



Senate Committee on Utilities

Testimony in Support of Senate Bill 81- Economic Development Rates

Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber

Wednesday, February 5, 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 Senate Bill 81, which modifies the economic development rate program for the Kansas Corporation Commission when allowing lower electric rates to be offered for new or expanded facilities in the state.

The Kansas Chamber supported the creation of the economic development rate schedule program during the 2020 session, as one way to address recommendations from the legislative energy study which cited the need for increasing investment and growing the customer base to lower rates for all ratepayers.

That study, conducted by London Economics, Inc. says the following about economic development riders- *"This increased economic activity brings with it success in terms of job creation and private capital investment, which 'multiplies throughout the region in the form of increased spending in retail establishments, new housing starts, and population growth.'*"²⁵⁵ The additional load and broadened customer base attracted through EDRs also helps to lower rates for all customers, as the utility's fixed costs for generating and delivering electricity are now spread across more ratepayers."

Utility costs continue to be a concern for the business community in our state and while there is demand on the horizon for Kansas, we must consider the reasons why this program was created. Offering a discounted rate for businesses, new or with expanding facilities, was seen as a benefit for the jobs created or maintained in our state. We've heard a lot about potential increased demand on the horizon from data centers looking to invest in Kansas. But as a policy question, for companies who requires such a significant amount of energy, should these rates be tied to a data center that has 25-50 long-term jobs in the state or a manufacturing company that brings 500 or 1,000 jobs to the state.

Economic development attorneys we work with have stated that data centers want to know that the state has adequate energy resources available for them immediately. Cost isn't as much of a concern as supply. SB 81 focuses on ensuring the discounted energy rates are explicitly available for entities providing jobs for Kansans. Much like the HPIP and PEAK programs do today. I am not trying to take anything away from data centers and the need for them across the nation. They are important for our day to day operations.

However, as capital expenditures have continued to adversely impact all ratepayers in the state, we would ask that large industrial users, in order to qualify for an economic development rate plan, that there be significant jobs tied to that agreement. In closing, we respectfully ask for the committee's support for Senate Bill 81, and I am happy to answer questions at the appropriate time.