



## **SENATE COMMITTEE ON UTILITIES**

### **Proponent, In-Person Testimony SB 348 – Southern Pioneer Electric Company Regulatory Exemption**

**January 22, 2026**

**Presented by:  
Reagan McCloud, Director of Government Relations**

Chairman Fagg, Vice Chair Petersen, Ranking Member Francisco, and members of the Senate Committee on Utilities, thank you for the opportunity to submit proponent testimony on behalf of Kansas Electric Cooperatives, Inc. (KEC) and our members concerning Senate Bill 348. I am Reagan McCloud, and I serve as Director of Government Relations for KEC, the statewide service association for 29-member, not-for-profit cooperatives providing electric service in 103 of 105 Kansas counties.

Pioneer Electric Cooperative, the owner of Southern Pioneer Electric Company (SoPi), is a valued member of KEC. While this legislation directly affects only one of our member cooperatives and its wholly owned subsidiary, I want to be clear that our entire membership supports this initiative. Our KEC legislative committee has discussed this legislation at length and stands united behind it. This support reflects one of the seven internationally recognized cooperative principles that guides our work: "Cooperation among Cooperatives." When one cooperative in our community needs support to better serve its members, we all come together.

The electric cooperative business model is fundamentally different from other utilities, which is the core reason why removing cooperatives from KCC rate regulation has made tremendous business sense. Cooperatives are member-owned, member-governed, and operate on a not-for-profit basis to provide electric service at cost. Southern Pioneer Electric Company, being itself a not-for-profit electric utility and a wholly owned subsidiary of an electric cooperative, deserves the same regulatory treatment and benefits that other Kansas electric cooperatives have valued.

Currently, SoPi stands alone as the only non-investor-owned utility in Kansas subjected to full KCC rate regulation. This creates an inequitable situation where one cooperative-owned entity faces regulatory burdens that no other similarly situated utility in the state must bear, despite operating under the same fundamental business model and serving members in the same manner.

The practical impact of this regulatory disparity is significant. The costs associated with navigating the KCC rate regulation process often dwarf the actual rate increase requested by SoPi. In the cooperative business model, members at the end of the line pay for their electric service at cost. This means that every dollar spent on regulatory-related costs is a dollar that comes directly from member



pockets—dollars that could instead go toward infrastructure improvements or to helping stabilize rates. The financial burden of the regulatory process disproportionately affects not-for-profit utilities.

Historically speaking, KEC member co-ops and the members at the end of the line they serve have benefitted tremendously from being self-regulated by their member-elected boards. This self-governance model aligns perfectly with the cooperative principle of democratic member control, ensuring that the people most affected by decisions have a direct voice in making them. The track record of KEC members demonstrates that this approach works.

We understand the growing concern in Kansas and nationwide regarding rising electric rates. As the grid becomes more strained and new generation becomes more necessary and more costly to build, rates will unfortunately continue to increase across the industry. However, we see this legislation as a step in the right direction for SoPi's customers in Southwest Kansas. It represents a tangible, intentional action the legislature can take to address rates by eliminating burdensome regulatory costs for a not-for-profit, member-owned utility.

Importantly, this legislation preserves accountability through critical customer protections by allowing customers to petition the KCC if concerns arise, requires public notice and open meetings on rate changes, maintains KCC authority over essential areas like service territory and transmission, and includes safeguards against improper equity transfers. These provisions ensure transparency and oversight while eliminating the costs associated with the regulatory process to better serve SoPi's member-customers.

On behalf of Kansas Electric Cooperatives and our 29 member cooperatives, we urge this committee to support this legislation. It corrects a regulatory inequity, reduces unnecessary costs for cooperative members, and upholds the cooperative principles that have served Kansas communities so well for decades.

Thank you for the opportunity to provide proponent testimony on this important legislation. I'm happy to stand for questions at the appropriate time.

*Reagan McCloud*

Director of Government Relations  
Kansas Electric Cooperatives, Inc.