



Testimony in Opposition to HB 2597
Chuck Caisley, SVP, Chief Customer Officer, Evergy
For the House Committee on Energy, Utilities and Telecommunications

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Thank you, Chairman Delperdang and members of the committee for the opportunity to testify on behalf of Evergy regarding HB 2597. We are testifying in opposition to the proposed legislation. Predetermination is a beneficial statute that is consistent with regulatory policy in neighboring states and has served Kansas well over the years. Our primary concern is that this bill unnecessarily mandates the one-size-fits-all extension of the timeline that exists when the Kansas Corporation Commission (KCC) considers predetermination of rate-making treatment for a utility's generation or transmission facilities. We believe our concerns may be able to be addressed and would request the opportunity to work with parties on this legislation as part of the discussions that are ongoing regarding HB2527.

Since the beginning of the 2024 Kansas Legislative Session, this committee has heard many conferees talk about the historic economic development opportunities our state is seeing. That growth means additional electric generation will be needed to ensure Kansas can meet the accompanying electric load brought by such opportunities. Kansas, in fact, had the most robust economic growth in the country in the second half of 2023. We should be finding ways to move more quickly and efficiently to support this rapid growth rather than prolonging the regulatory process. Extended timelines such as proposed here ultimately lead to cost increases as well as higher development and construction risks impacting all parties. We want Kansas to be open for business – not slowed down with additional bureaucracy in a process that has been proven to work successfully.

Evergy and its predecessors have successfully worked with the KCC and intervenors utilizing the predetermination statute under its current 180-day timeline, as evidenced with the construction of Emporia Energy Center in 2008, completion of environmental retrofit investments at LaCygne generating station as well as for the completion of both constructed and contracted for wind farm additions. To date there have been no problems meeting the current 180-day timeline. And, the existing timeline in this statute has worked well in advancing generation investment in the state across a broad mix of resources.

The KCC's consideration of predetermination for a generation facility occurs in what's known as a limited issue case, which should not take the same amount of time as a fully adjudicated rate case, because there are vastly fewer issues to consider. Such a limited issue case allows for a nimbler regulatory process. This statute was originally written at 180 days, recognizing that difference.

Furthermore, in today's inflationary costs and tight supply chain environment, 180 days is already an extremely long runway in terms of contract risk. EPC (Engineering, Procurement and Construction) suppliers will bake that additional risk into the contract price, adding to the overall cost of a project. When building significant generation assets, utilities already must deal with long lead items that are 24 to 36 months for delivery from the point a utility receives a Notification to Proceed. A lengthier regulatory approval process, such as proposed in HB 2597, merely adds to that timeline, resulting in additional costs and risk.

Lastly, when this regulatory approval timeline was added in statute, utilities didn't have the Integrated Resource Planning (IRP) process - something Evergy committed to as part of our merger agreement in 2018. The IRP offers substantial insight annually into Evergy's plans for meeting longer-term customer energy needs looking ahead over the next 15-plus years. The IRP process provides the KCC, its Staff and all intervenors a wealth of information way in advance of the anticipated construction of generation facilities, which should reduce the amount of time needed for the KCC to consider predetermination cases filed under 66-1239.

This legislation proposes a 240-day timeline—the same timeline for a fully litigated rate case. We respectfully submit that this committee consider the importance of added generation resource investments and recognize the history demonstrating that the existing 180-day timeline works well for all parties. We hope the committee concludes that a one-size-fits-all change in those timelines is not warranted and would not be beneficial at this time.

Thank you again for the opportunity to appear before the committee.