

Kansas Senate Utilities Committee
Testimony of Citizens' Utility Ratepayer Board
Neutral Testimony to SB 24
(Written Only)
January 21, 2021

Mr. Chairman and members of the Senate Utilities Committee. My name is David W. Nickel. I am Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB). I am furnishing neutral testimony to Senate Bill (SB) 24.

SB 24 prohibits municipalities from restraining utility customers living within these municipalities to choose whether to use a natural gas utility or electric utility for their end uses. Based upon information, CURB believes that there has been a movement, commencing in Berkley, California, by some local governments to prohibit the use of natural gas in certain buildings for heat and other purposes. Based upon information, CURB believes that legislatures in several states, including Oklahoma, have passed bills substantially similar to SB 24, in response to this movement. The arguments posed for and against these similar bills are available. CURB will not weigh in on these arguments, but notes the importance of careful evaluation of the pertinent issues.

With respect to the reach of SB 24, it is important to note that CURB does not have authority to represent utility consumers before municipalities that are not subject to the jurisdiction of the Kansas Corporation Commission ("KCC"). Moreover, SB 24 contemplates the establishment of policy, which CURB believes lies solely with the Kansas legislature. Further, the policy issues involved in SB 24 are very difficult and have significant ramifications that CURB has not had sufficient time to evaluate.

Therefore, CURB believes it best to be neutral on SB 24. No doubt, many will weigh in on the environmental effect of the use of natural gas versus electricity (which may be generated in part by coal generating power plants) in heating homes, businesses and other uses such as cooking and heating water. Moreover, policies that restrain consumers from using natural gas to heat their homes has some impact upon the production of natural gas in Kansas, affecting a vital part of the Kansas economy. Information supporting the positions of the parties on these important issues abounds, and CURB believes that other stakeholders can and will provide information on these aspects of SB 24 which deserve due consideration. However,

it would not be of significant help to the legislature for CURB to attempt to sort through and weigh in on this material.

Rather, while CURB believes that environmental and Kansas economic issues are extremely important, the primary goal for CURB is to protect residential and small commercial ratepayers from high utility rates. In these regards, CURB is most mindful of low-income and fixed-income utility ratepayers and the energy burden that these Kansans suffer. There is sizeable evidence that suggests that heating a home with electricity can cost the consumer more than heating a home with natural gas. The cost of supplying heat to a home substantially affects the ability of some low-income consumers to keep warm and safe, as well as to meet other essential needs such as medicine and food. CURB believes that legislation that can severely and affect negatively the ability of low-income Kansans to pay their utility bills must be carefully evaluated among all other considerations.

CURB notes that the KCC has established policies on fuel switching, that is the consumer switching from gas utilities to electric utilities and *vice-versa*. The Commission stated in Docket No. 09-GIMX-160-GIV, "As a matter of public policy, the Commission concludes that it is inappropriate to implement rate structures designed to protect firms from competition." CURB believes that the Commission based this determination on the premise that competition leads to competitive costs. This aspect of regulatory policy is important to many Kansas ratepayers. The extent to which SB 24 restrains competition among gas and electric utilities should be taken into account by the legislature as one important factor in evaluating the bill.

Thank you for the opportunity to present CURB's perspective on this important bill. CURB would be happy to assist the Kansas legislature in any way to help it in its deliberation.