

Business community asks for report on utility rates

By **Brad Cooper** - February 9, 2021



The Kansas business community is urging lawmakers to require state utility regulators to compile a report each year showing how electric rates in the region compare to other nearby states.

The Kansas Industrial Consumers Group, which is made up of big electric users such as Cargill and Spirit AeroSystems, was the lead supporter of the bill in response to data showing Kansas has some of the highest electric rates in the region.

The Kansas Corporation Commission now compiles an annual report for the Legislature that provides an overview of rates, regulatory proceedings and statistics showing supply and demand.

The bill would require the KCC to include information on average electric rates from other states in the region to give lawmakers an easier understanding of how electric rates in Kansas compare to other states.

The bill doesn't specify the states, nor does it define what constitutes "rates."

It was described as a "transparency" bill that would give legislators a quick glimpse at how the electric rates in Kansas compare.

"I think this just adds another layer of transparency, creates another opportunity not just for citizens, but for you as policymakers to take a look at where we stand with rates," said Jason Watkins, lobbyist for the Wichita Regional Chamber of Commerce.

Other supporters of the bill included Americans for Prosperity, the Kansas Chamber of Commerce and the Citizens' Utility Ratepayer Board.

In recent years, there has been some concern expressed that Kansas electric rates are among the highest in the region, putting the state at a competitive economic disadvantage against its neighbors in the Midwest.

The Legislature recently funded a comprehensive rate study and another was undertaken by the Kansas Corporation Commission.

The KCC study [blamed](#) the state's [high](#) electric rates on capital investments driven by environmental regulations, more coal-powered plants to meet consumer demand and construction of wind-powered facilities.

The capital investments, combined with declining demand for electricity, played a key role in about \$1 billion in rate increases from 2007 to 2017, according to the KCC study.

The study showed an uptick in rates starting in about 2007 when residential customers paid about 8 cents per kilowatt hour.

By 2017, the residential rates had risen to almost 14 cents. Similarly, commercial users went from about 7 cents an hour in 2007 to a little more than 10 cents in 2017.

The latest data from the [Energy Information Administration](#) shows that Kansans on average were paying more for electricity than six other nearby states.

Kansans were paying an average price of 10.36 cents per kilowatt hour for the first 11 months of 2020.

It was higher than Missouri (9.54 cents), Iowa (9.36 cents), Oklahoma (7.53 cents), Nebraska (9.2 cents), Colorado (10.27 cents) and Arkansas (8.29 cents).

Eversource said it has reduced rates \$315 million since Weststar and KCP&L merged.

The company said it reduced rates 6.4% since 2018 for residential customers, while rates in nine neighboring states increased by 2.8%.

"Not to say we're done, not to say there isn't a lot of things we could do to continue this progress, but what is not being talked about is the fact that the merger has over delivered on what we said it would," said Chuck Caisley, Eversource's senior vice president of marketing and public affairs.

Caisley said data shows Kansas with high rates because electric use is either static or declining, the state has a smaller population base and Kansas isn't exporting as much

electricity as it did a decade ago.

Caisley said that costs tend to go down in states where there is more population density and a higher percentage of large manufacturing companies.

The bill drew questions from utilities – namely Evergy and the Kansas Electric Cooperatives – about whether the report was necessary.

Lesley Kaufman, vice president of government relations and legal counsel for the cooperatives, asked why a state agency would be responsible for assembling data that supporters of the bill could put together on their own.

She also questioned what states would be included in the report and how the region would be defined for comparing rates.

Caisley didn't take a position on the bill, but raised similar questions.

Caisley said the company is already transparent as a publicly regulated utility. Besides, he said, the issue of rates has already been studied at least five times.

He said the process for rates and ratemaking in Kansas is already more open than any other industry. He said the information on rates is already publicly available.

"We don't think this is going to alter the information the Legislature has or anything currently about rates and is largely redundant to what's already produced out there in multiple places," he said.

Caisley said there are plenty of places to go on the internet – about 600, he loosely estimated – to learn about rates.

"There is an abundance of information out there," he said.

Brad Cooper