



Testimony of Evergy
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For the Senate Committee on Utilities
SB 339-Proponent Testimony

February 12, 2020

Chairman Masterson and members of the Committee:

Thank you for the opportunity to provide our views on SB 339 on special electric rates for economic development. Internally, we refer to it as SEED, because that is exactly how it functions. It's a seed you plant to help create business growth in Kansas that benefits everyone.

Kansas has been at a disadvantage when it comes to competition for large-scale projects nationally because of limitations with the existing economic development riders (EDRs). Passage of SB 339 will create consistency in Evergy's service territory in how we apply EDRs.

This concept has been successful in Missouri. The concept was used to help bring 250 high-paying jobs to Sedalia, where they opened the first all wind-powered steel mill in the United States. The company, Nucor, said that this fixed, long-term rate was critical to its decision to build in Missouri.

The mechanism proposed in SB339 allows Evergy or another energy provider to negotiate a rate that uses existing or incremental generating capacity for new or existing customers. The KCC must approve the rate. Because Evergy's rates are already fixed, this special rate does not impact other customers. In addition,

these tools have many downstream effects that benefit other customers. A business with large, new electric load will help reduce rates for all customers through direct and indirect benefits.

The bill also aligns Kansas and Missouri's standard EDRs. Customers who bring new or increased demand to the system equal to or greater than 200 KW (ex. retail box store or a large hotel) will receive a 20% average discount over a five-year period. To qualify, customers also must have received state or local incentives and run a minimum of two shifts, six days a week or make a significant investment in jobs. This will put Kansas and Missouri on the same footing for attracting or retaining businesses.

There is also an enhancement to the Standard EDR for customers bringing new or increased demand of at least 300 KW (ex. medium to large manufacturing facility) to the system. These customers would receive a 40% average discount each year for five years. Again, to qualify, a customer would need to receive state or local incentives, and their operations must run a minimum of two shifts, six days per week.

Last week, this committee heard a summary of LEI's rate study, which concluded that EDRs are a tool that can help make Kansas' electric rates regionally competitive. Evergy is eager to see Senate Bill 339 advance, and we greatly appreciate those businesses and organizations who are also testifying today in support of this bill. We look forward to these proposed changes having a positive impact on the Kansas business community and in making Kansas more regionally competitive.

Thank you, committee, for the opportunity to appear before you today in support of Senate Bill 339.