



**Kansas House Energy, Utilities and Telecommunications Committee
Testimony in Support of SB 69**

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

Good morning. Thank you for giving me the opportunity to testify before your committee in favor of SB 69, a study bill that would help the state begin addressing uncompetitive electricity rates. By taking a common-sense, collaborative approach with input from multiple stakeholders, SB 69, as amended, proposes ways we can work together toward helping businesses – large and small – remain competitive in an ever-expanding global economy.

My name is Adam Pogue. I am Vice President for Manufacturing Services at Spirit AeroSystems with leadership responsibilities for facilities services, tooling, and global facilities management for our seven manufacturing and assembly sites. This includes responsibilities for managing our utility infrastructure and contracts across more than 15 million square feet of global manufacturing space. More than 12 million square feet of that manufacturing space is located in Wichita.

Spirit employs about 16,000 people worldwide designing and building complex aerostructures for both commercial and defense customers. More than 12,500 of those employees are located at our headquarters in Wichita. Additionally, we have U.S. manufacturing sites in Oklahoma and North Carolina with global operations in the U.K., France, and Malaysia. The company's core products include fuselages, pylons, nacelles, and wing components for the world's most recognizable airplanes.

Today's high electricity rates in Kansas create barriers for businesses seeking to expand or locate their operations in the state. This is true for Spirit and other large industrial users, and it is true for many of our 500 suppliers located across the state.

As many of you already know, Spirit over the prior 15 months announced two large expansion projects in Wichita resulting in the creation of 2,400 new jobs. In addition to these new jobs, we announced our plans to invest \$1 billion in capital projects over a five year period at our Wichita site.

We are fortunate to have found ways to compensate for uncompetitive electricity rates and forge a path forward that includes economic expansion and thousands of new jobs for Kansans. But we have done this in spite of high electricity rates, not because they were competitive within our region or even from a national perspective. Every time Spirit considers where to expand operations or place new work, the high rate of electricity always goes in the negative column for Wichita. We would love for our utility rates to become a competitive advantage that we could place in the positive column.

We believe the facts are overwhelmingly clear in demonstrating all rate payers across classes are charged more compared to what they would pay in surrounding states.

Looking at the price per kilowatt hour, Spirit's Kansas electric rate is more than 25 percent higher than our Oklahoma rate. The disparity is even more evident when we look at our North Carolina site. Spirit's Kansas electric rate is more than 35 percent higher than our North Carolina rate.

While we are committed to growing operations in Kansas, we also announced plans to expand operations at our Tulsa facility that will result in about a 20 percent increase in that site's employment over the next few years. And Spirit is in the middle of a previously-announced acquisition that – if the deal closes – will result in a third Spirit Oklahoma site that has significant capacity for expanded operations along with manufacturing sites in three other countries. As we expand our manufacturing footprint around the world, we will continue to carefully consider where it makes the most sense to place new work packages.

Many of you read about the publicly-announced expansions and new programs we have won, but there are many others where we couldn't close the business case. This is true for other businesses operating in the Kansas. It is great to talk about the economic wins across the state, but we also need to account for the missed opportunities and address barriers that prevent businesses from winning and locating even more work here. As with any business pursuit that relies on advanced manufacturing technology, high utility costs will always be a contributing factor in an uncompetitive bid.

It is important to note that high electric rates not only affect large industrial users, but there are many small and medium sized businesses that are directly and indirectly impacted by uncompetitive rates. When Spirit is able to expand its manufacturing operations in Kansas, that often creates opportunities for an economic ripple effect throughout our 500 Kansas suppliers along with other businesses in the region.

In closing, I believe Kansas is at a crossroads. The legislature must decide if regulators have done a great job supporting efforts to build a more prosperous economy, or if it is time for a more comprehensive and strategic examination of ways we can work together to achieve more competitive electricity rates for everyone.

We believe it is time to change the narrative in Kansas and work toward common-sense solutions that puts our state in a better position to attract more economic growth.

We urge this Committee to support SB 69, a common-sense study bill, which will provide meaningful options for putting our state on a new course toward stronger economic growth and an expanded customer base that will benefit all ratepayers.

We look forward to working with you to further improve the value proposition Kansas can offer for businesses seeking to grow operations and create jobs.

Thank you for giving me the opportunity to testify.