

BEFORE THE KANSAS SENATE COMMITTEE ON UTILITIES

SENATE BILL 69

TESTIMONY OF STEVE W. CHRISS ON BEHALF OF WALMART INC.

FEBRUARY 19, 2019

Chairman Masterson, Vice-Chair Petersen, and all members of the Committee, thank you for the opportunity to submit this testimony in regards to SB 69, which would require an independent study of Kansas electric utility rates and require the Corporation Commission to include rate competitiveness in its evaluations of just and reasonable electric rates for regulated utilities.

My name is Steve W. Chriss, and I am Director, Energy Services, for Walmart Inc. (“Walmart”). My job responsibilities include management of state level utility rate matters, including regulatory dockets such as those before the Corporation Commission, and utility-related legislation.

Walmart has made a large investment in Kansas and we are the largest private employer in the state, with almost 21,000 associates at 84 stores and one distribution center. Additionally, Walmart supports other local businesses. In our fiscal year ending 2018, we spent \$3.2 billion with Kansas-based suppliers, supporting over 67,000 supplier jobs in the state.¹

Walmart takes electric service from 22 electric utilities in Kansas and is a major customer of Eversource in both its legacy Kansas City Power & Light and Westar Energy territories. Since 2006, the cost per kilowatt-hour (“kWh”) of electricity delivered to our facilities has increased 50 percent for all utilities statewide, and has increased 49 percent for Westar Energy and has almost doubled at 95 percent for Kansas City Power & Light. Kansas electric rates are not competitive with rates in surrounding states either. Walmart’s cost per kWh delivered is 10 percent lower in Missouri, 13 percent lower in Colorado, 18 percent lower in Arkansas, 19 percent lower in Nebraska, 24 percent lower in Iowa, 25 percent lower in Texas, and 36 percent lower in Oklahoma.

There are several causes for the high electric utility costs experienced by Walmart in Kansas, including the new costs that have been included in rates during the last 15 years as well as ratemaking practices and rate designs that disfavor the customers that most efficiently use electric infrastructure and create subsidies between and among customer groups. Walmart recognizes that electric utilities have a duty to provide safe, adequate, and reliable service, and should have the opportunity to recover their reasonable and prudent costs and earn a reasonable return on their investments. However, it is important that customer impacts are at the forefront of Corporation Commission decision-making and that customer interests are fully balanced with utility shareholder interests.

Walmart supports SB 69’s proposal to set forth a timely and independent review of the past, present, and future of the Kansas regulatory and ratemaking landscape. Additionally, Walmart appreciates the bill’s recognition of the need for Kansas electric rates to be regionally competitive and for a sense of accountability to customers for the impacts of regulatory decisions.

¹ <http://corporate.walmart.com/our-story/locations/united-states#/united-states/kansas>.

Walmart believes that traditional rate cases remain the best mechanism for the review of utility costs and rates and that the regulatory process in Kansas is not broken. However, with the rate case stay-outs for Evergy in place, Kansas has a rare opportunity to examine regulatory and ratemaking policy to ensure that customer interests are fully protected and that customers have the opportunity to reap the benefits of new technologies and ways of operating their homes and businesses.

Walmart recommends that the Committee pass SB 69.