



Testimony Submitted to the
Senate Utilities Committee
21 March 2023

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Kansas Municipal Utilities

Written In Opposition to SB 278

Good afternoon Mr. Chairman, Vice-Chair, Ranking Minority, and members of the committee. Thank you for the opportunity to testify in opposition to Senate Bill 278.

Kansas Municipal Utilities (KMU) is the statewide association representing Kansas cities and other public or not-for-profit agencies involved in the ownership and operation of municipal utilities across Kansas. Formed in 1928, KMU provides assistance and information to members with regard to legislative and regulatory issues, training and educational programs, and numerous other services toward the advancement of municipal utilities to achieve maximum benefits for the customer-owners served by our utilities. Our membership ranges in size from some of the largest utilities in the state such as those operated by the Kansas City Board of Public Utilities and the City of Wichita down to some of the smallest utility systems in the state serving fewer than 100 customers.

There are many beneficial attributes to being a customer of a community owned utility. The community is owned by the people and city it serves. The utility exists to provide a public service to the citizens, businesses and industries of the community. It is mission-focused, and it's mission is low-cost service, reliability – not profit. Our utilities, electric, natural gas, water and wastewater, are not-for-profit which means with no profit margin, our rates on average are the lowest in the State. All utility decision making, whether about rates or policies, is done so by locally elected officials, either a city council or a Board of Public Utilities. By being community owned, we are able to adapt statewide policies to oftentimes be more flexible to the customers.

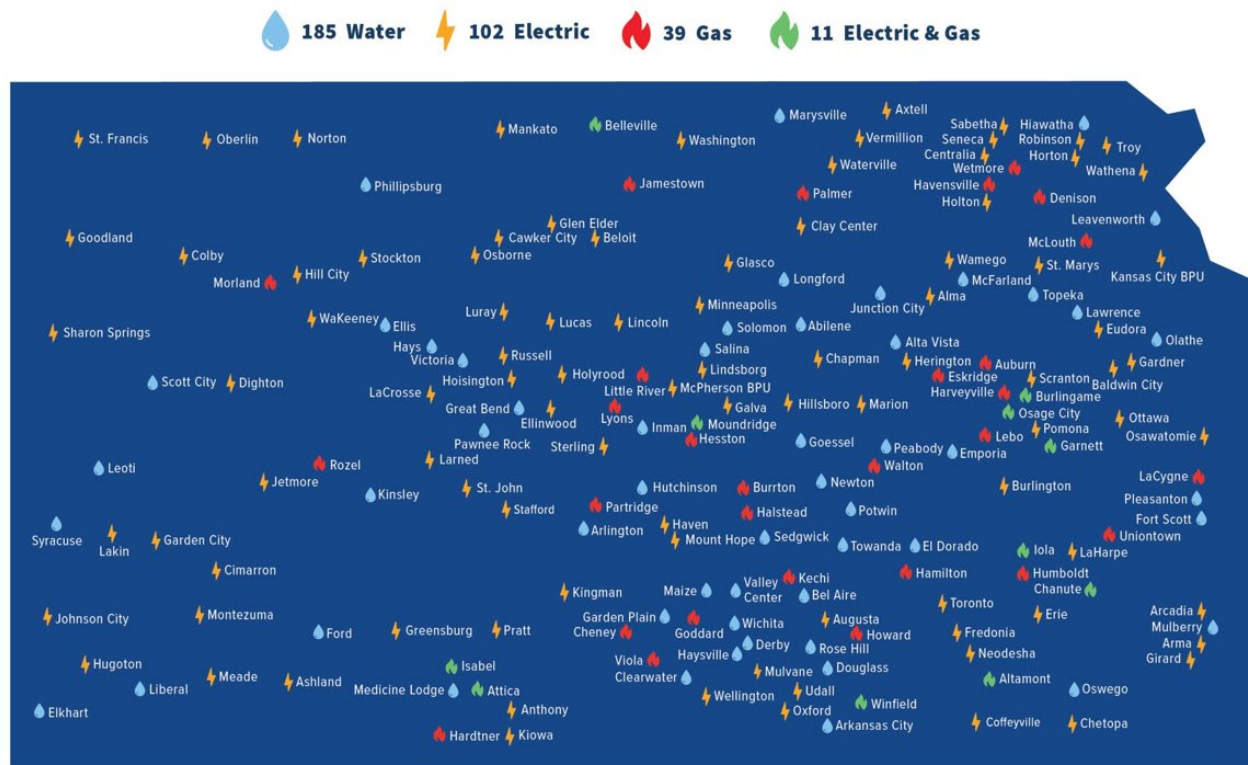
For example, during the pandemic, municipal utilities were some of the first in the State to suspend customer shutoffs for non-pay – even before State issued an order. Several of our utilities were the last to re-instate policies surround non-pay. In fact, one community-owned utility was the very last utility by many months, to re-instate policies surrounding non-pay. We work very hard to ensure that our customers can pay their bills on time and in full. If there a hardship occurs or develops, our utilities diligently work to connect customers to federal funding that flows to the State to provide financial assistance as well as to other statewide or community organizations that can help provide needed assistance. Many of our communities have various community events to raise funding for local programs to help customers in unique times of need.

However, KMU believes that SB 278 is a broad bill with significant financial impact on all our member communities that does not bring a real benefit to our customers. SB 278 is an unfunded mandate that could require new software programs and potentially additional staff to comply with the provisions of the bill.

Following the definition of “public utility” on page one, SB 278 creates a new class of utilities in class to be known as a “small public utility” that for purposes of this act would be subject to some form of commission regulation. The definition included in SB 278 is conflicting at best with significant confusion in its potential application and uncertain benefit. Under SB 278, a small public utility is defined as a public utility that serves fewer than 10,000 individuals in Kansas or earns less than \$250,000 in annual gross revenue. SB 278 per the definition of small public utility likely brings every electric, natural gas, water, wastewater and potentially storm water utility under its purview. For this reason, KMU is strongly opposed to SB 278.

Key data points

- The median size of a Kansas public power system is 920 customers
- Only 8 public power utilities of 118 in Kansas serve more than 5,000 customers
- There are more than 500 water and wastewater systems in the State
- There are more than 50 community owned natural gas utilities



Kansas Municipal Electric Utilities

Large

Kansas City BPU

- 65,000+ Customers

Medium

> 5,000 Customers (7)

- Garden City
- Gardner
- McPherson BPU
- Winfield
- Ottawa
- Coffeyville
- Chanute

Small

< 5,000 Customers (110)

- Wellington
- Augusta
- Pratt
- Stockton
- Meade
- Osborne*
- Luray
- Radium

Kansas Municipal Natural Gas Utilities

Large

Winfield

- > 5,000 Customers

Medium

> 1,000 Customers (9)

- Chanute
- Iola
- Lyons
- Garnett
- Osage City
- Neodesha
- Belleville
- Louisburg
- Hesston

Small

< 1,000 Customers (41)

- Auburn
- Humboldt
- Alma
- Kechi
- Attica
- Burrton
- Hardtner
- Milford*
- Isabel

Knowing the above key data points, coupled with staff constraints in community utilities, it is not clear how compliance with the below information would not bring about a consequential rate adjustment putting further pressure on the underlying issue.

- B(1)a – the number of customers
- B(1)e – the number of customers receiving assistance under the utility's assistance program on the last day of each month
- B(1)f – the number of customers that received disconnection notices due to bill non-payment
- B(1)g – the number of customer disconnected due to bill nonpayment
- B(1)h – the number of customers whose service was reconnected after being disconnected due to bill nonpayment
- B(1)m – the number of customer charged late fees and the total dollar amount and average amount of reconnection fees
- B(1)q – the number of customers enrolled in deferred payment agreements on the last day of each month, the total dollar amount and average amount of arrears owed by customers subject to deferred payment agreements and the average length of the repayment term under deferred payment agreements.

For these reasons, KMU is opposed to SB 278. Thank you for the consideration and we will stand for any questions.