



Testimony offered to the Senate Judiciary Committee
In Support of House Bill 2178
Fred Taylor, Vice President of Operations
Midwest Energy, Inc.
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Testimony also supported by:
Kansas Electric Cooperatives, Inc.

Chairman Wilborn and members of the Committee:

I am Fred Taylor, Vice President of Operations for Midwest Energy, Inc., a member-owned, 93,000 electric and natural gas meter cooperative headquartered in Hays. I also served on the Board of Kansas One Call until it transitioned to Kansas 811. I'm providing written testimony today on behalf of all cooperatives in Kansas **in support of House Bill 2178**.

To explain the need for House Bill 2178, we have to understand the issue. K.S.A. 66-1802 requires anyone digging or excavating to call utilities ahead of time to have underground utilities marked. For electric utilities, this meant marking all underground wires up to the point of delivery. The law has been in effect for decades, and has served consumers and excavators well.

Last year, the Kansas Corporation Commission introduced a new rule requiring utilities to locate not just up to the point of delivery but also customer owned and installed electrical lines *beyond* the point of delivery, on the customer's property. For example, an office complex has several buildings, where service leaves the point of delivery where it's metered, but goes to multiple buildings on the complex. The way the new rule reads, the utility would be responsible for accurate locating and marking all of those lines between the buildings. In the past, we would have located only to the point of delivery.

We believe there are two key reasons why House Bill 2178's passage is critical. First and foremost is cost. Midwest Energy conservatively estimates it will take roughly \$20 per mile of line to review rural customer-owned facilities for underground lines not protected by a disconnect. We estimate the cost to do this at \$172,000 initially, with ongoing costs estimated to be \$145,000 per year to locate rural customer-owned facilities. This calculation assumes 15 percent of our current locates will require us to locate customer-owned facilities, and Midwest last year did nearly 4,000 rural locates subject to these new rules. Most electric cooperatives do not have the urban footprint that Midwest Energy does, so the numbers I have provided above are rural. When we include the urban locates Midwest Energy's ongoing cost is estimated to be \$240,000 per year.

Additionally, we estimate the cost to map each customer line not protected by a disconnect to be \$10,000 per line, and the cost of updating Midwest's mapping systems, customer communications and associated programs to be no less than \$10,000.

These costs are significant, and again these are only Midwest Energy's estimates; there are 24 distribution cooperatives in Kansas, and each would bear similar costs absent corrective legislation. This is concerning to us, as it is coming at a time when electric companies are under a microscope to curb costs, yet are having costly new requirements imposed that provide little, if any, benefit to the consumer.

Our second concern is with the liability the new rule subjects electric providers to. With the utility liable for missing or mis-marking lines on the customer's property – lines that the utility did not design, install, doesn't maintain, and has not mapped. Further, if the utility does come to locate and map the customer-installed lines – at the utility's expense – the customer can change them at any time without notifying the utility. Yet the utility would still be liable for any mis-marking or tolerance zone mistakes. We think this sets an unrealistic financial and liability burden on the utility.

We appreciate the opportunity to share our concerns on this important matter. House Bill 2178 would establish a clear delineation between utility and customer responsibilities, and restore the act of locating underground electric facilities to the process which has served Kansans well for 26 years. We respectfully request this Committee advance the bill favorably. Thank you.