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Testimony of KCP&L/Westar Energy (Evergy)
Before House Energy, Utilities and Telecommunications Committee
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Support Substitute for SB69

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Chairman Seiwert and members of the Committee:

Thank you for the opportunity to testify on behalf of the compromise language contained in Substitute for Senate Bill 69. When SB 69 was first filed, it was not a study bill. It changed substantive regulatory law in Kansas. It was also overbroad and redundant of two previous studies and numerous regulatory proceedings before the Kansas Corporation Commission.

Substitute for SB 69 creates a mechanism that is nowhere near perfect. However, it no longer contains changes to the regulatory structure in Kansas; it is forward-looking instead of retroactive in the solutions it seeks to study; it maintains quality of service and reliability as important factors to Kansas customers; and it studies areas that could help the Kansas economy compete with neighboring states in the areas of economic development rates and energy efficiency programs.

I stand before you today representative of more than 5,000 men and women who take very seriously our statutory obligation to provide this state with energy. We are proud of what we have accomplished over the last 10 years. Every 15-25 years in our companies' 130-year histories, rates go up, and often over a short period of time grow faster than inflation. The last time our rates went up significantly was in the early 1980s. This was to build and begin operating the Wolf Creek nuclear plant which has now been bringing carbon free, competitively priced energy to Kansans for more than 30 years. After that time period, rates for both companies were flat to declining for more than 20 years.

Over the last 10 years, although KCP&L's and Westar's rates have increased, there have been a number of benefits:

- We have modernized our electrical grid. Now others are following our lead. Just last month Ameren (in Missouri) announced a \$6.3 billion five- to 10-year plan to get their grid up to the standard Kansas has been enjoying for a decade;
- As another example that we are ahead of neighboring utilities with regards to timing of certain investments and rate cases, Southwestern Electric Power Co. in Arkansas filed a rate case in February for a nearly 20% base rate increase to recover costs for investments in generation, distribution and transmission, and OG&E in Oklahoma and Xcel in Colorado have announced multi-billion-dollar generation investment programs;
- We have reduced carbon by diversifying generation and retiring old coal plants, so that today nearly 50% of our retail electricity is carbon-free;
- We have become an industry leader in wind power—the vast majority of which is located in Kansas—all while retrofitting our coal fleet to make sure that Kansans always have power when they need it;
- We have begun offering direct access to renewable power for large and small customers;
- We have merged two companies to provide more than a billion dollars of savings for customers in Kansas over just the next five years, with ongoing rate credits, some of which have already been paid to Kansas customers; and
- Most importantly, we have agreed to a five-year rate case moratorium in Kansas.

In conclusion, the language in Substitute for Senate Bill 69 that passed out of the Senate is much improved over the original bill and has our support. Importantly, this bill does not change regulatory law, but initiates a study to look for solutions. In addition, unlike the original draft of SB 69, this bill supports the interests of all of our customers, including commercial and industrial as well as small business, schools, universities and residential customers. We support that process which has proven over time to be fair for all. Special consideration for one class at the expense of another necessarily means rates will decrease for some and increase for others.

Finally, while we support passage of Substitute for Senate Bill 69, we were not able to reach an agreement on a path forward with proponents of this legislation. Proponents continue to push for passage of substantive regulatory changes simultaneously with advocating for passage of this bill. Proponents of SB 69 are attempting to advance a myriad of bills that make substantive changes to the law in areas specifically included for study in this bill, including utility financing and securitization as well as how utilities collect and pay state and federal income taxes.

It does not make sense to pass a study bill aimed at giving a report to the legislature next year while proponents continue this year to work on making substantive changes to the very laws and topics they want to study. Further, the changes proposed by proponents in these areas are not simple and easy changes; rather, they are significant changes to complex areas of utilities' law. They should be studied, and changes fully vetted, before they are considered, as they will have lasting and in many cases serious detrimental impact both to the rates and to the reliability that Kansas electric utility customers expect.

Mr. Chairman, we respectfully request that the committee consider Substitute for Senate Bill 69 – a study that does not favor one class of customer over another but proposes to explore reasons and remedies for the cost of energy in Kansas and studies the impacts for all consumers of energy in the state of Kansas, and sets a framework that can lead to the development of energy policy that will benefit Kansans for decades to come.

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Serving approximately 1.6 million customers in Kansas and Missouri, Kansas City Power & Light Company (KCP&L), KCP&L Greater Missouri Operations Company and Westar Energy are the electric utilities of Eversource, Inc. (NYSE: EVRG). Together we generate nearly half the power we provide to homes and businesses with emission-free sources. We support our local communities where we live and work and strive to meet the needs of customers through energy savings and innovative solutions.