

**TESTIMONY TO THE SENATE COMMITTEE ON UTILITIES
IN OPPOSITION OF SENATE BILL 209 REGARDING "BILL UNBUNDLING"**

MARCH 15, 2017

Written Only

**KENNETH J. MAGINLEY, GENERAL MANAGER
BLUESTEM ELECTRIC COOPERATIVE, INC.
Wamego, Kansas**

Joined in the testimony by:

**BUTLER RURAL LELECTRIC COOPERATIVE AOSSOCIATION, INC.
El Dorado, Kansas**

**CMS ELECTRIC COOPERTIVE, INC.
Meade, Kansas**

**FLINT HILLS ELECTRIC COOPERATIVE ASSOCIATION, INC,
Council Grove, Kansas**

**LANE-SCOTT ELECTRIC COOPERATIVE, INC.
Dighton, Kansas**

**LYON COFFEY ELECTRIC COOOPERATIVE, INC.
Burlington, Kansas**

**NINNESCAH ELECTRIC COOPERATIVE ASSOCIATION, INC.
Pratt, Kansas**

**SEDGWICK COUNTY ELECTRIC COOPERATIVE ASSOCIATION, INC.
Cheney, Kansas**

**TWIN VALLEY ELECTRIC COOPERATIVE, INC.
Altamont, Kansas**

Chairman Olson and members of the Senate Committee on Utilities:

I am Ken Maginley, General Manager of Bluestem Electric Cooperative, Inc. Bluestem, as we call ourselves, is an electric distribution cooperative headquartered in Wamego, Kansas and serving approximately 7,100 members with electric service in eleven counties in northeast and north central Kansas. Our electric service territory is approximately 6,200 hundred square miles ranging from western Jackson County to eastern Cloud County east to west and the Kansas/Nebraska state line north of Washington, Kansas to a southern territory line running from just east of Junction City to approximately four miles north of Eskridge, Kansas. Bluestem is the result of a consolidation of two electric distribution cooperatives in 1999. C&W Rural Electric Cooperative Association, Inc. (C&W) located in Clay Center, Kansas and P.R.&W. Electric Cooperative Association, Inc. (P.R.&W.) located in Wamego, Kansas consolidated to form Bluestem.

I am proud to be joined in this testimony by the other cooperatives listed above.

My comments are directed to challenging the need for proposed Senate Bill 209. As I read the proposed bill I interpret it to attempt to "unbundle" all costs that are incurred to provide electric service. On the surface that may be interesting, however, I question why or who may be requesting this breakdown of information on the bill. As the General Manager of Bluestem for over thirty-five years, this is not the

information that our customers request. We have continually shown information on our bills that help our members understand what they are paying for when it comes to their electricity purchase. We have changed the information displayed over the years to better accommodate an understanding of the billing components for our members when it was needed or identified as something that would better identify a change we were making to the billing.

Bluestem is governed by a member-elected board of trustees who are also members of the cooperative. They live as neighbors to those that elected them and they provide an immediate sounding board to the member-consumers when issues and or information regarding the cooperative is desired. It is presumptuous to think that the legislature without strong input from the majority of electric members (in our case) or electric customers across the state would think they know better what information is needed on an electric bill. I suspect that the desire to “unbundle” the electric bill is being advocated by those outside the state with an ultimate goal to establish retail choice in Kansas. As a rural electric cooperative in Kansas, over 96% of our electric sales are to residential, small commercial and irrigation customers. Large industry may benefit from retail choice, however, retail choice would increase the costs to the residential, small commercial, irrigation and other smaller usage customers in the state.

Retail choice will increase costs to the majority of electric rate payers in the state. The proposed legislation identifies twenty-two different items that would be mandated on every electric bill. Who thinks these are the most important items to display? (My guess is those that are seeking retail choice). Why not identify with a line item the amount of property taxes that each customer pays through their electric bill each month? Additionally, just the act of forcing the unbundling of electric bill information through legislation will in and of itself increase costs for providing electric service. There will be significant costs to our members to redesign and reprogram bill presentation and bill information. Redesigning and reprogramming costs will not be limited to a one-time effort. These will be ongoing costs. Additionally, there will be a cost related to staff time needed to educate and answer the member’s questions regarding the changes in billing information.

The Kansas Corporation Commission, the city commissioners for municipal utilities and the cooperative boards for electric cooperatives do a tremendous job of administration and oversight of existing billing rules and practices. I would suspect that if the Kansas Corporation Commission, city commissioners or electric cooperative boards were asked, a legislator would find that there is not a clamor from rate payers for additional information being added to an electric bill from what is already provided. It certainly has not been something that Bluestem members have asked for in over thirty-five years and they certainly do not need something that will add to their cost without adding any benefit.

Thank you for allowing me to express my thoughts on proposed Senate Bill 209. I respectfully request that the Senate Committee on Utilities reject this “unbundling” bill recognizing that rejecting this bill will protect the significant majority of Kansas electric rate payers from those few large industries that are seeking to implement retail choice (or as it should really be called – RETAIL COST SHIFTING).

Respectfully submitted,
Kenneth J. Maginley
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Bluestem Electric Cooperative, Inc.
Wamego, Kansas