

Before the Senate Utilities Committee  
Presented by Zack Pistora, Kansas Sierra Club  
Written-only Neutral on HB 2527  
3-18-24



Chairman Fagg and Honorable Members of the Committee,

Thank you for the opportunity to submit neutral testimony on HB 2527. The Kansas Sierra Club has been involved in policy negotiations with Evergy and several stakeholders about this bill. Since some sections of this multi-faceted bill are more positive than others in our eyes, we stand neutral on HB 2527.

**Through changes in cost recovery and ratemaking procedures with respect to regulated electric public utilities, HB 2527 attempts to create more business appeal to both investors and developers in Evergy and Kansas. The Kansas Sierra Club supports policy ideas that can add economic benefit to the state and enhance the electric grid, so long as incentives and business dealings do not inevitably harm the environment or extend the use of fossil fuels.**

HB 2527 includes several sections, codifying 'Plant In-Service Accounting' in section 1, changing terms of Special Economic Development Rates in section 3, and allows for a 'Construction Work in Progress' rate recovery mechanism specifically for new gas-fired generating facilities per section 4, among other changes. This 'fancy financing' bill is said to offer beneficial changes that incentivize utility efforts in enhancing our electrical infrastructure, along with acquiring new business customers and electric loads that help lower electric rates for Kansans. However, enticing more big business development in Kansas could come at a price for Kansas ratepayers and ecosystems as we encounter limits of our electrical generation capacity and prompt the desired buildout of expensive fossil-fueled generating units. We feel the benefits of the new capabilities and mechanisms within HB 2527 greatly depend on the forthcoming actions and plans of the utility, so both our support and caution for HB 2527 is predicated on how Evergy utilizes HB 2527.

**The Plant-In-Service Accounting mechanism in section 1 seems to incentivize important electrical upgrades of the distribution system, IT services, and energy management strategies that could prove beneficial in making our electric grid more efficient and resilient.**

The Sierra Club values reasonable upgrades to our electric grid and supports policy proposals that reward the utilities for appropriate grid modernization efforts. By allowing more recovery of depreciated assets of electrical distribution infrastructure, circuits, and energy management technologies, we think there could be an expanded appeal by the utility and investors to enhance our grid in terms of reliability, resiliency, and efficiency. Such improvements could help avoid larger dependence and costs of fossil fuel power, while improving the electrical service for new and existing Kansas electric consumers.

**We are not inherently opposed to a 'Construction Work in Progress' rate recovery mechanism, but we do oppose its exclusive application for gas-fired generating facilities per section 4 of HB 2527.** We feel that the rate recovery mechanism could apply to any multi-year, major electrical generation construction project and suggest that section of HB 2527 be amended to be energy type neutral. The Kansas Sierra Club would likely oppose a plan to build a gas-fired power plant because of its probable negative impact upon our environment and Kansas ratepayers, especially when other more ecofriendly and economical energy supply solutions exist.

**We hope these comments are helpful in your consideration of HB 2527.**

Sincerely,

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*The Sierra Club is the largest grassroots environmental organization dedicated to enjoying, exploring, and protecting our great outdoors. The Kansas Chapter has been our state's strongest grassroots voice on environmental matters for fifty years.*