



SUNFLOWER ELECTRIC POWER CORPORATION

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Testimony offered to the Senate Utilities Committee
In Opposition to SB 293
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Sunflower Electric Power Corporation & Mid-Kansas Electric Company, Inc.
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Testimony also supported by Midwest Energy, Inc. and
Kansas Electric Cooperatives, Inc.

Thank you, Chairman Olson and the committee for allowing me to share comments in opposition to SB 293 as it was originally introduced. We support the ability of Municipal Energy Agencies (MEA's) to use a self-regulation process available to generation and transmission electric cooperatives (G&T). We have concerns that the legislation, as written, exempts MEA's from Kansas Corporation Commission oversight in regard to duplication of service and facilities. We have shared our concerns and provided suggestions for amending the bill with Kansas Municipal Utilities and welcome the opportunity to work with them further on crafting a mutually agreeable proposal.

Current statute 66-104d specifies how generation and transmission cooperatives can vote to self-regulate rates to their members. In the recent KCC docket 18-GIME-217-GIE which dealt with KCC jurisdiction over MEA's, the Kansas Municipal Energy Agency suggested that MEA's should be regulated like deregulated generation and transmission (G&T) cooperatives.

Electric cooperative members vote for the leadership that governs their cooperative. In a similar way, residents of a city elect the leaders who make decisions about their municipal utility. Cooperatives come together to form G&T's as municipal utilities have formed MEA's.

The MEA's, on behalf of their cities, operate very similar to a generation and transmission cooperative, such as Sunflower or Mid-Kansas. They have no retail customers, but instead aggregate load for power supply, and contract for transmission and capacity services. Recently, a Kansas MEA announced plans to actively build transmission with an independent transmission developer.

Section 66-104d identifies the process for a G&T to opt out of KCC regulation for rates charged to its members. For G&T cooperatives, the KCC retains jurisdiction over wholesale power agreements with other utilities and MEA's, transmission rates, and the process to secure a certificate of convenience when constructing transmission facilities. This statute provides a mechanism for cooperative members to re-engage the KCC for

rate matters, if needed. We believe these ratepayer protections are also appropriate for the KCC regulation of MEA's.

Transmission costs are of concern to us and we do not support any legislation that allows MEA's to build transmission without following the KCC process to secure a certificate of convenience for rights to construct transmission. KCC regulation of transmission facilities is intended to insure an efficient system that eliminates duplication of facilities which rate payers are forced to fund. We will continue to work with the MEA's to offer language that insures all utilities operate in a consistent regulatory environment for facilities that serve wholesale electric loads.