



*Testimony Submitted to the
Senate Utilities Committee
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Kansas Municipal Utilities*

Neutral Testimony SB 68

Mr. Chairman, Vice-Chair, Ranking Minority, and members of the committee. Thank you for the opportunity to provide neutral comments on SB 68 which creates a right of first refusal for high-voltage electric transmission lines that are regionally cost allocated across Southwest Power Pool.

Kansas Municipal Utilities (KMU) is the statewide association representing Kansas cities and other public or not-for-profit agencies involved in the ownership and operation of municipal utilities across Kansas. Formed in 1928, KMU provides assistance and information to members with regard to training and educational programs, regulatory and legal counsel and numerous other services toward the advancement of municipal utilities to achieve maximum benefits for the customer-owners served by our utilities. Our membership ranges in size from some of the largest utilities in the state such as those operated by the Kansas City Board of Public Utilities and the City of Wichita down to some of the smallest utility systems in the state serving fewer than 100 customers.

Our remarks today are supported by our fellow municipal energy agencies, Kansas Municipal Energy Agency and KPP Energy. Both organizations, while formed and operated differently, provide generation and transmission service to their member utilities across Kansas. KMEA has more than 85 electric utilities that it serves and KPP Energy is focused on serving its two dozen member communities.

As community owned utilities, our communities and customers are first. We are not-for-profit entities that by design are constantly reinvesting in our utility and our community. On average we have the lowest electric rates in the state. Our focus is providing safe, reliable and low-cost service to our communities. We are also transmission dependent utilities which means many costs are pushed down to us by other electric providers. Transmission investment is the way to keep the electric grid stable, electrons moving efficiently which means access to lower-cost power particularly at peak times. Transmission is also one of the largest drivers of price increases to our utilities. As such, our organizations are continually seeking ways to mitigate exposure to



these costs increases that impact our ability to access to lower-cost power particularly at peak times.

In previous debates, the municipal utility community has stood in opposition to a right of first refusal. We are closely watching this year's discussion recognizing that SB 68 is different than previous ROFR iterations deliberated by the Kansas Legislature.

At this time, the municipal utility community is neutral on SB 68 as the bill allows for a right of first refusal for a very specific classification of transmission projects that to date municipal utilities have not been engaged in building. We do want to ensure our rights to participate in or construct such projects if in our utilities' best interest.

If the committee works this bill, the municipal utility community would recommend the following changes:

1. On page 2, line 31, add *including municipal corporations* after the word corporation in the definition of incumbent electric transmission owner;
2. On page 2, lines 35-38, striking the words, "and is approved by the regional transmission organization as qualified to provide proposals to construct, upgrade, own and maintain electric transmission lines subject to the competitive solicitations conducted by the regional transmission organization
3. On page 3, line 7, adding a new Section 2 reading, "*Notwithstanding any other provision of this section, nothing herein shall be construed to affect the right of any municipally owned or operated utility to develop, construct, upgrade, own and maintain transmission facilities, substations and controls used to serve load requirements.*"

However, we know that words matter particularly in arcane sections of electric utility regulation and governance. So as this body deliberates SB 68, we will remain fully engaged in the conversations to ensure a reliable and robust transmission grid to serve our communities which also provides access to low-cost power for our customers, businesses, schools, hospitals and industry.