

**Senate Committee on Utilities**

**Testimony in Support of Senate Bill 349**

**Presented by Eric Stafford, Vice President of Government Affairs, Kansas Chamber**

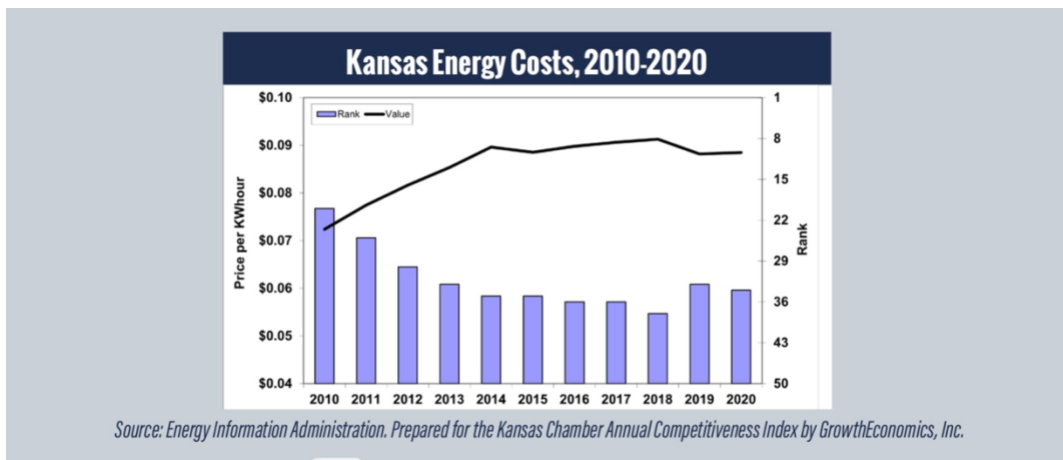
**Tuesday, February 15, 2021**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. We appreciate the opportunity to testify in support of Senate Bill 349, which places restrictions on the Kansas Corporation Commission on utility rate increases in the state.

SB 349 is a straightforward bill intended to curb Kansas' above average energy prices by stating the KCC cannot approve any increase in retail electric utility rates greater than 1% over the previous year's total retail rates, or an average of 1% per year if the electric public utility does not file for a rate increase in two or more subsequent years. These provisions expire in 10 years- a temporary solution to help curb high energy costs.

That said, SB 349 also contains generous exemptions. Excluded from calculation are power, fuel and energy cost adjustments. The rate limitation would not apply if the commission determines:

- 1) A rate increase of more than 1% is necessary to protect reliability of service; or
- 2) There would be a material negative impact to such electric public utility credit rating if a rate increase exceeding 1% was not approved.



Rising energy costs have been an issue for several years now among our membership, especially the industrial and manufacturing segments. Our organization supports free market, open competition with as little regulation as possible. I know it will be asked how then can we support price controls? Our response is that the KCC currently regulates prices today for a regulated monopoly that, by law, is provided with a guaranteed return on investment. We are not operating in a free market with open competition. Without open competition, we've seen Kansas' ranking drop from 14<sup>th</sup> to 32<sup>nd</sup> in the nation for cost per KW/hour.

The economist who conducts the Chamber's Annual Competitiveness Index wrote in December:

“Highly variable across Kansas, energy costs are a growing concern for employers, especially for manufacturers and information service providers. Kansas experienced an increase in industrial and commercial electricity rates between 2008 and 2018, resulting in a drop in its ranking from 14th to 39th. It rebounded somewhat in 2019 and 2020 but remains in the low to mid 30’s in rankings.”

In closing, we would ask for your support of SB 349. Thank you for allowing us to testify in support of SB 349, and I’m happy to answer questions at the appropriate time.