



CITY OF HALSTEAD

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Date: March 3, 2021
To: Chair Kelly and House Financial Institutions and Rural Development Committee Members
From: Ethan Reimer, City Manager
Re: Written Only – Testimony in Support of HB 2429

Chair Kelly and Committee Members, thank you for the opportunity to testify in support of HB 2429 on behalf of the City of Halstead, our Governing Body, and our residents and businesses.

The City of Halstead will experience great financial hardship due to the extreme cold weather crisis that occurred during February of 2021 and the unprecedented increase in costs for natural gas during this weather event. The City of Halstead experienced natural gas prices during the multi-day event that ranged from 10 times to 200 times the normal costs that have historically been seen. Due to the human needs and the economic needs of our businesses during this time, natural gas had to be available for use in our community.

The City of Halstead estimates that our monthly costs for natural gas consumption will exceed \$2 million for the month of February. For comparison, our Gas Fund's entire budget for the 2021 budget year was just under \$1.69 million which includes not only expenses for gas purchasing, but also salaries and commodity expenses necessary to operate a safe and functional gas utility. The estimated bill for February's city-wide consumption exceeds the budget authority, cash on hand, and even dedicated reserves that we have for our Gas Fund and serves to put the city in financial duress and in violation of existing state statutes.

In Halstead, our customers' gas rates are based on the actual costs of gas paid by the city. Were the city to pass on these costs at the estimated price of \$90 a unit or more, an average residential bill that the previous month was \$50.00 would be over \$625.00 for the same consumption. Businesses that normally pay monthly gas bills in the tens of thousands of dollars would be faced with bills now at \$500,000 or more. The City of Halstead has tried our best to be open, honest, and transparent with the anticipated costs with our utility customers. Overall, we have heard resounding feedback that bills at these levels would be unpayable and cause significant long-term financial hardship for both our residents and our businesses, many of whom are still facing financial fallout from the COVID-19 pandemic. For residents this could mean deciding between rent and mortgage payments or even groceries and their utility bill. For businesses this could mean forced cutbacks on personnel or cause them to close permanently leading to local loss of primary jobs.

The City of Halstead supports HB 2429 as it provides an urgently needed tool for our gas utility to be able to respond to the financial crisis at hand without having to immediately pass on crippling utility bills to our residents and business customers. Failure to take some sort of action will result in devastating consequences for our community, county, and state. The City of Halstead highly urges your support of HB 2429 and I thank you for your consideration of this testimony.

Respectfully submitted,

Ethan Reimer, City Manager