



**Testimony of Kansas Industrial Consumers Group
In Support of SB 339
House Energy, Utilities & Telecom Committee
March 10, 2020**

The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The core companies that comprise KIC account for over 40 percent of Evergy Central's (Westar's) industrial sales. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.

Any economic development professional will tell you energy rates are a factor in the site selection for a company, whether it's to relocate to Kansas, expand current operations or simply to stay in business. This is especially true of energy intensive companies like manufacturers, the very companies Kansas is trying to lure to the State to create new employment opportunities and broaden the tax base for everyone.

In its 2019 electric rate report, the KCC highlights the beneficial impact on utility rates when new industrial customers locate in Kansas. The reason for this is simple: additional customers and associated electric load allows fixed utility costs to be spread over more units of sale, lowering rates for all customers (including residential).

Unfortunately, high electric rates on the Evergy system pose a challenge to recruiting large customers. That's where the economic development rates outlined in SB 339 can assist. To address the barrier of high rates, SB 339 provides several different tools to Evergy and the KCC. Under this bill, the KCC is authorized to approve contract rates to retain and attract extremely large industrial customers. The bill would also allow standardized economic development rates to attract certain high-value customers.

Under this legislation, customers – including our members – would be required to reimburse Evergy, with interest, for the cost of offering the discounted rates. While KIC expects the benefits of adding substantial new load to the system should outweigh these costs, other stakeholders may understandably be concerned with the cost-recovery elements of this bill. KIC would welcome additional dialogue on improvements that may protect customers and maximize economic impact.

While SB 339 won't solve our overall challenge with rates, it provides a short-term solution for eligible customers to address a current economic barrier preventing investment in Kansas. We're pleased to see Evergy take action to increase demand for electricity and investment in our communities. KIC supports the passage of SB 339.

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