

House Committee on Energy, Utilities and Telecommunications

Testimony in Opposition to House Bill 2527

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

Thursday, February 1, 2024

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 opposition to House Bill 2527, a bill introduced by Evergy to modify the state's regulatory climate in several areas at the detriment of Kansas ratepayers.

It has been no secret that Kansas ratepayers, and our members, are frustrated with high electricity rates. Our ratepayer members have given us a clear and strong message to take whatever steps necessary to help bring Kansas back into a competitive position on rates. We have increased our engagement not only at the statehouse on policy decisions, but also for the first time in my 13 years at the Chamber, we intervened in an Evergy rate case before the Kansas Corporation Commission.

As drafted, the four proposed changes to Kansas energy policy will have an adverse effect on ratepayers. First, HB 2527 proposes what's known as plant in service accounting, allowing Evergy to collect depreciation and return on their assets once they are used instead of the current law through a rate case at the KCC. Second, HB 2527 calls for a change in the return on equity for KCC to consider, providing a higher rate of return than currently allowed.

Third, HB 2527 modifies the economic development discounts available to large energy users. Part of the change here is to bring the Kansas program in line with Missouri for the duration of eligibility which does improve our competitiveness for investment. However, we must ensure existing ratepayers do not see an increase in their costs because of additional development brought to the state through these discount programs. And last, the bill proposes construction surcharges where Evergy customers would be on the hook to finance Evergy's system build out without proper safeguards for ratepayers.

In closing, we respectfully ask the committee to oppose House Bill 2527 as introduced. We have been in conversations with Evergy representatives and those talks have been positive. Until we can reach an agreement, we believe the bill in its current form will continue to place undue strain on ratepayers in the state. Thank you for opportunity to testify in opposition to HB 2527 and I'm happy to answer questions at the appropriate time.