October 6, 2021

Kansas Corporation Commission:

Chairperson Andrew J. French

Commissioner Dwight D. Keen

Commissioner Susan K. Duffy

Dear Commissioners:

We urge the Kansas Corporation Commission (KCC) to halt and defer any further action assessing high natural gas costs from February 2021 to Kansas consumers, until the conclusion of investigations at the state and federal level.

The unconscionably high gas prices -- totaling close to $1 billion -- charged to our utilities, and ultimately to customers, has been described as an economic tragedy for Kansas.

Kansas is very fortunate that U.S. Senator Roger Marshall is fighting for consumers. In a Congressional Hearing on September 28, 2021, Sen. Marshall questioned Chairman Glick of the Federal Energy Regulatory Commission (FERC) about the exorbitant costs that are on the way to Kansas consumers. Glick indicated FERC has uncovered “anomalies” and is investigating further. Sen. Marshall’s news release and transcript of the hearing are attached, as well as a news article from the Wichita Eagle that reported this Hearing.

We note that on February 19, 2021 the Governor and the KCC Commissioners requested that FERC exercise its authority to protect consumers and ensure the integrity of natural gas price indices. Now that Senator Marshall has come forward to make sure that is the case, we think it is good public policy to let FERC complete its work, before moving forward with additional charges to Kansas ratepayers.

In a recent order, the KCC also recognized “legitimate concerns” related to the Gas Daily Index price and deferred to FERC for investigation.

Kansas consumers should not be charged for abnormally high gas costs until investigations have concluded. This issue impacts residential customers significantly, with some gas utilities seeking to recover about 80% of the high charges from residential consumers.

The issue is also poised to greatly damage schools, hospitals, churches, businesses and many other Mainstreet organizations if gas utilities are allowed to penalize gas marketers. Marketers will simply turn to their customers for payments. If charges are ordered before investigations and attempts to reduce the bills, the KCC has no way to order marketers to issue refunds.

We request that the KCC encourage gas utilities and their suppliers to engage in commercial negotiations to address whether the suppliers may consider reducing February natural gas prices, to more closely align with the suppliers’ costs. This type of commercial negotiation is ongoing in the private contract sector and has begun to show signs of success as suppliers and customers are coming together to address the problem of the high gas prices of last February.

We want to make clear we don’t want any utilities financially harmed as a result of a pause on cost recovery. It is appropriate for the KCC to determine whether utilities need customer support to cover interest payments on any loans related to the February high prices while an investigation takes place.

We take no position on the merits of any pending cases, but believe the better public policy position at this time would be to defer further KCC action, until FERC determines the issues related to the “anomalies” in the natural gas market, and whether these “anomalies” impacted the high prices of natural gas in Kansas in February 2021.

Respectfully,

Senator Mike Thompson, District 10

Chair, Senator Utilities Committee

Representative Joe Seiwert, District 101

Chair, House Energy, Utilities and Telecommunications Committee

Senator Mike Petersen, District 28

Vice Chair, Senate Utilities Committee

Senator Caryn Tyson, District 12

Chair, Senate Tax Committee

Senator Mark Steffan, District 34

Senator J.R. Claeys, District 24

Senate Utilities Committee

Senator Molly Baumgardner, District 37

Senator Virgil Peck, District 15

Senator Alicia Straub, District 33

Senator Elaine Bowers, District 26

Senate Utilities Committee

Representative Ron Highland, District 51

Representative Lisa Moser, District 106

Representative Les Mason, District 73

House Energy, Utilities and Telecommunications Committee

Representative Paul Waggoner, District 104

Representative John Barker, District 70

Representative Leo Delperdang, District 94

House Energy, Utilities and Telecommunications Committee

Representative Emil Bergquist, District 91

House Energy, Utilities and Telecommunications Committee

Representative Randy Garber

Former Vice-Chair, House Energy, Utilities and Telecommunications Committee

Representative Mike Murphy, District 114

House Energy, Utilities and Telecommunications Committee

Representative Samantha Poetter, District 6

Representative Ken Corbet,

Former Member, House Energy, Utilities and Telecommunications Committee

Representative Charlotte Esau, District 14

House Energy, Utilities and Telecommunications Committee

Representative Kyle Hoffman, District 116

House Energy, Utilities and Telecommunications Committee