

**Testimony of
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On House Bill 2034
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Westar Energy, Kansas City Power & Light Company and KEPCo support the passage of Kansas House Bill 2034 that would repeal the sunset provision of K.S.A. 66-1233. The current period for expedited recovery of security costs expires on July 1, 2007. Security threats to the electrical infrastructure will continue well past the July 1, 2007 sunset date and may require utilities to act rapidly to fund security improvements to protect the electrical infrastructure. K.S.A. 2006 Supp. 66-1233 provides a valuable expedited process for funding reasonable costs associated with the protection of the electrical grid and helps provide reliable economical electrical service to Kansas citizens.

In the period immediately following the terrorist attacks of September 11, 2001, new regulations and guidelines were issued that required utilities to spend significant additional amounts on security. For example the Nuclear Regulatory Commission, NRC, after the September 11th attacks issued formal orders on February 25, 2002; January 7, 2003; and April 29, 2003, requiring security upgrades at all nuclear plants including the Wolf Creek Generating Station at Burlington.

Non-nuclear power plants have also increased their security since September 11, 2001. The North American Electric Reliability Council, NERC, that is responsible for the reliability of the national electric grid has issued a series of cyber and physical security guidelines and has plans to issue more. NERC adopted a temporary Cyber Security Standard that required electrical utilities to complete cyber and physical upgrades by the end of 2005. A permanent Cyber Security Standard has now been adopted that requires Kansas utilities to complete significant security improvements by 2008, well after the sunset provision currently in effect in 66-1233. NERC will be auditing compliance with these standards and penalties for non-compliance can be as high as one million dollars a day.

It is difficult to predict future threats to the electrical grid and what security improvements electric utilities in Kansas might need to implement to protect the electrical grid in the State. Electric utilities in Kansas have seen thefts of copper increase 300% to 400% in two to three years. These thefts pose a serious impediment to the task of providing safe, reliable electrical service to the citizens of Kansas and provide an example of the type of actions that must be addressed by utilities in the rapidly changing security environment. Utilities must be able to act quickly to counter these threats.

Removal of the sunset provision from K.S.A. 66-1233 as proposed in HB 2034 will benefit the citizens of Kansas by helping utilities fund reasonable security practices, practices that will provide safe, reliable and economical utility systems for the foreseeable future.