

March 12, 2018

The Honorable Julia Lynn, Chair  
Senate Commerce Committee

Reference: SCR 1612 – Urging State Corporation Commission to Lower Retail Rates

Good morning Madam Chair and Committee Members. My name is Ernest Kutzley and I am the Advocacy Director for AARP Kansas. AARP is a nonprofit, nonpartisan organization with a more than 315,000 members living in Kansas. AARP is dedicated to enhancing the quality of life for all as we age. Thank you for this opportunity to provide neutral written testimony on SCR 1612.

SCR 1612 is a resolution that urges a look at making Kansas' electric rates regionally competitive and instructs the KCC to inform the legislature if any legislative changes are needed.

The most recent Department of Energy's Energy Information Administration data report Kansas' residential rates at 13.37 cents per kilowatt hour (kWh), comparing unfavorably to neighboring or nearby states' rates - Missouri (10.46 cents per kWh), Nebraska (10.53), Minnesota (12.92), and Iowa (12.03). The causes for different rate levels are complex both among utilities and among states. One consideration is that Kansas is more sparsely populated and could be more costly to serve. Types of generation and their respective costs is another consideration. However, there is no silver bullet and, absent one, offering discounts to industrials or energy-intensive users makes a bad situation worse for everyone else.

A recent cost driver has been the alleged over-building of transmission, influenced by the Southwest Power Pool (SPP), despite flat or declining demands.

*(Over)*

Utility spending needs to be curtailed. With the flat-lining of demand, there is no new load to serve and most states have a surplus. New power plants (no matter how green) and new transmission lines simply raise rates to existing customers.

AARP remains neutral regarding SCR 1612 but could support this resolution if it were amended to require the Kansas Corporation Commission (KCC) to conduct a study on why Kansas rate levels for electricity are out of alignment with neighboring states (whether due to SPP mandates, new transmission for wind, utility spending, or overly generous rate increases).

We also recommend the new tax law's reduced tax obligations be incorporated into electric rates as soon as practicable. Finally, we do not support rate discounts or subsidies for one customer class.

Thank you for allowing AARP Kansas to provide our comments on SCR 1612.

Respectfully,  
Ernest Kutzley