Testimony to House Comm. On Energy and Environment
Feb. 14, 2013
HB 2241

From 1990 until 2007 KCP&L customers in Kansas enjoyed stable electric rates with two rate decreases; 4.7% in March 1999 and a 3.2% Jan. 2003. This era of stability and declining energy costs abruptly changed beginning in Dec., 2007. In the past 5 years KCP&L has requested and received a cumulative 39.55% of rate increases, with an actual **cost increase in excess of 42%.** Costs of required transmission lines and the costs of the gas fired planted built in North Central Kansas as a rapid response backup to wind farms will continue to put upward pressure on our electric rates.

My husband calculated what a 42% rate increase would have meant for his injection molding plant. His electric bill was $10,000.00 a month, with this 42% increase his monthly electric bill would have exploded to over $14,200.00 or the cost of 2 employees. Multiply this across the State of Kansas and you are left to wonder how much damage these sky rocketing electric rates have done to our Kansas economy.

What has driven the explosion in costs? The answer is simply EPA over-reaching regulations and the self-imposed state Renewable Portfolio Standards (RPS). In 2009 Kansas passed the current RPS requiring 20% of our electric generating capacity to come from renewables by 2020. Reasons why good solid free market conservative legislators strayed from conservative principles in 2009 were assurances the Holcomb Plant would receive permission to build and renewables were a necessary component of energy independence.

Neither reason for passage of RPS has stood the test of time. **Four years down the road accompanied by a 42% increase in electric rates the Holcomb Plant expansion, scaled back to one 895 Mega Watt plant in 2009, continues to be mired in court**, which according to the Sunflower contract if denied or modified will terminate the contract; the reason RPS were passed by the Kansas Legislature will be null and void. Meanwhile innovations (fracking) within the oil and gas industries have increased oil and gas production to the point the U.S. in the near future will be an energy exporter.

In this energy boom North Dakota has been catapulted to record growth and enjoys the lowest unemployment rate in the nation. The Chase Economic Forecast states, "North Dakota was untouched by the national recession and now is on a tear." This study goes on to show North Dakota's GDP through the 3rd quarter of 2012 was over 40% higher than Kansas GDP. Please note North Dakota's economic growth is based on carbon-based energy, not pie in the sky alternative fuel schemes that have been put forth and implemented here in Kansas as economic development projects.

Additionally our high-energy costs are undercutting Kansas' competitive edge in attracting businesses. **Industrial electric rates in Kansas are 36% higher than Oklahoma, 46% higher than Louisiana, 29% higher than Iowa and unbelievably higher than the State of New York!**

I appreciate the House Committee on Energy and Environment's goal of mitigating the damage created by Kansas RPS requirements by extending the time-line for utilities in HB 2241 to attain the 15% mandate and repealing the 20% requirment. However, only by repealing our entire RPS will the necessary message be sent: Kansas, a free market state, no longer will use artificial, costly mandates; instead the market will determine how our power plants should be fueled, not politicians.

Currently thirteen states have no mandates and six have voluntary "goals".
In our West North Central Region, Kansas has the highest electric rates, over 10% higher than Nebraska and South Dakota with no RPS and 17% higher than North Dakota with voluntary goals. To blunt the argument states must have RPS in order to construct fossil fuel plants please note the John W. Turk Jr. coal-fired power plant opened December, 2012 in Arkansas, one of the thirteen states with no RPS.

To further make this point in Texas, a RPS state, two coal fired power plants slated for construction were abandoned: December, 2012 an 800 MW unit at the Limestone power and January 2013 the $3 billion Las Brisas project on the Texas Gulf Coast.

Our Renewable Portfolio Standards are a failure. They have resulted in higher energy costs, have not secured the permit to build Holcomb and are not the answer to our energy independence. It is time to recognize this failure and repeal the RPS, become the 14th state without RPS and free our state from these crippling, costly artificial energy mandates. With a repeal of our Renewable Portfolio Standards Kansas will be open for business.

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Sources for my testimony:

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