



February 6, 2018

The Honorable Rob Olson
Kansas State Senate
236-E Capitol Building
Topeka, Kansas 66612

Dear Chairman Olson:

On behalf of Atmos Energy, a natural gas utility providing service to 134,000 customers in Kansas, I am writing in opposition to SB 347, which concerns demand-side management programs and their cost recovery. We believe this bill is unnecessary and will lead to costly spending unfavorable to our customers.

We promote natural gas as a responsible energy choice and encourage the use of gas appliances of greater efficiency to our customers. However we are not aware of any Kansas-specific studies that would demonstrate the goals outlined in this bill are reasonably achievable or cost-effective. We are concerned that these arbitrary energy efficiency targets will lead to high levels of spending and be proven unattainable and detrimental to our customers. The experiences in neighboring states, which have mandated such targets, are instructive.

Only a small subset of customers reap the direct benefits of such energy efficiency programs. Many demand-side management and energy-efficiency programs require customers to spend money to receive incentives, and not all customers have that ability or are interested in doing so. For example, all customers are paying for a few to get hundreds of dollars in rebates on new appliances. Additionally, this bill takes away the protection allowing utilities to provide programs to benefit its low-income customers without the requirement of meeting cost-effectiveness tests.

In Kansas, average annual consumption per residential customer has dropped from 88.5 MMBtus in 2010 to 64.8 MMBtus in 2016. Efficiencies driven by the marketplace, changing building codes, additional and more stringent U.S. Department of Energy Conservation Standards for appliances, equipment, and lighting (many of which were updated in January of 2017) have been increasing at a substantially higher rate than in the past without the need for specific utility or customer subsidized programs to stimulate adoption of these energy efficiency measures.

We would be happy to visit further to share more information. Thank you very much for your consideration of our position.

Sincerely,

A handwritten signature in blue ink, appearing to read "Aaron Bishop".

Aaron Bishop
Manager, Public Affairs