



Testimony Provided to the

Senate Utilities Committee

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Testimony in Opposition to SB 209

Kansas Municipal Utilities (KMU) is the statewide trade association representing 178 communities across the state that own and operate municipal electric, natural gas, water, wastewater, stormwater and telecommunications utilities. Located in McPherson, Kansas, KMU was formed in 1928 and provides job training & safety, legislative & regulatory, and other services to the municipal utility community.

Kansas Municipal Energy Agency (KMEA) is a municipal joint action agency located in Overland Park, Kansas that manages the power supply and natural gas needs of 77 member communities. The agency currently manages six long-term project for its members that include a mix of resources that encompass coal, gas, hydro and wind. KMEA provides full energy management services for 33 member cities that total 380 megawatts (MW) peak and 1,500,000 megawatt-hours (MWh) annually.

Kansas Power Pool (KPP) is a municipal joint action agency located in Wichita, Kansas that pools all the member generation resources of its 24 member utilities and secures additional resources on behalf of these members. KPP focuses on asset ownership and is a part owner in a high efficiency combined cycle gas power plan and has an agreement to pursue joint ownership of electric transmission. Currently, 20% of KPP energy consumption is renewable. KPP has 215 MW peak and sells approximately 895,000 MWh annually.

In Kansas, there are 118 municipal electric utilities that provide electricity to roughly 16% of Kansas citizens. These range in size from the Kansas City Board of Public Utilities (KCBPU) with nearly 65,000 customers to the City of Radium with 24 customers. The median size of a municipal electric utility in Kansas is one that serves 832 customers.

As just one enterprise of the city it serves, a municipal electric utility is typically the entity that bills customers for their electric service but also may bill for water, sewer, natural gas, stormwater, trash, special assessments and other city utility services. As a result, billing for all these various city services on one document is already challenging. Incorporating the requirements of SB 209 would add further complexity, be extremely cumbersome and expensive, and would likely diminish customer understanding of their bill.

In each municipal electric utility, metering and billing decisions are made on the local level. Some cities have opted to make significant investments in advanced metering infrastructure (AMI) while others believe that standard electric meters and manual meter readers are adequate and most cost efficient. Some municipal utilities have detailed full-page bills including charts and graphics and other utilities have more simple and concise bills. KMU believes that these metering and billing decisions should be determined on the local level for municipal utilities to best reflect the wishes of the customer base it serves.

Municipal utility costs are transparent to the customer. Subject to open records and open meetings requirements, municipal utilities provide information about customer utility costs whenever requested. To date, municipal utility customers have not requested the type of information that would be required in SB 209.

The complexity that would be introduced into utility bills by SB 209 is staggering, particularly for small municipal utilities. KMU members have asked a number of questions about how the legislation would impact their business operations, such as:

- “When real time prices change every five minutes, how do we estimate the average market cost of electricity during the billing period?”
- “We read meters on different dates for different customers – would this require us to compile different averages for each group of customers?”
- “My SPP transmission bill lags by two months (i.e., my March SPP bill is for January use). In addition, SPP transmission bills are resettled over a period of months for variations and adjustments. How do we handle that?”
- “This seems to require that residential customers have a demand meter, but our customers have indicated that they do not want a demand charge. How do we pay for new demand meters and implement a new charge not wanted by our customers?”

In addition, the Kansas Corporation Commission (KCC) has already adopted 31 pages of electric, natural gas, and water billing standards. It is unclear how these adopted billing standards would be impacted by the legislation.

KMU is strongly opposed to Senate Bill 209. The complexity and cost that the legislation would mandate on municipal utilities significantly outweighs any potential benefit that might be realized. In addition, the bill removes the ability of municipally-owned and operated utilities to self-determine the billing investments and priorities of each community.

Thank you for your consideration.

Informal Comments / Questions Regarding SB 209 from KMU Member Utilities

McPherson BPU

"BPU's current bill is unbundled, but not to the level proposed in this bill and we have had no customer ask for more detail. If this bill passes, BPU will most like need to perform another cost of service study to further break down cost. The last study was done in 2010 at a cost of roughly \$70,000. Also, our cost accounting will need to be broken down further to separate all expenses and associated revenue, plus bill printing will need to be modified, which again will add cost to the consumer."

Clay Center

"Our current billing software covers 11 of 22 proposed components. The biggest problem that we face is that we have 20 line items on our software and they are all in use. We currently bill for our utility as well as all city services. This Bill would force us to purchase new billing software. By my estimation, that would run about \$65,000 to \$75,000 plus an additional \$15,000 a year for service agreements. This bill would be cumbersome on our utility as well as our customers."

Russell

"Our concern for the City of Russell would be the cost and billing complexity of meeting the additional requirements. Our current billing software cost is \$33,984 per year, with postage and billing supplies running another \$13,860 per year. We bill 3,495 electric meters per month. A change in billing format is estimated to cost a minimum of \$10,000 in software change fees and would double the current one-page format to two pages. It is unclear if our current software could incorporate all 22 items listed in SB 196. If not, a much higher cost exceeding a \$100,000 would be required to change software programs/vendors."

Haven

"This bill would require us to change our billing from postcard to actual letter form for sure, which will result in increased postage fees. I also don't see a way that we could accomplish each of the items listed (specifically 11-18) without completely restructuring our rates. I'm not even sure that we have someone in-house who could restructure the rates that way; we would likely have to contract that very task out to someone. My experience has been that that type of service costs nearly \$10,000 for a City of our size."

Greensburg

"My biggest concern is that for small communities the cost of changing the printing is the same as a big community only we have fewer customers to pay for the changes. I also fear that adding all these categories might actually make our bill more confusing to the customer."

Mount Hope

"I can't even begin to tell you what a nightmare it would be to try to fit all of that information on each customer's bill. I am not certain our software company could even possibly be able to format or accommodate all of that information on a bill; not to mention the cost of the software configurations or the amount of time it would take me to input all of that additional information. I can't possibly imagine why anyone would need all that extra stuff on a bill given that a resident can call or come in at any time to get or have a print out of their bills and/or billing histories. Seems like a whole lot of overkill to me and unnecessary cost, especially for cities such as ours who don't have a lot of extra funding just lying around."

Lindsborg

"For the customer billing statement, we would have to drop the customer consumption graphical information to accommodate the additional items needed for the bill. This is a 13 month graphical representation of electric and water consumption. Our customers requested it and we responded by providing it. So dropping this information from the bill to accommodate this additional information that is of questionable value to the average customer does not make sense."

Garden City

"We estimate that it would cost an additional \$120k per year just for billing and postage. Plus, it would be difficult to calculate each month as power supply costs can vary from month to month."