



February 8, 2023
SENATE BILL 68
Opponent testimony
Oral in-person testimony

From:
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On behalf of Spirit AeroSystems

Chairman Olson, Vice Chair Petersen, Ranking Member Francisco, and Members of the Committee:

Good afternoon. Thank you for giving me the opportunity to testify in opposition to Senate Bill 68 and the higher energy costs it proposes to impose on Kansas businesses, the aerospace supply chain, our employees, and communities across the state by eliminating competitive bidding for transmission infrastructure projects.

My name is Heath Koehler. I am Senior Manager for Global Facilities at Spirit AeroSystems and have leadership responsibilities for improving and maintaining 175 buildings at our Wichita headquarters along with 10 other facilities around the world. My team manages about 20 million square feet of manufacturing space, and I also have responsibility for providing oversight for our utility infrastructure needs at each of our 11 sites.

As the largest private-sector employer in Kansas, Spirit is proud to employ more than 11,000 people in Wichita. These highly skilled employees engineer, design, and build complex aerostructures for both commercial and defense customers.

We strongly oppose Senate Bill 68 because it will further increase energy costs and establish higher transmission delivery charges on electric bills for our operations along with other Kansas industrial users, businesses, and residents. These higher electric charges are not one-year events. Once approved, the cost recovery mechanism for transmission infrastructure is embedded into electric bills for decades.

We have state antitrust laws to enforce competition in markets as the best public policy to provide benefits produced by competition. The benefits of competition include innovation, higher quality of service, and lower prices.

Senate Bill 68 would give utility monopolies – who already operate in service territories without competition – no-bid contract opportunities for transmission projects worth hundreds of millions of dollars.

In 2022, we have a recent example of how competition materially lowered costs for a large transmission project, as evidenced in testimony before the Kansas Corporation Commission in

Senate Utilities Committee

Date: 2-8-23

Attachment: 4

Docket No. 22-NETE-419-COC regarding the construction of the “Blackberry Electric Transmission Line.” Because of competitive bidding, the winning contract resulted in saving ratepayers \$31 million to \$65 million. Put another way, if Senate Bill 68 were law, ratepayers would have paid up to \$65 million more to the incumbent monopoly.

And that is just one example from one recent project.

Competition drives costs down for transmission projects, even if the incumbent utility ultimately wins the bid. Senate Bill 68 is an anti-competitive proposal to create a no-bid legislative entitlement for utility monopolies to construct more transmission lines. Eliminating competition in this manner would only increase costs on ratepayers and does not serve the best interests of our business, our suppliers, or our employees.

At Spirit AeroSystems, we estimate that in 2023, transmission delivery charges from our utility provider will comprise more than 22% of our electric bill. We strongly oppose Senate Bill 68 that will increase these transmission delivery charges even more, making the cost of operating our facilities in Kansas more expensive for decades.

The final comment I will make is that the rights of monopolies are enumerated 10 times throughout Senate Bill 68. The bill proposes to protect an incumbent monopoly’s right to “construct,” right to “upgrade,” right to “own,” and right to “maintain” new transmission lines within its service territory.

However, not once does this monopoly bill of rights contemplate ratepayer rights. We find numerous instances of special non-compete rights proposed for monopolies. But no rate protections are proposed for our business, our employees, our suppliers, or any of the approximately 1.5 million retail electric customers in Kansas.

We respectfully urge members of this Committee to oppose this monopoly bill of rights and reject the higher energy costs that would burden our state. We instead ask for you to support ratepayers by advancing proposals that lead to more competitive electric rates for all Kansans.

Again, thank you for giving me the opportunity to testify. I look forward to answering your questions.