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 4, 2025
Re: **Written Proponent Testimony on HB 2032, authorizing the state corporation commission to increase or decrease an electric public utility's return on equity based on whether such utility's all-in average retail rate has increased or decreased**

Chairman Delperdang and members of the committee, thank you for the opportunity to provide testimony in support on House Bill 2032. 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 companies that supply inputs to Kansas farmers.

As a part of the largest industry in our state, 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 industries, the ability of our facilities to operate competitive, profitable businesses is often dependent upon input costs, such as utilities.

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

We must continue to seek ways to decrease our high energy costs for all Kansans. We agree with Kansas' energy rate policy to move our state toward "regionally competitive electric rates and reliable electric service." This policy will ensure Kansas remains a competitive state to do business.

Currently, capital spending by energy generation companies greatly contributes to high energy rates. Under the current return on equity paradigm, energy companies profit from every capital investment. The greater the capital investment, the more energy rates are able to be increased.

House Bill 2032 would reduce the return on equity for energy generation companies when energy rates increase more than 1 percent. As this bill removes the current damaging relationship between capital expenditures and energy rates, it would help stabilize our state's high energy costs.

We stand in support of this reasonable legislation and would ask the Committee to pass the bill out favorably.