

*Written Testimony Provided the*

Senate Utilities Committee

**House Bill 2032 - Municipal Utility Three-Mile Legislation**

February 8, 2007

**Don Gaeddert  
City Manager  
City of Larned, Kansas**

Thank you for the opportunity to offer written testimony in support of House Bill 2032, the municipal electric and natural gas deregulation bill. My name is Don Gaeddert, City Manager for Larned, Kansas in rural Pawnee County. Larned currently operates municipal electric and water utilities and provides service to its 4,236 citizens.

In addition to being Larned City Manager, I also serve as the 2006-2007 President of Kansas Municipal Utilities (KMU), the statewide trade association for 170 municipal electric, natural gas, water, and wastewater utilities. Legislation that would remove the significant administrative burden caused by current "three-mile" statutes has long been a priority of KMU and its membership and I appreciate the chance to offer strong support of House Bill 2032.

The City of Larned currently has three customers that are located more than three miles outside of the city's corporate boundaries. Unfortunately, the location of these three customers puts the city under the partial jurisdiction of the Kansas Corporation Commission (KCC) and requires Larned to meet a number of regulatory provisions. One example is an annual financial report that the city must file with the KCC every year. This report creates a headache for city personnel while providing very little benefit to state regulators.

In addition, to modify the rates of these three customers requires a full regulatory filing at the commission. The time and cost to develop such a filing is very prohibitive, particularly for cities with very few jurisdictional customers. As a result, Larned has not touched the rates of these customers in the thirteen years I have been city manager. In fact, the table on the top of the following page illustrates fairly effectively that the difficult process of applying for a rate increase with the KCC discourages such application. As a result, the KCC jurisdictional customers go through lengthy periods during which they are most likely not paying their fair share of utility costs.

*(over)*

<b>Larned City Rate Increases</b>	<b>Larned KCC Jurisdictional Customer Rate Increases</b>
1991	1991
1990	
1984	
1979	
1978	
1976	
1973	
	1968
1963	
1960	

On behalf of the KMU Executive Committee, KMU Board of Directors, and my own council in Larned, I thank you for the chance to offer this written testimony in support of House Bill 2032. I strongly encourage the committee to pass this legislation that would do much to streamline and assist 31 municipal electric and gas utilities.