



Kansas Grain and Feed Association

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Date: February 19, 2019
To: Senate Committee on Utilities
From: Randy E. Stookey, Senior Vice President of Government Affairs
Re: **Neutral Testimony on Senate Bill 69, requiring a study of electric utility rates**

Chairman Masterson and members of the committee, thank you for the opportunity to provide testimony on Senate Bill 69. This testimony is being submitted by the Kansas Grain and Feed Association (KGFA). KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas, whose membership represents 99% of the commercially licensed grain storage across the state of Kansas.

Grain elevators are high industrial users of energy for turning and processing grain. The grain industry generally operates on tight margins, with profitability in any given year highly dependent on fixed costs, such as energy.

Recent reports have shown that Kansas has the highest electric rates in the Midwest. Paying higher energy rates than similarly situated energy users in the Midwest causes Kansas grain elevators to be less competitive. As our members operate continually, and are charged at industrial peak use rates, those high costs have become unsustainable.

It is for this reason that we support a comprehensive study on the competitiveness of Kansas energy rates. Such a study should review how other states assess proposed rate increases, assess how we might better manage rate structures, and stabilize the recent unsustainable growth in Kansas energy costs.

Kansas must act to find resolution to this issue, or industries in our state will continue to suffer. If we are to allow Kansas industries to be competitive, we must find a way for industry to have access to energy at rates that are not cost prohibitive.

While KGFA is uncertain whether the provisions in Senate Bill 69 necessarily provide the right answers to this important issue, we encourage all stakeholders to continue the discussion as we work toward a solution. Thank you for allowing us the opportunity to testify on Senate Bill 69.