



Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Biofuels Association
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HB 2225

Joint, Written Only, Testimony

Proponent

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To: Senate Committee on Utilities

Chairman Olson and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 2225. This testimony is submitted jointly on behalf of Kansas Grain and Feed Association (KGFA), Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association (Renew Kansas).

KGFA is the state association of the grain receiving, storage, processing, and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association whose membership includes over 700 companies across Kansas. Renew Kansas is the trade association of the Kansas biofuels processing industry.

Our member grain elevators, biofuel processing plants, and agribusiness facilities contribute to the Kansas economy and provide gainful employment for thousands of Kansans across the state. These industries also function as good corporate citizens, paying millions of dollars in property taxes annually to support schools and local government.

Members of these industries are high industrial users of energy. The ability of our members to operate a competitive or profitable business is often dependent upon the amount of their input costs, such as utilities.

It is unfortunate that Kansas continues to have the highest electric rates in our region. Paying higher energy rates than similarly situated users in the Midwest causes Kansas industries to be less competitive. As grain elevators and biofuel processors must operate continuously, they are also assessed peak use energy rates. The increasing additional expenses of energy transmission infrastructure build-out has only further added to these high costs. These utility costs are quickly becoming unsustainable for Kansas industry, and – similar to high tax rates - work against economic development in our state.

House Bill 2225 would establish a reasonable public policy in limiting electrical utilities under KCC jurisdiction from recovering certain costs associated with transmission facilities but would still allow cost recovery of transmission projects required as a directive from a regional transmission organization or FERC-regulated independent operator.

This measure would help control some of these large, and growing, transmission project costs, and move our state toward more regionally competitive electric rates while maintaining reliable electric service. As the bill will work toward ensuring Kansas remains a competitive state to do business, we stand in strong support of the bill which passed the House on a bipartisan vote of 120-1. Thank you for allowing us the opportunity to testify in support of House Bill 2225. We respectfully request that the committee pass the bill out favorably.