

**Testimony of Paul Snider
On behalf of Kansas Industrial Consumers Group
In Support of Substitute for SB 69
Before the House Energy, Utilities and Telecom Committee
March 19, 2019**

The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The seven companies that are part of KIC account for over 40 percent of Westar's industrial sales. The members collectively represent billions of dollars of investment in the state and employ thousands of Kansans. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.

Earlier this year the committee heard about high electric rates in Kansas. The KCC rate study confirmed that Kansas has the highest electric rates in the region. The KCC study confirms something else we've long known: industrial energy use is critically important to all customers in Kansas.

Substitute for Senate Bill 69 builds upon the KCC rate study by addressing issues not previously analyzed. Importantly for Kansas consumers, Sub for SB 69 will provide the Legislature with solutions to consider regarding the best ways to make Kansas electric rates competitive.

The language in the substitute was arrived at through extensive discussions between several consumer and utility stakeholders. The path to this agreement was not easy. The stakeholders had different interests and priorities, but we are all motivated by a desire that is universally shared: to have reliable utility service at fair, reasonable and competitive rates.

Sub for SB 69 looks at a number of very important issues, such as:

Section 1(c)(1) The effectiveness of Kansas regulatory models

- How do utilities recover costs and attract capital
- How have investments in transmission affected rates and other investments
- Do we have the right mix of surcharges and riders
- Are utilities in other states subject to similar laws and regulations

Section 1(c)(2) Assess solutions to make rates more competitive

- Review alternative regulatory models in other states
 - Performance-based rates, price caps, competition, etc.
- Assess impacts of property taxes and other expenses
- Assess impacts of renewable energy and energy efficiency

Section 1(c)(3) Review other emerging and consequential issues

- Assess impacts of electric vehicles
- How do investor-owned utility (IOU) costs impact coops and municipal utilities
- Whether rates are a barrier to economic development
- Impact of special contracts and economic development rates
- Whether Kansas could benefit from advanced energy solutions

We have many good solutions and answers, but we don't have *all* the answers. That's why Sub for SB 69 is critically important. We believe the Legislature is committed to making Kansas electric rates more competitive. Sub for SB 69 will provide options and solutions to achieve that goal.

In summary, Senate Bill 69 is a needed piece of legislation that will provide the Legislature the information it needs to address the issue of high electric rates. KIC is ready to be part of the dialogue to find solutions to fix Kansas's energy problem.

KIC urges the committee to support Substitute for SB 69.

Attachments:

- Regional electric rate comparisons
- Regional IOU comparison--residential
- Regional IOU comparison--commercial
- Regional IOU comparison--industrial
- Regional rate comparison--statewide average, all sectors

Contact:

Paul Snider, representing Kansas Industrial Consumers Group
(913) 439-9723 | paul@sniderpa.com

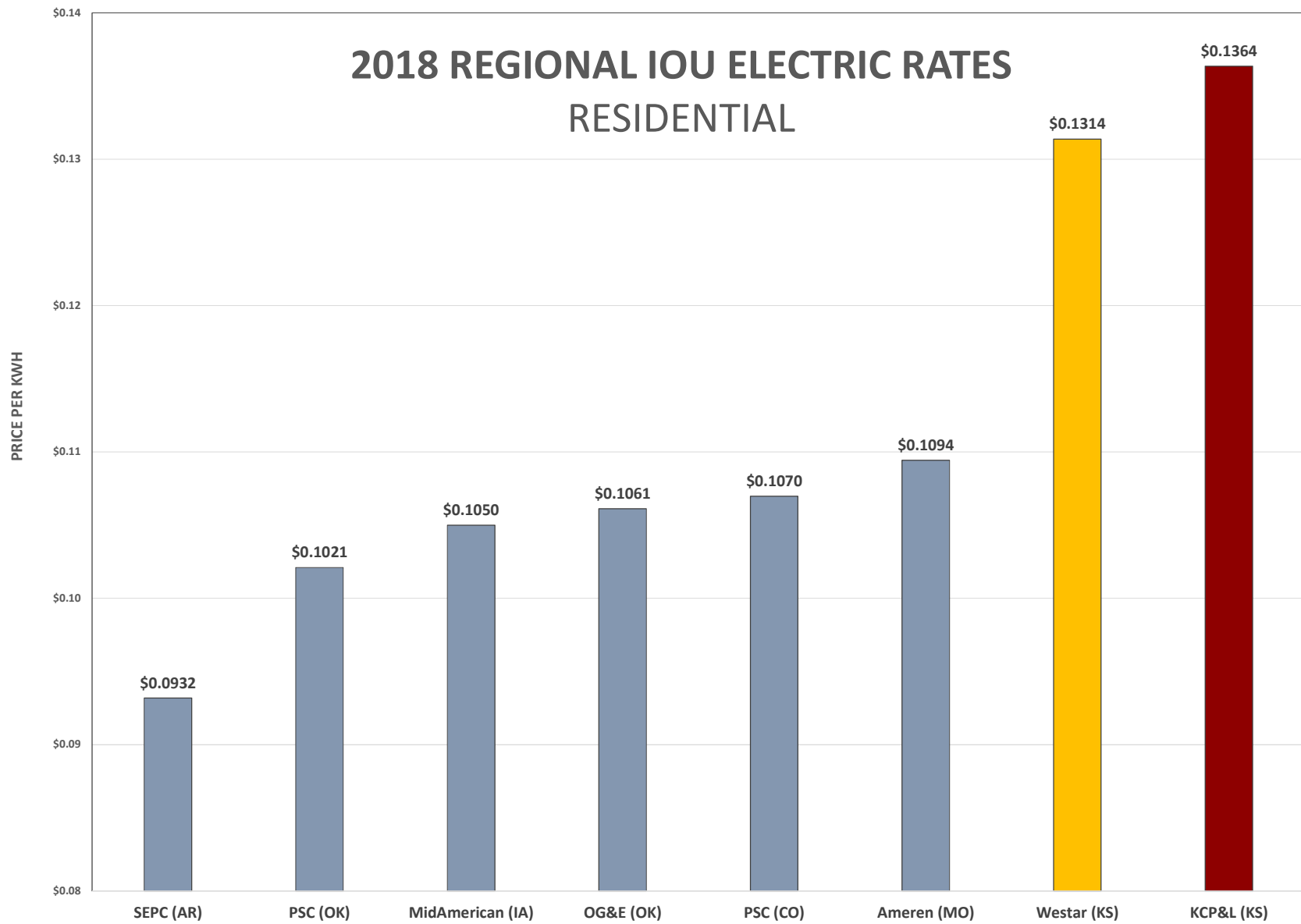
Regional Electric Rate Comparison

November 2018 -- Sorted by residential

Municipal Utilities^{1,2}	State	Residential (¢/kWh)	Commercial (¢/kWh)	Industrial (¢/kWh)
McPherson Board of Public Utilities	KS	7.95	7.14	5.40
Omaha Public Power District	NE	13.25	10.29	7.89
Kansas City Board of Public Utilities	KS	14.84	12.09	8.69
Independence Power & Light	MO	14.91	13.20	9.66
Investor Owned Utilities³				
Southwestern Electric Power Company	AR	9.32	7.19	5.78
Public Service Company of Oklahoma	OK	10.21	6.74	4.72
MidAmerican Energy	IA	10.50	6.75	4.95
OG&E Electric Services	OK	10.61	8.37	5.06
Public Service Company of Colorado	CO	10.70	10.09	6.86
Ameren Missouri	MO	10.94	8.38	6.37
KCP&L Missouri GMO	MO	11.93	9.89	7.66
Westar Energy	KS	13.14	10.39	7.50
KCP&L Kansas	KS	13.64	11.60	8.96
KCP&L Missouri	MO	13.90	11.91	8.58

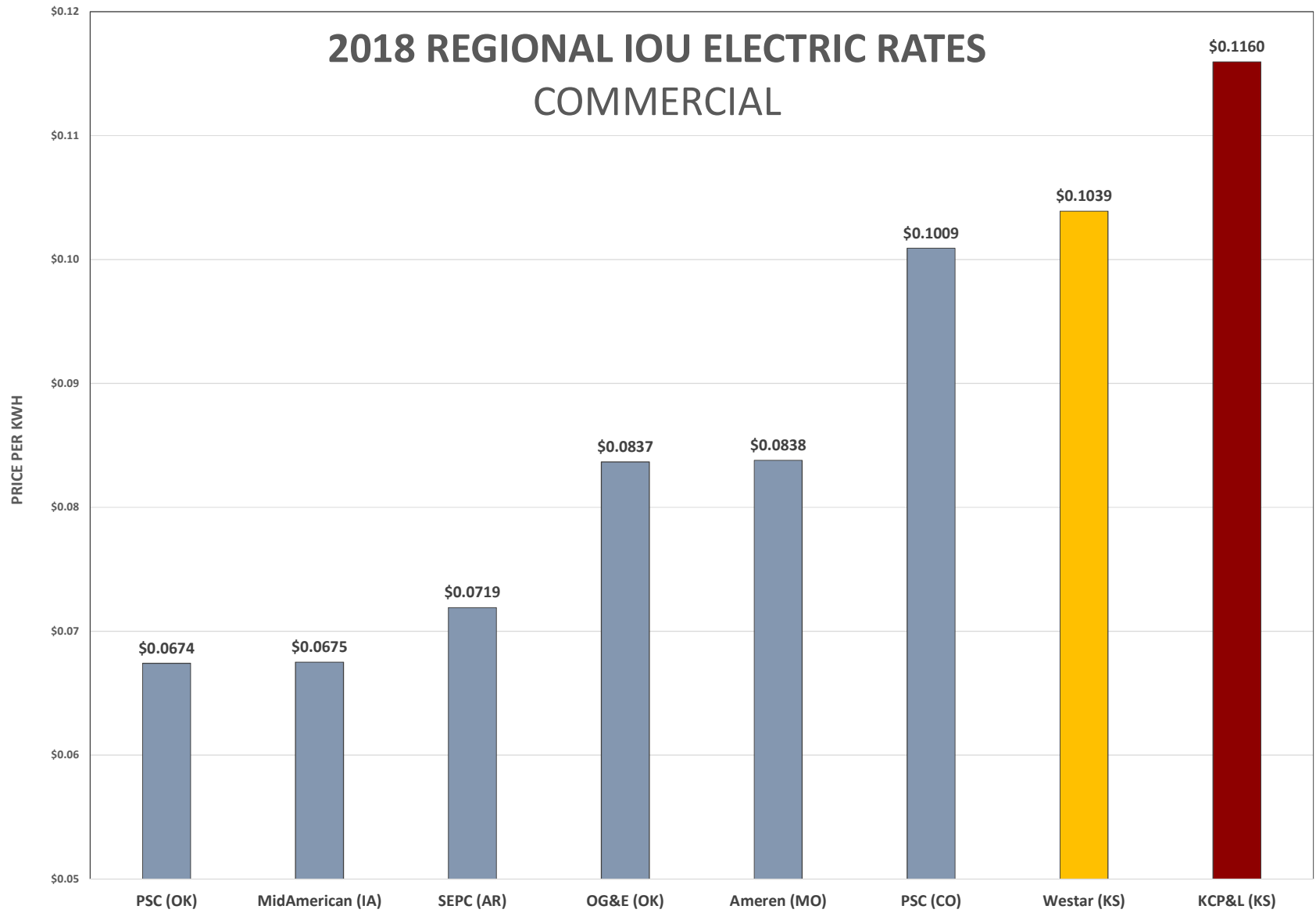
Notes: ¹ Charges for the PILOT have been included in rates. ² Rates are calculated using current rates and the same billing determinants as EEI rates. ³ Rates are weighted averages of 4 months summer and 8 months of winter EEI rates.

2018 REGIONAL IOU ELECTRIC RATES RESIDENTIAL



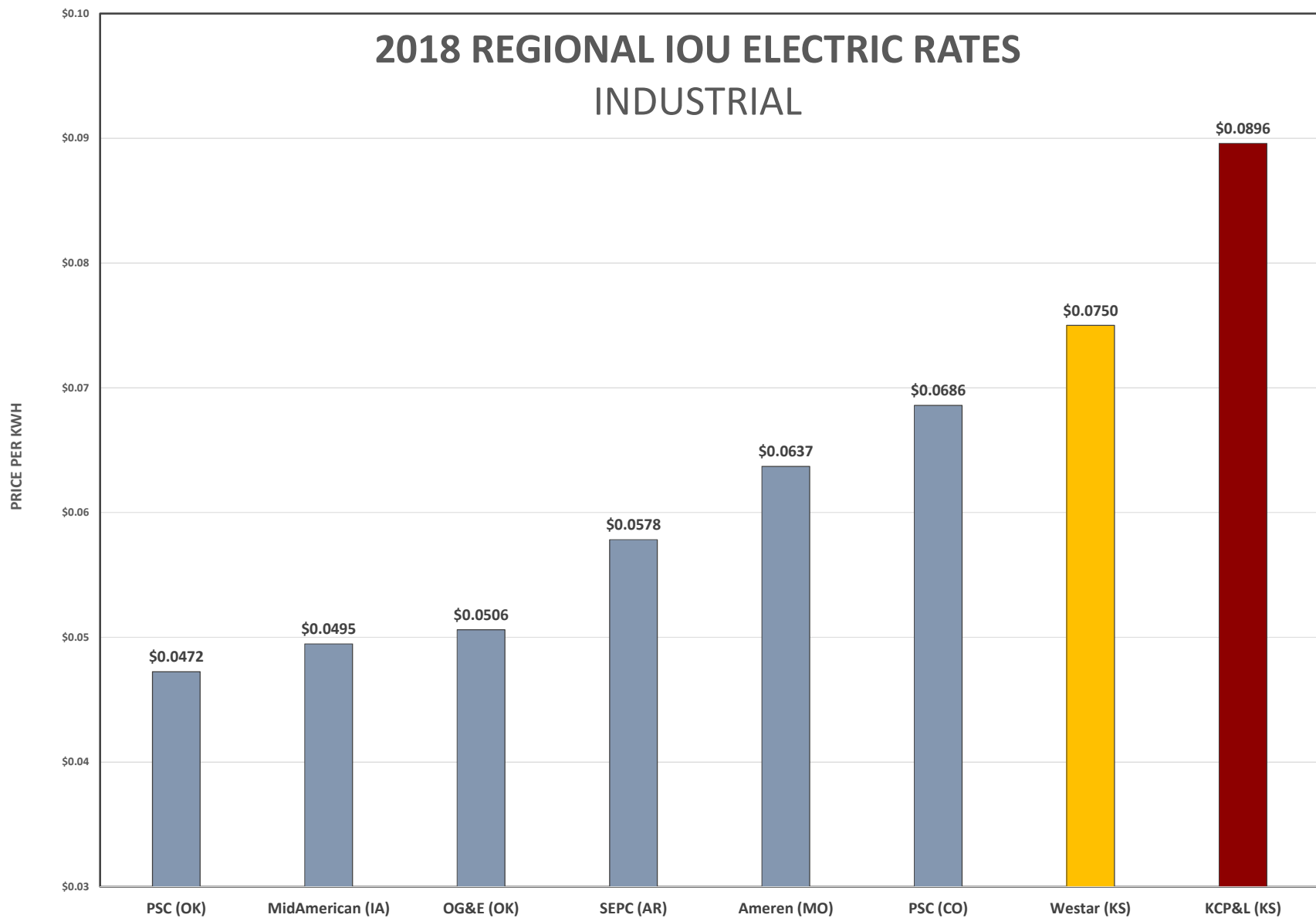
Source: 2018 EEI Reports; Rates are weighted averages of 4 months summer and 8 months of winter EEI rates. Westar rates are consolidated rates including KG&E.

2018 REGIONAL IOU ELECTRIC RATES COMMERCIAL



Source: 2018 EEI Reports; Rates are weighted averages of 4 months summer and 8 months of winter EEI rates. Westar rates are consolidated rates including KG&E.

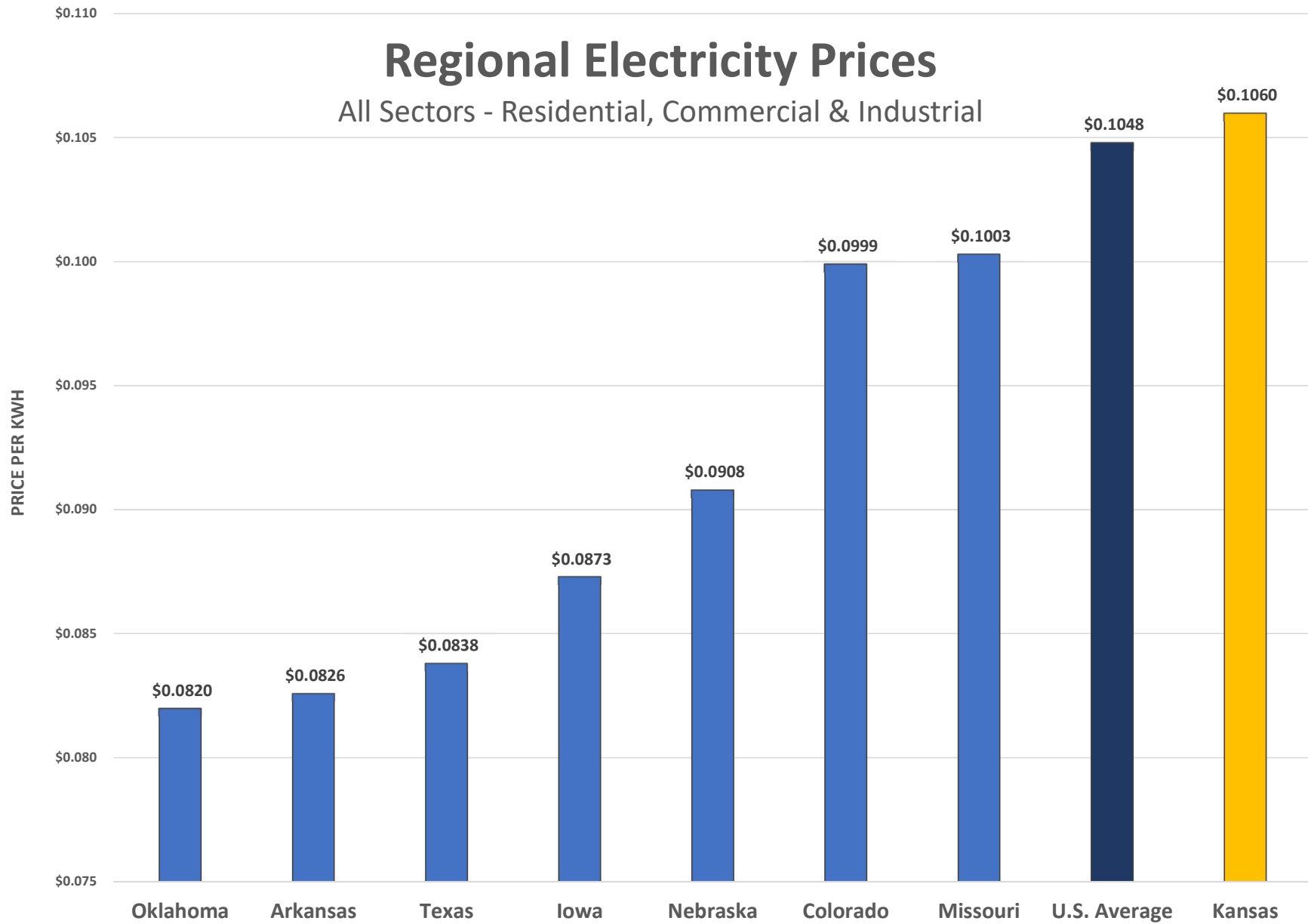
2018 REGIONAL IOU ELECTRIC RATES INDUSTRIAL



Source: 2018 EEI Reports; Rates are weighted averages of 4 months summer and 8 months of winter EEI rates. Westar rates are consolidated rates including KG&E.

Regional Electricity Prices

All Sectors - Residential, Commercial & Industrial



Source: U.S. Energy Information Agency: Electric Sales, Revenue, and Average Price, Release Date: October 12, 2018, https://www.eia.gov/electricity/sales_revenue_price/pdf/table4.pdf.