

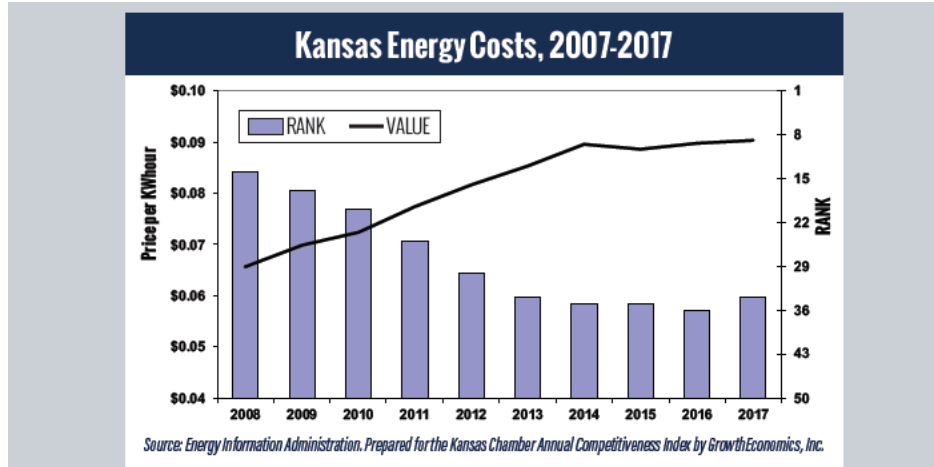
**House Committee on Energy, Utilities and Telecommunications
Testimony in Support of Substitute for Senate Bill 69
Presented by Eric Stafford, Vice President of Government Affairs**

Tuesday, March 19, 2019

Mister Chairman and members of the committee, my name is Eric Stafford, and I serve as Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of Substitute for Senate Bill 69 which requires the Legislative Coordinating Council to authorize an independent study of retail rates of Kansas electric utilities.

Businesses in our state have access to a variety of reliable energy sources. However, rising energy costs are a relatively new issue to the state. Looking at the chart below, Kansas had a strong ranking in the top 15 states in 2007-2008, before starting to slip in our national ranking for affordable energy costs. Kansas now ranks 34th in the nation according to data collected in our annual competitiveness index (ACI) conducted by Graham Toft with GrowthEconomics.

This increase in utility rates led to our board of directors approving language in our 2019 legislative agenda supporting *“a legislative study on the competitiveness of Kansas energy rates, including electric generation deregulation, and recommendations to improve our regional ranking.”*



What does it mean?

Although of less importance than labor, health insurance, and taxes, energy costs are nonetheless a core concern of employers, especially for manufacturing industries, and are highly variable across states. Kansas experienced a steady increase in industrial and commercial electricity prices between 2008 and 2014, resulting in a drop in its ranking from 14th to 35th. Kansas prices and its rank have stabilized in the past four years. In 2017, a slight increase in energy costs relative to other states improved its ranking to a current 34th place up from 36th the year before.

The Kansas Chamber holds a unique position of representing both ratepayers, and utilities. While in the Senate, we worked closely with our utility members who had concerns with SB 69 as introduced, and

our ratepaying members who were supportive of the initial version of the legislation. Negotiations led to an agreement on the language before you today accomplishing the goal of our board's position to approve an independent study, and recommendations going forward to get Kansas back to a more competitive position in its electric energy costs.

We appreciate the opportunity to testify in support of Substitute for Senate Bill 69. I am happy to answer any questions you might have at the appropriate time.