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Testimony of Cavern Technologies *Sean Khurana, President and COO*

For the Senate Utilities Committee
In Support of SB339
February 12, 2020

Chairman Masterson and members of the Committee:

Thank you for allowing us the opportunity to provide input on Senate Bill 339 which would amend existing regulations to create consistency between the economic incentives in Evergy's Missouri and Kansas territory. Cavern Technologies strongly supports SB339.

Cavern Technologies is one of the largest colocation data centers in the Kansas City area and the only area data center 100% based in the state of Kansas. Our clientele spans all industries and includes local, regional and national organizations ranging from mid-sized companies to Fortune 1000 businesses. Industrywide we are experiencing increased demand for data center space as the information technology needs of businesses grows. Cavern's business is growing as well, and we compete aggressively each day in the bidding process with data centers both regionally and nationally.

As you are probably aware, the data center business is highly competitive and clients are attracted to specific markets based largely on their calculations of the total cost of ownership. Energy cost is one of the biggest drivers within those calculations. From a historical framework, when Cavern launched its business in 2007, the power cost per kilowatt hour in Kansas was at the lower end of the nation. As a result, in the past we could compete for the business nationally with just baseline rates. Fast forward to 2020 and we find ourselves in a position where rates have gone up comparatively. Today, rate incentives could make a big difference in our ability to be competitive in winning new accounts. Some specific points of the bill we would like to address:

- The proposed special pricing for 50MW and above would position Cavern's data center for a large customer segment that we are not currently competitive with today. In the data center business, that could be a single customer or colocation with a few large customers.
- The proposed Economic Dev Rider (EDR) of 20% average discount over five years equal to one year of power free for 200KW projects: Many customers in data center space ramp up slowly and to be able to get discounts in the later years would improve their ROI. We would propose having the flexibility to spread out the incentive over the five years based on customer needs.
- The EDR of 40% average discount over five years equal to two years of power free for 300KW projects: We strongly believe that this could be a significant differentiator for Kansas data centers that want to be competitive nationally. We would like to have the ability to spread out the incentive over the five years based again on customer needs.

The data center business is capital intensive and every opportunity for attracting new clientele and expansion means new capital is brought to our community and the state of Kansas. While our business is largely automated, each of our data center buildouts drives significant job opportunities through our vendors, partners and clients in the state of Kansas.

Committee, we appreciate the opportunity to offer our opinion on this important legislation. Thank you for your consideration.