



Kansas Electric Power Cooperative, Inc.

SENATE FINANCIAL INSTITUTIONS AND INSURANCE COMMITTEE SB 245

Neutral Testimony on behalf of Kansas Electric Power Cooperative, Inc.

Mr. Chairman and members of the committee:

I am Phil Wages, Director of Member Services, Government Affairs, and Business Development for Kansas Electric Power Cooperative, Inc (KEPCo). KEPCo is a not-for-profit generation and transmission utility, providing electricity to sixteen-member rural electric cooperatives serving the eastern two-thirds of the state.

Securitization is a financing vehicle through which items such as plant assets are financed by the proceeds of bonds issued by a non-affiliated third-party entity, instead of by the utility. Although a securitization bill was first introduced in Kansas in 2019 as part of a comprehensive package to consider utility rates, SB 245 is considerably different and, thus, warrants significant and thorough scrutiny. Evergy has spent an extensive amount of time in developing the language and considering the parameters of the bill, which is a prudent and necessary practice for any business, particularly utilities; however, other potentially affected entities, such as KEPCo, have not been afforded the same opportunity given the bill only became available last Thursday evening.

The relationship between KEPCo and Evergy is twofold. First, KEPCo is one of Evergy's largest wholesale customers, purchasing approximately 30% of its energy requirements from Evergy. Second, KEPCo and Evergy are joint owners of the Wolf Creek Nuclear Generating Station and Iatan 2, a high efficiency, supercritical, pulverized coal-fired plant located near Weston, Missouri.

As both a significant customer and generation co-owner, KEPCo is asking for additional time to perform similar analyses that Evergy has performed. KEPCo began reviewing the bill on February 12, 2021. Providing five days to review such a complex financing bill is not an appropriate amount of time to assure KEPCo and our member-owners that the bill will not have a negative impact to electric cooperatives.

Mr. Chairman, KEPCo respectfully asks the committee for the time necessary to fully analyze and evaluate SB 245 and to potentially work with Evergy on needed changes, if any.

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