



HOUSE ENERGY AND ENVIRONMENT COMMITTEE

Testimony of Randy Cooper

Cargill Animal Protein and Salt

Cooperate Engineering Resource Manager

Supporting HB 2623

Thank you Chairman and members of the Committee. It is a privilege to be with you today to support House Bill 2623. I'm Randy Cooper – Corporate Engineering and Resource Manager - with Cargill Meat Solutions based in Wichita, Kansas. Cargill is privileged to employ approximately 4,000 Kansans at 38 locations. Our footprint in Kansas is diverse including a salt production facility in Hutchinson, 7 grain handling facilities throughout the state, and a feed lot in Leoti. Our largest facility in the state is our Cargill Beef processing plant in Dodge City. This plant employs 2300 Kansans and Cargill beef is shipped from Western Kansas to customers around the globe.

In order to remain competitive in today's global market place, companies in Kansas are continuously looking for opportunities to minimize input costs, including energy costs. Recent shifts in energy supply and demand have resulted in increased transmission costs being passed on to ratepayers in Western Kansas, putting greater pressure on local businesses to remain competitive. **Cargill and Linde, two industrial energy users in Western Kansas, support House Bill 2623 as it will help lower energy costs for Kansas businesses in the long term and provide an important local perspective when investment decisions are made regarding future transmission needs.**

Currently, Federal Energy Regulatory Commission (FERC) regulations require that any regionally funded transmission projects must be competitively proposed, bid, constructed and operated. These regulations are intended to ensure the long-term reliability and transmission capacity for the region. Unfortunately, these regulations have unintended consequences as they have incentivized transmission project construction versus finding the least cost option to the ratepayer. We have seen these projects result in higher energy costs as transmission lines have been over-built and under-utilized, with rate payers bearing the resulting cost. Additionally, in areas where transmission is managed by independent transmission companies, disruptions in service and downtime for repairs is prolonged due to additional co-ordination required between the independent transmission company and the local utility.

The Kansas Legislature has the opportunity to grant right of first refusal (ROFR) to ensure that projects constructed in the state truly meet the needs of the ratepayers, not merely third-party investors. HB 2623 provides Kansas utilities the opportunity to ask regulators for reconsideration of the alternatives considered for new construction projects when circumstances change.

Thank you for considering HB 2623. Please approve HB 2623 to ensure that Kansas businesses are not paying increased power costs associated with needlessly high transmission costs.