

Senate Committee on Utilities  
Testimony of Citizens' Utility Ratepayer Board  
Written Only Testimony  
Proponent Testimony on SB 81  
February 5, 2025

Chairman Fagg and members of the Senate Committee on Utilities, thank you for this opportunity to testify regarding Senate Bill (SB) 81. My name is Joseph Astrab. I am the Consumer Counsel for the Citizens' Utility Ratepayer Board (CURB). CURB is the advocate for residential and small commercial ratepayers before the Kansas Corporation Commission (KCC) and the Kansas Legislature. My testimony reflects the interests of these utility ratepayer classes regarding SB 81.

SB 81 amends K.S.A. Supp. 66-101j, which establishes the authority for the KCC to approve economic development rate schedules for utilities. Currently, these rates provide discounts for customers not in the business of selling or providing goods or services directly to the public. To qualify, customers must have at least 200 kilowatts of peak demand within the first two years of service. There are discounts for varying levels of peak demand, with the highest tier applying to customers projecting at least 25 megawatts (MW). However, there is no limitation above the 25 MW tier.

SB 81 creates an upper limit on the size of customers that can receive this discount. Customers who are projected to have a peak demand of 40 MW or higher and are projected to either have a workforce below 200 employees during the first two years of service or are not receiving service under a data center or large load tariff would not be eligible for the discount.

CURB is supportive of SB 81's efforts to place a ceiling on the size of customers who can receive discounts for electric service. The lost revenue from these discounts is ultimately recovered from the remaining customers, including non-eligible customers such as the residential and small commercial ratepayers that CURB represents. SB 81's language appears to address the growing development of large data centers that require significant amounts of electricity to operate. Even now, utilities in Kansas and around the country are scrambling to plan and accommodate projected capacity needs associated with these customers. Significant capital investment and accelerating resource plans can apply upward pressure on rates. Limiting the number of customers above 40 MW without projections of significant, long term job creation or reasonable contributions to costs from receiving a discount is a good objective and prevents costs from burdening other customers who have no options for discounts.

Many states and regulators are grappling with how to address the advent of data centers and the accompanying impacts to the electric grid. While SB 81 does provide some limits for discounted rates in Kansas, there is still much to learn from implementation. CURB questions whether the parameters established in SB 81 are sufficiently tailored to prevent gamesmanship and runaway discounts while encouraging economic activity contemplated by K.S.A. 66-101j.

Regarding data centers, many of the jobs created by data centers are found during the construction phases before operation of the facility begins. Once completed and online, data centers can drastically scale back their workforce. Therefore, a provision regarding projected full-time work force numbers is a helpful metric to track. CURB believes that additional metrics such as wages or statistics on work requirements could help ensure that long-term and robust job creators receive discounted rates while benefiting the state. Although data centers and large customers generate additional revenue that contributes to fixed costs, applying discounted rates to higher usage can implicate millions of dollars over the term of these contracts.

CURB believes that the use of customer-specific and large load tariffs will need to be examined further. Such tariffs are designed to identify and recover additional costs that are incurred to provide service for customers who may have twice the peak demand of the next largest ones. This helps to mitigate rate spikes and generational inequities between current and future ratepayers. Large load customers could sign onto one of these tariffs to secure energy resources, but also receive the economic development discount, potentially offsetting the benefits for other customers. Such a result may bring in new customers, but lead to rate increases for all other customers, including for vulnerable low- and fixed-income customers.

For the reasons stated above, CURB submits Proponent testimony on SB 81 for the Committee's consideration