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Testimony to Kansas House Energy, Utilities, & Telecommunications Committee

House Bill 2154

AN ACT concerning public utilities; relating to the regulation and oversight of public utilities; providing for the statewide election of the commissioners of the state corporation commission; requiring the office of the attorney general to represent and protect the collective interests of utility customers in utility rate-related proceedings before the state corporation commission and in any other judicial or administrative proceeding; exempting the state corporation commission from the open meetings act

Edward P. Cross, President
Kansas Independent Oil & Gas Association

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Good afternoon Chair Delperdang, Vice Chair Turner and members of the committee. I am Edward Cross, President of the Kansas Independent Oil & Gas Association (KIOGA). KIOGA represents thousands of independent oil and natural gas explorers and producers, as well as allied service and supply companies. With nearly 3,000 members across the entire state, KIOGA is the lead state and national advocate for the Kansas independent oil and natural gas industry. I am here this afternoon to express our opposition to House Bill 2154 (HB 2154).

The Kansas oil and gas industry is strongly opposed to HB 2154. HB 2154 attempts to restructure the Kansas Corporation Commission (KCC) in response to high electric rates. Like all citizens in Kansas, KIOGA is concerned about high electric rates. Kansas has one of the lowest electric generation prices in the U.S., but by far the highest retail electric rates in the Midwest.

We need to find solutions to high Kansas electric rates and KIOGA looks forward to participating in discussions on ways to help address electric costs. We have ideas that we can share and discuss. However, changing the KCC structure to make KCC Commissioners elected positions is a non-starter for us.

HB 2154 is not the answer. KCC Commissioner responsibilities require qualified professionals with high-level analytical skills and an objective apolitical approach to complex issues. It does not serve the public interest to have complex utility and other energy issues being decided by politicians.

It is good that KCC Commissioners are appointed rather than elected. Establishing KCC Commissioners as elected positions would allow wealthy special interests to flood elections with vast amounts of spending and make it more difficult for everyday Kansans to have their voices heard as elected commissioners would favor policies that prioritize their donors. There have been instances in agencies that have elected commissioners in other states where periods of spending on commissioner elections exponentially increased and coordination between PACs and candidates resulted in the Commission being unable to act on major issues. Such instances turned the commission into a matter of who has the most leverage and power to win elections, rather than who can do the best job as a commissioner.

The current system of having KCC Commissioners appointed by the Governor has worked well in Kansas. Commissioner performance reflects on the Governor who appointed them. That makes it important for a governor to appoint qualified professionals to the commission. In addition, governor-nominated appointees must come before the Senate Utilities Committee for a confirmation hearing and vote and then be approved by a full Senate vote.

It should be noted that the KCC regulates not only utility rates, but also motor carrier transportation, pipeline safety, telecommunications, and oil and gas exploration & production. The Kansas oil and gas industry generated nearly $3.6 billion in output in 2022, supporting over 100,000 jobs and $3 billion in family income. The Kansas oil and gas industry is consistently one of the top industries in Kansas in terms of gross state product.

Environmentally responsible oil and natural gas production requires effective regulation. KIOGA believes in the state regulatory process. The KCC Oil and Gas Conservation Division is very effective at regulating the Kansas oil and gas industry. They have a record of responding to new conditions and altering their requirements to effectively manage environmental risks. I am a Kansas Associate Representative to the Interstate Oil & Gas Compact Commission (IOGCC). The IOGCC is a national organization representing the governors and oil and gas regulators from 31 oil and natural gas producing states and 7 Canadian Provinces. I know first-hand that many states look at the KCC Oil & Gas Conservation Division as a model for effective oil and gas regulation.

HB 2154 is a good conversation starter. Several other states have public utility commissions (PUC) with elected commissioners. Those PUC's regulate utility rates and the utility industry only. Other industries like oil and gas, pipelines, telecommunications, and transportation are regulated by other regulatory bodies. KIOGA is open to discuss separating the utility division from the current KCC. These are complex issues that need deliberate and careful consideration by all affected parties. KIOGA is opposed to advancing HB 2154 and instead would prefer that the conversation on electric rates and KCC issues continue with all affected parties in the coming months to allow for a more deliberate and inclusive conversation.

Thank you. I stand for questions.