residential electricity rates in 2020 and 2019, with November 2020 data showing average rates of almost 13 cents per kilowatt-hour, roughly 12 percent above other states in the region and much higher than Iowa, Missouri, Nebraska, and the Dakotas. A [2019 analysis](#) by the Mercatus Center at George Mason University found that the Kansas Corporation Commission has over 5,000 regulatory

restrictions on the books, second only to the Kansas Department of Health and Environment when it comes to accumulated red tape.

Uncompetitive electricity rates can be a key driver of energy poverty – Even a 1 cent per kilowatt-hour change in residential rates could cost (or save) the [average Kansas household](#) over \$100 per year. According to [one estimate](#), over 60,000 Kansas households have incomes of 50 percent or more below the Federal Poverty Level and pay 29 percent of their annual income simply for their home energy bills. COVID-19 has [further exacerbated](#) energy poverty in the U.S., underscoring the need for HB 2180 as a way to fully understand the causes of regionally uncompetitive rates.

The passage of HB 2180 would eliminate an incentive for electric utilities that is outdated and placing an unnecessary financial burden on our communities. Americans for Prosperity is supportive of the passage of this legislation as a step in the right direction to bring down the ever-growing electricity rates.

Thank you for the opportunity to testify today and I will answer any questions you may have.

Sincerely,

Elizabeth Patton
Kansas State Director
Americans for Prosperity