



Before the Kansas Senate Committee on Utilities

March 13, 2017

Testimony in Opposition to Senate Bill 209

Testimony of Prairie Land Electric Cooperative, Norton

Joined by Rolling Hills Electric Cooperative, Inc., Beloit

*Prairie Land Electric Cooperative, Inc. serves more than 24,900 customer/owners in 18 Kansas counties in northern and western Kansas providing retail electric service to approximately 13,700 farms and residences and 11,200 commercial customers.*

Chairman Olson and esteemed members of the Senate Committee on Utilities:

I am Allan J. Miller, CEO of Prairie Land Electric Cooperative, Inc., submitting this testimony to express opposition to SB 209 on behalf of the 25,000 customers/owners of Prairie Land Electric Cooperative, Inc. and the other Kansas electric cooperative customers who will feel the burden of this unnecessary bill.

At first glance, SB 209 seems innocent, with little impact on utilities, when you consider that most of the Kansas electric cooperatives already provide some of the 21 required items on the customer's electric bill. In Prairie Land's case, 14 of the proposed items in SB 209 are already listed on the electric bill, and all are necessary and useful information to the customer. Proponents of SB 209 would have you believe that adding a few more items on the bill will have little impact to utilities, while at the same time provide customers with information they want. -- Nothing is further from the truth.

Billing software that allows for additional items on the bill will cost an estimated \$8,000, plus a new cost of service study and rate design study that realigns our cost structures will be required at a cost of \$70,000. Additional costs in paper, print expense and postage will add another \$7,700 annually to Prairie Land's costs, not counting staff time in answering questions from customers who will question the need and expense for information that they did not ask for, don't need, and have little inclination to understand.

The real reason for SB209 is not to provide additional information that our customers want, but to act as a "tripwire" for "retail choice" whereby large

commercial and industrial loads can bypass local utilities and their respective power suppliers, in favor of power marketers, seeking profit, and offering lower rates by means of shifting the large commercial and industrial load's cost of service to the remaining customers. The common term for this practice is "cherry-picking", whereby only the good loads leave the system. The remaining customers, mostly residential and small commercial, must stay behind and pay the entire cost of service for themselves, as well as, the loads that left the system.

As you consider this bill, please keep in mind the following:

- Proponents of "retail choice" press for unbundled bills as the first step in a movement to push retail choice, a concept that has not, over the past twenty years, proven to be successful.<sup>1</sup>
- Often times, those proponents are special interest groups with no Kansas connection that haven't invested in facilities to serve electric customers. Those that reside out of state won't pay Kansas taxes or employ Kansas workers.
- If large loads are allowed to leave the system, their costs stay behind for the remaining customers to pay, and — rates will go up!
- Kansas electric cooperatives are "not for profit" and customers already receive service at cost with a small margin that is allocated back to the customer. Why insert other players who seek profit and are allowed to bypass their fair share of the costs?
- As the Southwest Power Pool's (SPP) integrated market has been implemented, true market rates for all power suppliers in the power pool have been realized. The cost of energy, in and of itself, is starting to see the benefit of that marketplace as promised when the market was rolled out March 1, 2014.

In the de-regulated cooperative world, local control and governance has a long history of addressing problems, issues and concerns as they arise. SB 209 imposes a state mandate where none is needed. We urge you not to pass SB 209.

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<sup>1</sup> See the following study: Christensen and Associates, Retail Choice in Electricity: What Have We Learned in 20 Years?