



Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Biofuels Association
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To: House Committee on Energy, Utilities, and Telecommunications
From: Randy Stookey, Senior Vice President of Government Affairs and General Counsel
Date: February 6, 2024
RE: **Opponent, Written Testimony on HB 2527, establishing cost recovery mechanisms for public utilities that construct electric generation facilities, revising the determination of rate base, capital structure, and return on equity in utility rate proceedings and revising economic development electric rates.**

Chairman Delperdang and members of the committee, thank you for the opportunity to provide testimony in opposition to House Bill 2527. This testimony is submitted jointly on behalf of Kansas Grain and Feed Association (KGFA), Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association.

KGFA is the state association of the grain receiving, storage, processing, and shipping industry in Kansas. KGFA membership exceeds 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. Renew Kansas is the trade association of the Kansas biofuels processing industry. KARA is a state agribusiness trade association comprising more than 700 member companies that supply inputs to Kansas farmers.

Our member grain elevators, biofuel processing plants, and agribusiness facilities contribute to the Kansas economy and provide gainful employment for thousands of Kansans across the state. Members of these industries are also high industrial users of energy. Like other heavy industries, the ability of the agricultural industry to operate competitive, profitable businesses is often dependent upon input costs, such as utilities.

Kansas continues to have some of the highest electric rates in our region. Such high energy costs are unsustainable, frustrate economic development, and cause Kansas industries to be less competitive.

House Bill 2527 would, *inter alia*, amend laws concerning how the Kansas Corporation Commission (KCC) practices utility rate regulation, including revisions to the determination of rate base, capital structure, return on equity, and to cost recovery mechanisms for public utilities constructing electric generation facilities. If enacted, the proposed changes to the rate-setting process would serve to substantially increase Kansas' already high energy costs.

All Kansans must continue to seek ways to decrease our high energy costs. However, the proposed legislation would only make the problem worse. We stand with other stakeholders in opposing this unreasonable legislation, which seeks to remove KCC oversight authority in the rate-setting process.

We agree with Kansas' energy rate policy to move our state toward "regionally competitive electric rates and reliable electric service," to ensure Kansas remains a competitive state to do business.

As House Bill 2527 would conflict with this policy, and cause economic harm to rate payers, we stand in strong opposition to the bill and would ask the Committee to take no further action. Thank you for allowing us the opportunity to testify.