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Senate Utilities Committee Senate Bill 24 - Support January 26, 2021

Thank you, Chairman Thompson and members of the committee, for the opportunity to provide comments today in favor of Senate Bill 24. Black Hills Energy is a natural gas utility proudly serving approximately 115,000 customers in 65 Kansas communities. All together the Black Hills Energy family serves 1.3 million natural gas and electric customers in eight states.

Preserving customer choices

Preserving energy choice is critical for Kansans. Senate Bill 24 protects that choice in state law, providing certainty for Kansans that natural gas remains a viable option in their homes and for their businesses. This legislation provides a statewide approach to energy policy and would ensure governments do not restrict the direct use of natural gas in Kansans' homes and businesses.

Natural gas is a great value for customers

Domestically produced, abundant natural gas remains a strong value for our customers' energy needs. In 2020, the typical residential customer on our system paid an average monthly bill of about \$50 – meaning they can heat their homes, have hot water, and cook meals for less than \$2 a day.

Natural gas also fuels our state's agriculture and industrial sectors. Low natural gas prices are an economic driver, benefiting consumer purchasing power and confidence, creating higher profits among businesses and improving cost-competitiveness for American manufacturers relative to their international competitors.

The importance of a statewide approach for energy policy

Given the nature of the regulated utility business and how uniform rates are set across the state for each customer class, a decision to eliminate customers' energy choices made by one jurisdiction has impacts on all of our customers. State-level policies are necessary to balance the needs and considerations of customers throughout Kansas.

For our communities and our state to create, attract and retain jobs and for economic prosperity, access to affordable, reliable energy choices is vital. Eliminating direct use of natural gas negatively impacts businesses and could stifle economic growth. Black Hills Energy is a committed partner in the communities we serve and works together with local leaders throughout our service territory to help grow Kansas with natural gas service.

Local energy policies have widespread impacts

In March 2020, the City of Lawrence approved Ordinance 9744 that set the goal for all energy sectors to be 100% renewable community-wide by 2035. While we are committed to working with the City of Lawrence and other communities we serve to address sustainability goals, we want to ensure natural gas remains an option for our customers, and believe natural gas is an important part of a sustainable energy future.

Nearly 32,000 residential customers – about 85% of Lawrence households - would be impacted by eliminating energy choices, including our neediest and most vulnerable citizens. Black Hills Energy is an advocate for protecting the energy choice of our customers – including residents and businesses – who will ultimately be impacted by the achievement of this goal and bear its costs.

Households that use natural gas for heating, cooking and clothes drying see an average savings of \$879, according to research by the American Gas Association. Eliminating natural gas as a choice impacts the pocketbooks of our customers. Homeowners would also face the cost of retrofitting their home, electric panel upgrades and appliance costs to replace their furnaces, hot water heaters, kitchen stove, and dryer.

Commercial and industrial businesses would also face increased costs and impacts to their operations. The energy required to fuel many business processes cannot be effectively met by electricity and in addition to being cost prohibitive, is often not feasible through electric power.

Black Hills Energy's commitment

We are committed to partnering with the communities we serve to find sensible greenhouse gas reduction strategies. Natural gas is a clean source of energy, which has and will continue to reduce our country's carbon emissions. Through the use of new technology, renewable natural gas and increased energy efficiency, natural gas can continue to shrink our country's carbon footprint.

When you couple the affordability and efficiency of natural gas with emerging natural gas appliances and renewable natural gas, it's clear there are better ways to reduce emissions, protect energy choice, and ensure the resiliency of our energy system.

Sustainably reducing greenhouse gas emissions will require partnership among clean energy sources like renewables and natural gas, smart use of our country's infrastructure and careful consideration of the impact to Americans. Senate Bill 24 keeps those options available for Kansans in their homes and their businesses.

We appreciate the opportunity to address the committee and respectfully request passage of SB 24. Thank you.