



Testimony of Kansas Industrial Consumers Group

Opposition to SB 279

Before the House Energy, Utilities and Telecommunications Committee

March 14, 2018

The Kansas Industrial Consumers Group (KICG) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.

KICG is opposed to SB 279. We do not believe the bill and its recommended changes are in the best interest of consumers. The amendments to the GSRS are exceedingly broad. Historically, the GSRS surcharge only applied to costs related to pipeline replacements required under state and federal pipeline safety regulations, along with relocations caused by right of way projects. The new language lets the gas utilities use it for nearly *any* new investments in between rate cases. In addition, this bill would double the amount any single GSRS filing can increase rates – increasing the cap from 10% to 20% the utility's base revenue level.

The Kansas Corporation Commission is best positioned to review these charges through a regular rate case proceeding.

Most of our members contract for their own gas supply, and overall, the GSRS surcharge is not material for them. However, the principle and intent of the proposal is troubling. For years, utilities have asked the Legislature for new ways to more quickly pass costs to customers. These proposals significantly erode our utilities' traditional incentives to contain costs, and they have to stop.

What concerns KICG more than changes to the GSRS is uncompetitive electric rates. Kansas now has the highest rates in the region, which is detrimental to the State and all of the ratepayers in Kansas. The focus of our work in the capitol is to implement regionally competitive electric rates. We urge the Committee to cautiously review any proposals that could increase costs for consumers, whether gas or electric.

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