



Liberty Utilities[®]
EMPIRE DISTRICT

OPPOSITION TESTIMONY

House Energy, Utilities and Telecommunications

HB 2180

An Act concerning electric public utilities; relating to the state corporation commission approval of transmission delivery charges through electric rate proceedings.

**Whitney Damron
On behalf of
Liberty Utilities – Empire District**

February 11, 2021

Chairman Seiwert and Members of the Committee:

I am Whitney Damron and I appear before you today on behalf of Liberty Utilities Empire District to present comments in opposition to HB 2180 that would mandate certain electric public utilities only seek adjustments to transmission charges and recovery for investment through a formal rate case.

HB 2180 would unnecessarily cost customers unneeded expenses due to the costs of rate cases each time electric utilities seek to recover these costs. Benefits of transmission investments are passed on to Kansas retail customers almost immediately. However, the cost recovery of these investments lags considerably. A transmission delivery charge (TDC) rider mechanism allows utilities the opportunity to more-timely recover transmission-related costs associated with service to their Kansas-jurisdictional customers without the need for long, costly general rate cases. Furthermore, the TDC rider mechanism smooths rate changes as rates are adjusted annually versus only when a general rate case occurs. Finally, the TDC rider effectively tethers the timeliness of costs associated with transmission investment with the benefits of those investments. Without the TDC rider, the utility must balance the costs of transmission-related investments for which recovery will be delayed until the utility's next general rate case with customers benefits that are experienced without delay by means of enhanced reliability and improved access to lower cost energy.

Empire's TDC rider is based on its FERC-approved Transmission Formula Rate tariff and only contains costs incurred as a result of transmission service-related activities with either the Southwest Power Pool (SPP) or Mid-continent Independent System Operator (MISO) for the purpose of serving native load costs. These costs are audited and reviewed by multiple entities in addition to the annual reporting and review conducted by the Kansas Corporation Commission. HB 2180 is an unneeded costly proposal which would also create an unnecessary administrative burden without any proven benefits to customers.

On behalf of Liberty Utilities – Empire District, I thank you for your consideration of our comments.

About Liberty Utilities:

Liberty Utilities' Central Region is headquartered in Joplin, Missouri and provides electric, natural gas, water, and wastewater service to nearly 320,000 customers across six states, including Missouri, Kansas, Oklahoma, Arkansas, Iowa, and Illinois. The company has approximately electric 10,000 customers in Kansas in the southeast corner of the state.

In Kansas, Liberty Utilities – Empire District owns and operates a 286-megawatt natural gas power plant in Riverton, Kansas and has purchase power agreements with two Kansas windfarms: Elk River Wind Farm in Butler County and Meridian Way Wind Farm in Cloud County. In addition, the company has contracted with Apex Clean Energy to purchase an approximately 300-megawatt renewable wind energy project in Neosho County, Kansas, once the project is operational.

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