



February 9, 2023

SB 68, Providing incumbent electric transmission owners a right of first refusal for the construction of certain electric transmission lines.

In-Person Testimony

Opponent

From: Elizabeth Patton, Americans for Prosperity-Kansas, epatton@afphq.org

To: Senate Committee on Utilities

Dear Chairman Olson and Members of the Committee:

Monopoly construction legislation creates barriers to entry and locks in no bid control of electric transmission construction. This legislation increases costs for businesses and families, while eliminating the benefits of free market competition such as cost caps and delivering the projects on time and on budget. Kansas families and businesses can't afford this burden.

According to the Energy Information Administration, Kansas has had the highest residential electricity rates in 2020 and 2019, with November 2020 data showing average rates of almost 13 cents per kilowatt-hour, roughly 12 percent above other states in the region and much higher than Iowa, Missouri, Nebraska, and the Dakotas.

Uncompetitive electricity rates can be a key driver of energy poverty – Even a 1 cent per kilowatt-hour change in residential rates could cost (or save) the average Kansas household over \$100 per year.

According to one estimate, tens of thousands of Kansas households have incomes of 50 percent or more below the Federal Poverty Level and pay 29 percent of their annual income simply for their home energy bills. COVID-19 has further exacerbated energy poverty in the U.S., and regionally uncompetitive rates will continue to hurt our economy.

Beyond the bottom lines of families and businesses currently in our state, electricity costs also have broader economic repercussions. Site Selection magazine recently explained that “finding affordable energy is one of the most important factors in identifying and choosing the right site when a company is expanding or relocating.”

Kansas needs to pursue all tools for reducing rates. Not raising them. Without competition, this means:

- Unnecessary additional costs will be passed to Kansas families and businesses
- Manufacturers looking to expand and grow our state's economy will be hurt
- The pocketbook of every Kansas family will be reduced
- This is effectively a tax hike on already high rates.

One driver of higher electric costs has been transmission price increases. Transmission costs have continually increased and they will become one of the key drivers of rising rates. With competing developers permanently on the sidelines, incumbent transmission companies would have little incentive to “sharpen their pencils”. To prevent further price increases, Kansas must maintain the right of competition. Competition on transmission projects can reduce costs to consumers by 33% or more. An independent assessment found a range of 22-42% cost savings when there is competition.

No competition means:

- Fewer checks and balances on cost estimates
- No pressure or incentive to curb transmission project costs and prevent overruns
- Fewer cost caps on projects

A lack of competition will cost Kansas businesses jobs and consumers more of their hard-earned money. For these reasons we ask you to not support SB 68.

Sincerely,

Elizabeth Patton

State Director

Americans for Prosperity-Kansas