



*Testimony Provided to the
Senate Utilities Committee
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In Opposition to Senate Bill 69

Kansas Municipal Utilities (KMU) is the statewide association for municipal electric, natural gas, water, wastewater and telecommunications utilities. On behalf of our 184 member communities, we stand in opposition to Senate Bill 69.

While our members encourage and respect the conversation regarding electric rates in Kansas, we do not believe that another expansive – and expensive – rate study is the most effective mechanism for understanding the root causes of Kansas electric utility rates and potentially effecting change. KMU also believes that any next step should be forward looking and not yet another lengthy backwards analysis of past reasons for increasing electric utility costs.

In Kansas, 118 municipal electric utilities – also referred to as public power systems – provide electricity to Kansas citizens. However, the vast majority of these utilities are incredibly small. In fact, the median size of a municipal electric utility in Kansas is one that serves only 832 customers.

With this in mind, Senate Bill 69 narrows the focus of the rate study to only the ten largest municipal utilities as determined by customer count. As such, the bill would include the following communities:

1. [Kansas City BPU](#) – 65,501 customers
2. [Garden City](#) – 11,638 customers
3. [Gardner](#) – 8,602 customers
4. [McPherson BPU](#) – 8,402 customers
5. [Winfield](#) – 6,928 customers
6. [Ottawa](#) – 6,125 customers
7. [Coffeyville](#) – 6,052 customers
8. [Chanute](#) – 5,651 customers
9. [Wellington](#) – 4,404 customers
10. [Augusta](#) – 4,331 customers

In the case of the smallest of the ten municipal electric utilities – the City of Augusta – total electric utility revenue is less than \$7 million annually. Industrial customer revenue is less than \$800,000 per year.

Even focusing on only the largest municipal utilities, KMU remains concerned that our members do not have departments of utility personnel that can fulfill all the data requests that would be required of SB 69. In addition, municipal utility electric rates are currently very competitive. In the comprehensive view of overall Kansas electric rates, we believe there would be little gained by the inclusion of our members.

Municipal utilities in Kansas currently offer low-cost and reliable service and additional regulation and scrutiny will simply increase cost to Kansas electric consumers.

Local Control

The core principle driving all municipal utilities is control and oversight of their operations by a locally-elected council, commission or board. All customers have a voice in utility decisions and ratemaking. Industrial customers in particular, bringing much-needed jobs and tax revenue into a community, have a strong voice in local decisions.

Municipal Utility Ratemaking

Municipal utilities typically undergo a lengthy process when changes are needed to utility rates. The process usually includes engineering analysis and evaluating the cost of service for each customer class. The process always includes numerous opportunities for municipal utility customers to have their voice heard about the potential impact of rate changes.

Cost

The independent rate study envisioned by SB 69 will likely be a costly one. In addition to the cost of compiling information for consultants, it is assumed that municipal utilities will be delegated a portion of the cost of the study via the Kansas Corporation Commission (KCC). KMU fails to see how this will lower rates in municipal utility communities.

Conclusion

The members of KMU oppose SB 69.