



Testimony Provided to the
House Energy, Utilities & Telecommunications
March 19, 2019

Kimberly Gencur Svaty on behalf of Kansas Municipal Utilities

In Support of Senate Bill 69

Kansas Municipal Utilities (KMU) is the statewide association for municipal electric, natural gas, water, wastewater and telecommunications utilities. Headquartered in McPherson, Kansas for its nearly 90-year history, KMU's primary functions includes all-elements of utility operation and training for city staff, council members and mayors; public water supply programming; advocacy; communications; and workforce development. On behalf of our 184 member communities, KMU stands to support Senate Bill 69.

As a participant in the work group which meshed SB 69 and SB 181, I can affirm that the bill before you attempts to achieve objectives many lawmakers were hoping to accomplish this session. In January, the Kansas Corporation Commission (KCC) published an expansive study on the cost-drivers for price escalations over the last ten years. The study explained why Kansas ratepayers enjoyed lower-than average electric rates from the mid-1980s to the mid-2000s. The study explained why and how costs increased in the last decade to the national average. Many lawmakers want to ensure that electric rates are more stable for the next ten or twenty years.

- SB 69 is a forward-looking rate study rather than another expensive historical retrospect.
- SB 181 would have created an energy policy taskforce with a diverse set of stakeholders that would have come together to study the various topics put forth in SB 69 as well as several other topics such as the impacts of economic development incentives on electric rates. The bill before you is not a taskforce, but rather a study bill as always considered in SB 69. The bill does include most of the same topics for study as in SB 69 and SB 181.
- The energy industry has changed rapidly in the last 5-10 years and the rapid change is expected to continue. The changing nature of generation – how and where power is produced and how power is transmitted and dispatched will have tremendous ramifications on electric utility pricing. SB 69 should help articulate for policymakers some of the issues impacting utilities and hopefully may afford some policy options so Kansas utilities can work with policy makers, businesses – large and small, residential

ratepayers and our communities to ensure we can continue offering safe, reliable, affordable power that will allow our state to flourish.

Conclusion

Municipal utilities typically undergo a lengthy process when changes are needed to utility rates. The process includes engineering analysis and evaluating the cost of service for each customer class. The process always includes numerous opportunities for municipal utility customers to have their voice heard about the potential impact of rate changes.

The core principle driving all municipal utilities is control and oversight of their operations by a locally-elected council, commission or board. All customers have a voice in utility decisions and ratemaking. Industrial customers, bringing much-needed jobs and tax revenue into a community have a strong voice in local decisions.

There is no greater model for the public interest than democratic governance, and that is what Kansas municipal utilities have been providing for more than a century. We understand the current interest in electric rates in Kansas, which is why we support legislation that can both study the unique situation that exists right now and learn from all the electric utilities in Kansas as to how their rates are set. We respectfully ask for you to consider SB 69 favorably.