



March 12, 2018

Dear Senators,

In response to inquiries following today's hearing, the Kansas Industrial Consumers Group (KICG) provides the following additional information.

There was discussion that KICG members pay a lower average rate than other industrial customers. Specifically, Great Plains Energy (GPE), Westar Energy (Westar), and Kansas City Power & Light (KCP&L) make the statement that the KICG member companies in the Westar/GPE merger pay an average rate of 6.1 cents per kWh, as compared to an average Westar industrial rate of 7.45 cents per kWh.

This is a misleading statement regarding the cost of electricity to industrial customers because it does not recognize the differing levels of service provided to certain customers – particularly the large-volume customers who are members of KICG: Spirit AeroSystems (Spirit), Occidental Chemical Corporation (OxyChem), HollyFrontier Refining, Coffeyville Resources Refining & Marketing (CRRM), Goodyear Tire & Rubber Company (Goodyear), Cargill, Inc., CCPS Transportation/Enbridge Pipelines (Enbridge), and Learjet.

(A) CRRM, Cargill, Enbridge, and Learjet pay the full "large power tariff rate" of Westar that includes full generation, transmission, and distribution services;

(B) Spirit and Goodyear own and operate their own substations and distribution systems. They do not use Westar's substation and distribution facilities and thus do not pay Westar for those facilities. They pay the filed "large power tariff rate" of Westar for generation and transmission services.

(C) Oxy-Chem and HollyFrontier have entered into contracts to provide services to Westar – such as generation, load-shedding on short notice, and other services to reduce costs for Westar and all other customers on the Westar system. The KCC has specifically reviewed these agreements and approved prices for these customers that reflect the above benefits and tradeoffs.

Sincerely,

Jim Zakoura

Jim Zakoura
President, Kansas Industrial Consumers Group