



**Renew Kansas Association**

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Date: February 19, 2019  
To: Senate Committee on Utilities  
From: Randy E. Stookey, Senior Vice President of Government Affairs, Renew Kansas Association  
Re: **Neutral Written Testimony on Senate Bill 69, requiring a study of electric utility rates**

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Chairman Masterson and members of the committee, thank you for the opportunity to provide testimony on Senate Bill 69. Renew Kansas is the trade association of the 10 ethanol processing plants in Kansas.

The Kansas ethanol industry includes 10 fuel-grade ethanol processing plants in mostly rural areas across the state. By purchasing 44% of all corn grown in Kansas, our industry is an economic driver in Kansas agriculture. (179.2 mil bushels in 2016). The demand for ethanol inputs serves as a price support for corn and sorghum for Kansas farmers. The Kansas ethanol industry produces 550 million gallons of ethanol annually worth approximately \$900 million. In addition, the industry produces high-nutrient wet and dry distillers grains for the Kansas livestock industry. Each plant employs, on average, 45 workers at an average salary of over \$59,000. Collectively, the industry pays close to \$9.0 million annually in property taxes.

For all of the value that the ethanol industry brings to our state and to rural communities, the industry generally operates on tight margins, and profitability in any given year is highly dependent on the costs of inputs and fixed costs, such as energy.

Recent reports have shown that Kansas has the highest energy costs in the Midwest. Paying higher energy rates than similarly-situated energy users in neighboring states causes processing plants in our state to be less competitive. As ethanol plants operate continually, and are charged peak use rates, those high costs have become unmanageable for many plants to the point of being cost prohibitive. This has forced some in the industry to turn to on-site generation of power as the only viable solution to the soaring cost of energy in Kansas - removing the facility from the grid as a rate payer.

It is for this reason that we support a comprehensive study on the competitiveness of Kansas energy rates. Such a study should review how other states assess proposed rate increases, assess how we might better manage rate structures, and stabilize the recent unsustainable growth in Kansas energy costs.

Kansas must act now to find a solution to this issue, or industries in our state will continue to suffer. If Kansas industries are to be competitive, we must find a way for industry to have access to energy at rates that are not cost prohibitive.

While Renew Kansas is unsure whether Senate Bill 69 provides the right solution, we encourage stakeholders and the Legislature to continue discussion as we work to find a solution. Thank you for allowing us the opportunity to testify on Senate Bill 69.