Chairman Longbine and members of the committee, thank you for the opportunity to provide neutral testimony on Senate Bill 245. This testimony is submitted jointly on behalf of Kansas Grain and Feed Association (KGFA), Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association (Renew Kansas).

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA’s membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association whose membership includes over 700 companies across Kansas. Renew Kansas is the trade association of the Kansas biofuels processing industry.

Across Kansas, our member grain elevators, biofuel processing plants, and agribusiness facilities contribute to the Kansas economy and provide gainful employment for thousands of Kansans. Members of these industries are also high industrial users of energy. The ability of our members to operate a competitive or profitable business is often dependent upon the amount of overhead or fixed costs, such as utilities.

It is understood that Kansas has the highest electric rates in our region. Paying higher energy rates than similarly-situated energy users in the Midwest causes our industries to be less competitive. In addition, as grain elevators and biofuel processors operate continuously, they are assessed surcharges on utilities at peak use rates. Unfortunately, these high energy costs have become unsustainable – so much so, that many in the industry are now investing in on-site cogeneration in order to reduce costs and remain viable.

This bill would authorize the KCC to oversee the issuance of ratepayer-backed securitized bonds in order to finance property that is currently included in the rate base of an investor-owned utility in the state. The proposed concept could, in theory, help reduce Kansas electric rates. At this time, however, the bill does not contain language that would explicitly require such a rate reduction. For that reason, we appear neutral on the measure.

Kansas must continue to pursue regionally competitive electric rates, or industries in our state will suffer. If Senate Bill 245 were amended to require rate reductions from any savings recognized through securitization, then we would support the bill. Thank you for allowing us the opportunity to testify.