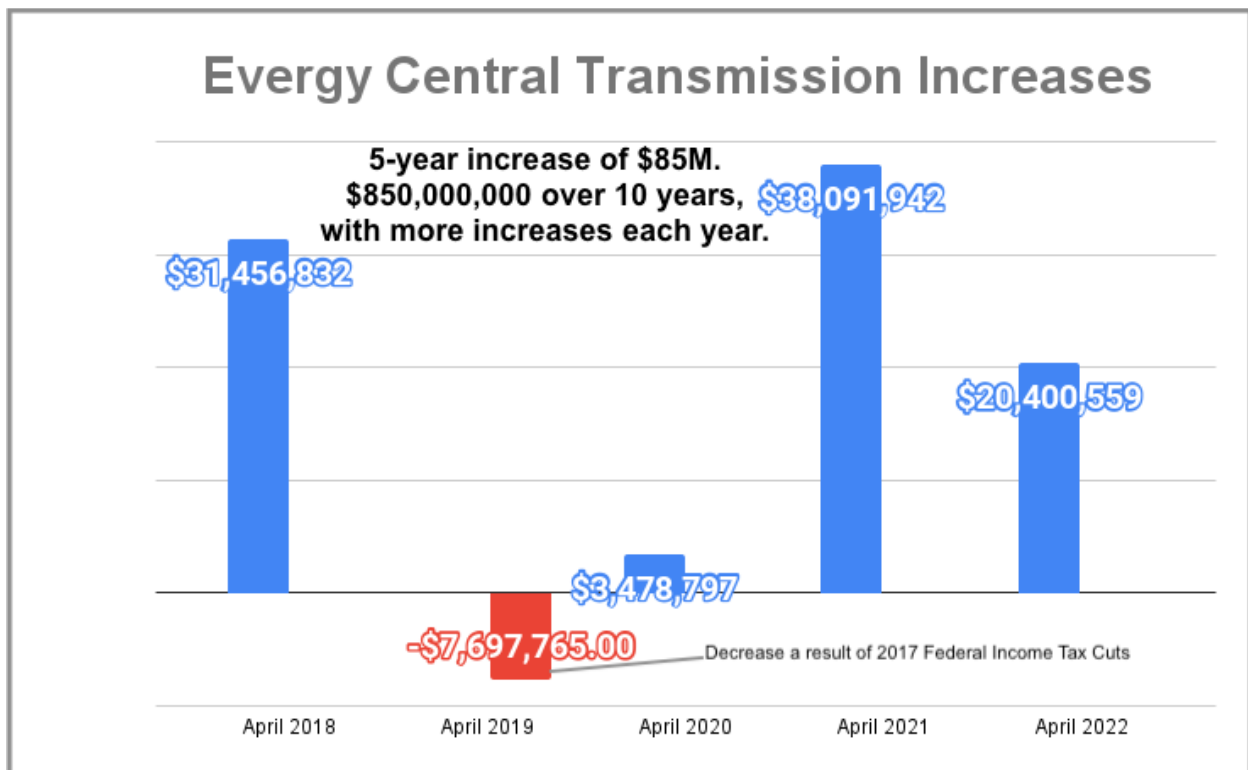


**Testimony of Kansans for Lower Electric Rates (KLER) and  
Kansas Industrial Consumers Group (KIC)  
In Support of House Bill 2225  
Before the House Energy, Utilities & Telecom Committee  
February 9, 2023**

Transmission is a key cost driver of high electric rates in Kansas. A significant part of Evergy’s spending plans include very sizable investments in transmission. Evergy has talked very openly about the key part transmission investments play in its Sustainability Transformation Plan (STP).

The key to this capital spending spree is the Transmission Delivery Charge (TDC – K.S.A 66-1237). The Legislature in 2003 provided then Westar Energy with this surcharge opportunity. At that time not much transmission was being built and I’m sure legislators at the time didn’t imagine what the surcharge would become.

What’s followed is yearly increases, even during the vaunted Evergy “rate moratorium,” that can’t be reviewed by the KCC.



Investing in transmission is especially lucrative because the Federal Energy Regulatory Commission (FERC) provides returns on transmission that are higher than returns granted on investments in a power plant or local distribution wire.

In a few weeks, Evergy will request another increase in its TDC rate, with a new rate increase in effect in early April. This is in addition to the significant base rate increase Evergy will request, also in April.

KIC & KLER have tried to address the TDC problem before:

- 2019 – SB 24: The bill proposed to change the return connected with the TDC to the current KCC-authorized return (first proposed as the KPERS annual return). The KCC was neutral with concerns. CURB supported the proposal.
- 2021 – HB 2180: The bill proposed to adjust the TDC to remove the annual rate increase, instead requiring costs to be recovered in a rate case. KCC first was neutral with concerns, then opposed the bill.

HB 2225 is another option to control the runaway costs of the TDC. The bill leaves the TDC surcharge for SPP-required investments, but requires Evergy's discretionary or elective investment to be recovered in a rate case. That's a fair and reasonable approach.

We urge the committee to approve this bill to help Kansas achieve regionally competitive electric rates.

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*The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. Kansans for Lower Electric Rates (KLER) is an advocacy project of KIC with members of all sizes. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.*