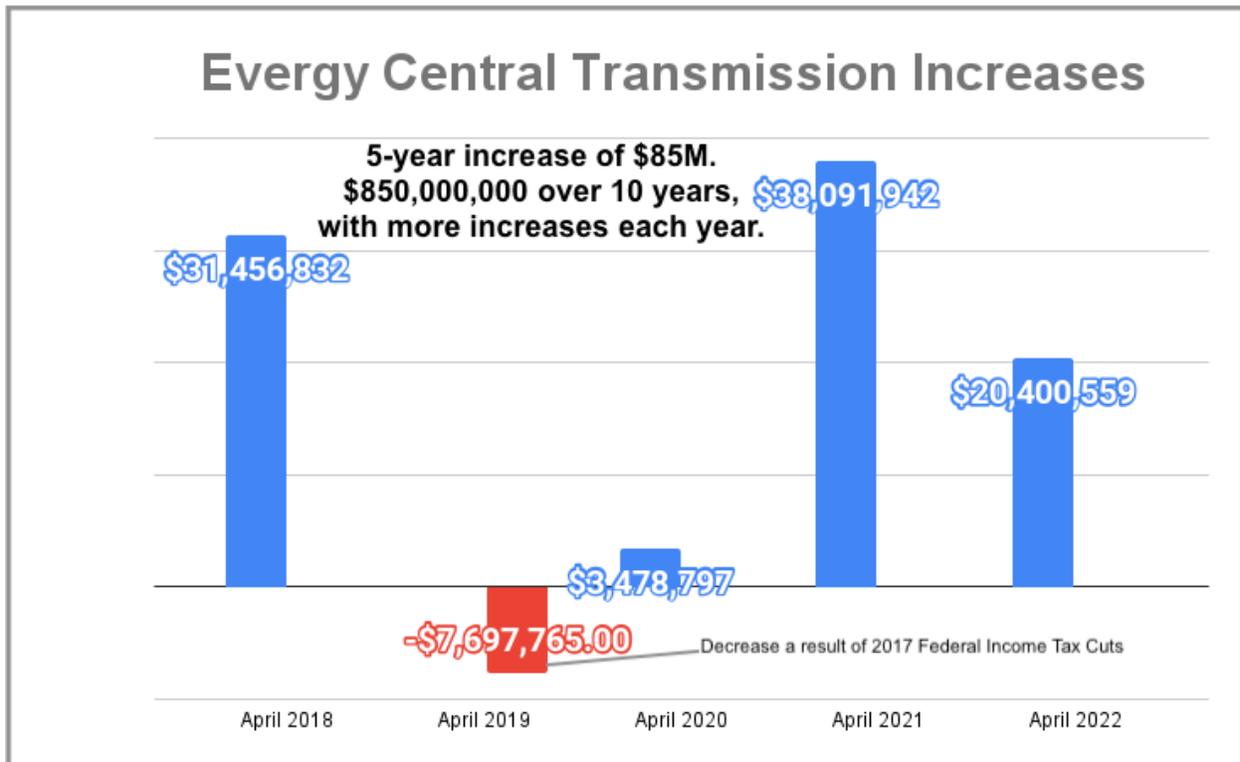


February 8, 2023
Senate Bill 68 – ROFR
Oral In-Person
Opponent
Paul Snider – Kansans for Lower Electric Rates (KLER) & Kansas Industrial Consumers Group (KIC)

Transmission is a key cost driver of high electric rates in Kansas. The prospect of a lack of competition driving up project costs, and in turn, customer electric rates, is very troubling. We are opposed to Senate Bill 68.

A significant part of Evergy’s spending plans include very sizable investments in transmission. Evergy has talked very openly about the key part transmission investments play in its Sustainability Transformation Plan (STP). With SB 68, Evergy is seeking to extend its monopoly position and eliminate the very minimal competition it faces. Without any doubt, this bill will add to already significant transmission costs.



For many years, Evergy’s customers have been subjected to yearly rate increases to pay for Evergy’s transmission investments. Don’t forget, investor-owned utilities like

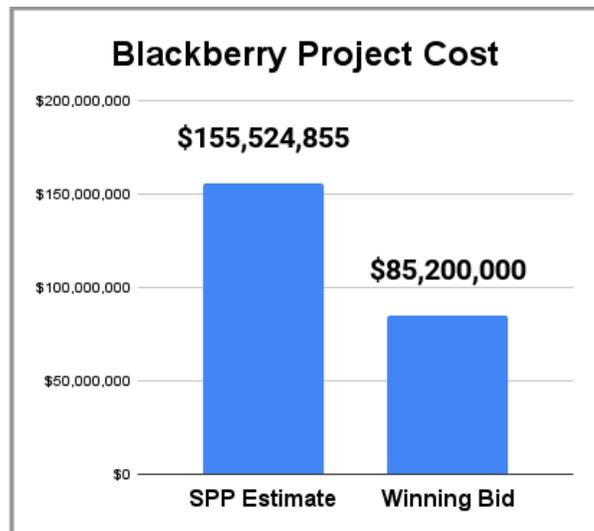
Evergy makes money by investing capital. Investing in transmission is especially lucrative because the Federal Energy Regulatory Commission (FERC) provides returns on transmission that are higher than returns on a power plant or local distribution wire.

In addition, Evergy gets to quickly recover its transmission cost (and higher returns) through a legislatively-granted Transmission Delivery Charge (TDC – K.S.A 66-1237). Even with all that, Evergy is seeking to fortify its monopoly at the expense of customers.

In a few weeks Evergy will request another increase in its transmission rates, with a new rate increase in effect in early April. This is in addition to the significant base rate increase Evergy will request, also in April.

Competition works

Every elected official in the Capitol knows that competition lowers costs. The recent experience with the Blackberry project in Kansas clearly shows this point. According to testimony filed at the Kansas Corporation Commission, the Southwest Power Pool estimated the Blackberry project would cost (+/-30%): \$155,524,855. The project was competitively bid. The winning company proposed a cost of \$85.2 million in 2021 dollars. The winning company proposed a series of 14 binding cost containment measures to protect customers.



With the highest electric rates in the region, we should be finding more opportunities for competition and cost containment in the electric industry, not less. We urge the committee to oppose SB 68.

Contact:

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The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. Kansans for Lower Electric Rates (KLER) is an advocacy project of KIC with members of all sizes. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.