

Testimony Before the Kansas Senate Utilities Committee Supporting the Passage  
of SB382, Submitted by Lawrence Dolci  
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Great Plains Energy and its electrical company, Kansas City Power & Light Company support the passage of Kansas Senate Bill 382 that would repeal the two year sunset provision of K.S.A. 66-1233. The current two-year period for recovery of security costs is not long enough to allow recovery of costs incurred over the next several years to ensure reliable electrical service for the citizens of Kansas.

In the period immediately following the terrorist attacks of September 11, 2001, new regulations and guidelines were issued that required utilities to spend significant additional amounts on security. For example the Nuclear Regulatory Commission, NRC, after the September 11<sup>th</sup> attacks issued formal orders on February 25, 2002, January 7, 2003 and April 29, 2003 requiring security upgrades at all nuclear plants including the Wolf Creek Plant at Burlington. The latest round of security upgrades at Wolf Creek must be completed by October of 2004. Much of the cost of the latest upgrades will be incurred after the July 1, 2004 sunset provision. Wolf Creek has spent millions in upgrading security since September 11, 2001 and the cost of new guards; cameras, alarms and other security upgrades required under the latest NRC order will be additional millions. NRC statements show it is likely to require further upgrades during the next few years.

Non-nuclear power plants have also increased their security since September 11, 2001. The North American Electric Reliability Council, NERC, that is responsible for the reliability of the national electric grid has issued a series of cyber and physical security guidelines and has plans to issue more. NERC adopted a Cyber Security Standard last year that requires electrical utilities to complete cyber and physical upgrades by the end of 2005. Kansas utilities will incur most of the costs of complying with this standard after July 1, 2004 when the sunset provision of K.S.A. 66-1233 is effective.

At a meeting January 2004 meeting of the NERC Critical Infrastructure Protection Advisory Group a representative of the Federal Energy Regulatory Commission, FERC, announced that as a result of the Northeast power outage of August 2003 FERC would issue new regulations aimed at increasing the reliability of the electrical grid. FERC views reliability and security of the electrical grid as inseparable and their rules will likely reflect this belief and require tougher grid security.

Removal of the sunset provision from K.S.A. 66-1233 as proposed in HB 382 will benefit the citizens of Kansas by helping to make sure utilities have the funding available to follow sound and reasonable security practices, practices that will provide for reliable utility systems for the foreseeable future.