House Committee on Energy, Utilities, and Telecommunications
Testimony in Support of House Bill 2032- Return on Equity
Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber

Tuesday, February 4, 2025

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 House Bill 2032, which creates an incentivized structure for the return on equity (ROE) for a public utility.

Evergy capital spending has increased more than 160% in the last six years. This significant increase is passed directly to Kansas ratepayers. This committee has heard our concerns during this timeframe as Kansas businesses are growing more concerned about the increases in their electricity bills.

HB 2032 proposes to incentivize behavior by providing a .5% increase in the ROE if rate increases remain below 1%. On the flip side, HB 2032 provides the commission the opportunity to reduce the ROE by .5% if rates increase more than 1%. Kansas' utility rates used to be in the top 15 states for affordability in the country but increases over the past decade have moved us to the bottom third of states. And make no mistake, energy rates are a significant cost driver for businesses, especially those in the manufacturing sector.

Unfortunately, much of the costs associated with the increases in Kansas electricity rates are due to capital expenditures, which are built into the rate base for several decades. Evergy has highlighted the potential increased demand on the horizon in Kansas with new investment, and has proposed two new natural gas facilities to increase generation capacity. We do not doubt their data. Energy demand has become a top issue nationally, so this is not unique to Kansas. Unfortunately, those two facilities will result in another significant rate increase for our members if approved. In theory, the more baseload users on the system, the more utilities can spread costs across all customers. However, we've remained relatively flat in terms of growth in our state but rates have increased among the same base of utility customers.

In closing, we encourage the committee's support for House Bill 2032 and I am happy to answer questions at the appropriate time.