

SENATE FINANCIAL INSTITUTIONS (FI) & INSURANCE (INS) COMMITTEES

CONFERENCE SUBMISSION FORM

PLEASE SUBMIT COMMITTEE TESTIMONY AT LEAST

24 HOURS PRIOR TO THE SCHEDULED MEETING

Bill # 245

Date of testimony 2.18.21

Print Contact Name (and/or person who will be testifying):

Whitney Damron

Agency represented Liberty Utilities

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Please check type and category applicable:

Type: Oral Testimony (Speaking): _____ OR

Written Only (Not Speaking): X

Category: Proponent: _____ Opponent: _____ Neutral: X

Please submit your PDF electronic testimony at or near the same time as you submit your 30 hard copies to: Suzanne.Nelson@senate.ks.gov

Phone: 785-296-7367

Location: Room 235B-East in the Capitol



NEUTRAL TESTIMONY

SB 245

An Act concerning the state corporation commission; relating to electric public utilities; pertaining to financing thereof; authorizing the approval and issuance of energy transition bonds; enacting the Kansas grid resiliency innovation and dependability act.

Senate Committee on Financial Institutions and Insurance

**Whitney Damron
on behalf of
Liberty Utilities**

February 18, 2021

Chairman Longbine and Members of the Committee:

On behalf of Liberty Utilities, we thank you for the opportunity to provide written comments on Senate Bill 245. While we neither support nor oppose this bill, we would like to offer our perspective on the legislation offered today.

We recognize the need to allow the energy industry to transition to a more modern and cost-effective delivery of a cleaner, more sustainable energy supply to our customers across the state of Kansas. Certainly, as we have seen during these difficult times the energy industry is experiencing this week, having a diverse portfolio not entirely dependent on the price of gas, results in lower rates for our customers in times of price spikes due to weather and other unforeseen circumstances.

Liberty is leading the way in this transition and is nearing completion of three wind farms generating up to 600 megawatts of wind energy for its customers. Two of those wind farms are in Missouri – the North Fork Ridge wind farm is in northwestern Jasper County and southwestern Barton County and the Kings Point Wind farm is in southeastern Barton County, southwestern Dade County, northeastern Jasper County, and northwestern Lawrence County. The Neosho Ridge wind farm is located in Neosho County, Kansas.

On January 27, 2021, Liberty purchased the North Fork Ridge wind farm, and it is online providing cost effective service to our customers. The Kings Point and Neosho Ridge wind farms are well under construction and are expected to be acquired in late March of this year. All told, these three wind farms are expected to generate savings for our customers of approximately \$169 million over a 20-year period and approximately \$300 million over a 30-year period.

We are able to deliver these savings in part due to our innovative use of tax equity financing for the projects; Liberty is leading the industry in using tax equity financing to deliver long term savings to its customers and is proud that we can deliver savings to customers while also promoting Kansas' Energy policy objectives. We believe that wind is part of a mature and integrated energy marketplace with lower production costs, which will save customers over time while we also meet the demands of a future with clean energy.

As part of our move into the next century of energy generation and delivery, analysis was undertaken which led to the decision to in 2017 to close Empire's coal-fired power plant in Asbury, Missouri and to replace it with 600MW of renewable wind energy, part of which is the previously mentioned project. This decision was not easily made but it was the best economic decision we could make for our customers. Asbury served us and our customers well for many years and will remain an important part of our company's history.

Closing Asbury is part of our transition toward more a cost-effective energy future when coupled with the development of these wind farms. To put it in perspective, Asbury maintained the capability to generate up to 198 MW of energy, while our future wind sites have installed capacity of 600 MW of energy.

As pending EPA required upgrades and economic downturn loom in the future, it served not only our customers well to initiate this move, but also our employees. We are proud of the fact that Liberty ensured all 62 employees who faithfully served Asbury are now employed in new positions, many helping with the operation and maintenance of our wind farms. As of today, all employees have transitioned to new opportunities. We have also worked hard to re-purpose as much of the Asbury facilities as possible to support the wind farms and are proud that we can continue to make good use of those facilities to continue serving our customers.

We will soon file a rate proceeding this spring in which cost recovery of Asbury will be at issue.

Given that we will be in the midst of that rate case during the legislative session, we do not believe it is appropriate to take a position on this legislation at this time. As such, Liberty is neither for NOR against the energy transition ("securitization) legislation at this time but would ask that should the Committee decide to consider advancing securitization legislation, that it be a voluntary choice of the utility whether to utilize it, and utilities that made decisions prior to the implementation of securitization should not be penalized for their actions through a lens of options that was not available at that time.

This legislation will have long lasting effects far beyond the current efforts of many to transition out of coal and other generation sources. It is, therefore, especially important to ensure this legislation encourages appropriate investments while not discouraging retirements of certain facilities.

It should be strongly noted that a troubling provision would be any requirement that forces securitization of everything and definitively precludes other traditional options.

Thank you again for the opportunity to provide information to the Committee on SB 245 and to be part of the evolving conversation surrounding energy matters.

WBD

About Liberty Utilities:

Liberty Utilities' Central Region is headquartered in Joplin, Missouri and provides electric, natural gas, water, and wastewater service to nearly 320,000 customers across six states, including Missouri, Kansas, Oklahoma, Arkansas, Iowa, and Illinois. The company has approximately electric 10,000 customers in Kansas in the southeast corner of the state.

In Kansas, Liberty Utilities – Empire District owns and operates a 286-megawatt natural gas power plant in Riverton, Kansas and has purchase power agreements with two Kansas windfarms: Elk River Wind Farm in Butler County and Meridian Way Wind Farm in Cloud County. In addition, the company has contracted with Apex Clean Energy to purchase an approximately 300-megawatt renewable wind energy project in Neosho County, Kansas, once the project is operational.