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**Opposition to Senate Bill 69
Before the Senate Utilities Committee -- Feb 19, 2019**

**Presented by Bruce Graham, Chief Executive Officer, Kansas Electric Cooperatives, Inc.
On behalf of
The Electric Distribution Cooperatives in Kansas
Sunflower Electric Power Corporation
Midwest Energy, Inc.
Kansas Electric Power Cooperative, Inc. (KEPCo)**

Chairman Masterson and members of the Senate Utilities Committee, thank you for the opportunity to appear today on behalf of Kansas Electric Cooperatives, Inc., (KEC). KEC is the Kansas statewide service organization for 28 electric distribution cooperatives and three generation and transmission cooperatives. Formed on August 18, 1941, and headquartered in Topeka, KEC represents the interests and provides needed services and programs to the electric co-ops that serve Kansans. Our major programming areas include advocacy, education, communications and safety/loss prevention.

We stand in opposition to SB 69. But not because we don't recognize and understand the frustration with utility rates. It is well documented that utility rates have been rising and you have received very thorough reports from the Kansas Corporation Commission and Evergy explaining the drivers of Evergy's recent rate increases. Both reports also call attention to the expectation that the merger will provide rate relief.

Electric co-ops have also been impacted by the cost increases identified in those reports and an analysis of the effect of those rising wholesale generation and transmission rates on cooperative and municipal utility rates is called for in SB 69. But the bill also contains approximately 40 other topics to be studied by the end of this year. The proponents appear set on using one or more independent consultants to produce that review. Ironically, the stated goal by sponsors of SB 69 is to lower rates – but a conservative estimate is that the hiring of consultants to do this analysis will cost well over \$1 million. And SB 69 proposes that the utilities in Kansas will have to pay for the study, which means Kansas ratepayers will ultimately pick up the tab.

Additionally, the way SB 69 is written, the consultant will take input only from “residential, commercial and industrial customers and advanced energy stakeholders.” The utilities, on the other hand, are obligated to meet any relevant information request. So, instead of creating a process that brings Kansas stakeholders together to explore meaningful policy, our electric cooperatives and the other utilities will be responding to a flood of data requests “when requested.” Or, conceivably, may never be consulted.

Although the changes in section 2(b) of the bill are not lengthy, they carry powerful implications. Proponents claim it is merely a directive to the KCC to including finding of facts on rate increases. But it will change the administrative hearing process and complicate the decision-making process. For example:

- What is a “comparable public utility?” Is that same fuel source, similar output, similar environmental retrofits or all of the above and more?
- What level of rate difference is unreasonable and what if “reasonable” does not cover actual costs?
- How long is it going to take to have an economist project the impact of a rate change on the Kansas economy?

We have heard proponents of SB 69 request a real energy policy for Kansas. We agree that such a dialog and discussion would be beneficial for your constituents and our consumer-members. But SB 69 doesn't get us there. Frankly, most of SB 69 appears to be a compilation of grievances that individuals or groups have had with utilities and regulators in the past. Many of the topics in SB 69 won't make a difference in rates and are certainly not forward looking.

The utility industry is changing and evolving rapidly and there are many topics that should be studied that could impact rates and reliable service. The electric cooperatives support that discussion – but we believe there can be a better, more inclusive and thoughtful approach.

Therefore, on Thursday, we will be advocating for the merits of SB 181 which creates the Kansas Energy Policy Task Force. The electric cooperatives and all other utilities in the state have worked together on this bill that sifts through and retains many of the study points in SB 69 and adds a few relevant topics from the utility perspective that could make a difference in rates and reliability. More importantly, it encourages discussion on forward looking energy policy ideas by a group of 25 stakeholders representing a cross-section of consumer classes, renewable technology representatives, the electric utility industry and government policymakers.

This is not an effort to roadblock or divert genuine discussion. It does not slow down initiatives or solutions. Even if a consultant could deliver a thorough study on the overwhelming hodgepodge of topics envisioned in SB 69, the report would then need to be analyzed for legislative solutions. Bills would need to be drafted and without assurance of meaningful utility input as dictated by SB 69, this could lead to contentious and protracted discussion about think-tank concepts that may not fit in Kansas and never get approved in the Legislature.

The Kansas Legislature has seen how a robust and thoughtful policy approach to vital issues can lead to success. The Legislature has put together real plans to tackle issues on important infrastructure work that is critical to the needs of all Kansans; issues like a comprehensive transportation plan and a water vision framework have truly led to meaningful policy dialog. SB 69 does not get us to a public policy conversation that the state truly deserves.

Before any action is considered, we encourage a look forward at the merits of SB 181. It offers a real opportunity for Kansas stakeholders to contribute to a thoughtful and robust energy plan and timely legislative initiatives for our state in the future.