



Testimony Provided to the Senate Utilities Committee February 18, 2019

Colin Hansen, Executive Director

In Opposition to Senate Bill 145 Kansas Corporation Commission (KCC) Regulation of Municipal Boards of Public Utilities

On behalf of its 184 municipal electric, natural gas, water, wastewater and telecomm. members, Kansas Municipal Utilities (KMU) strongly opposes Senate Bill 145, legislation to remove local control of rate setting authority from municipal boards of public utilities under petition circumstances.

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

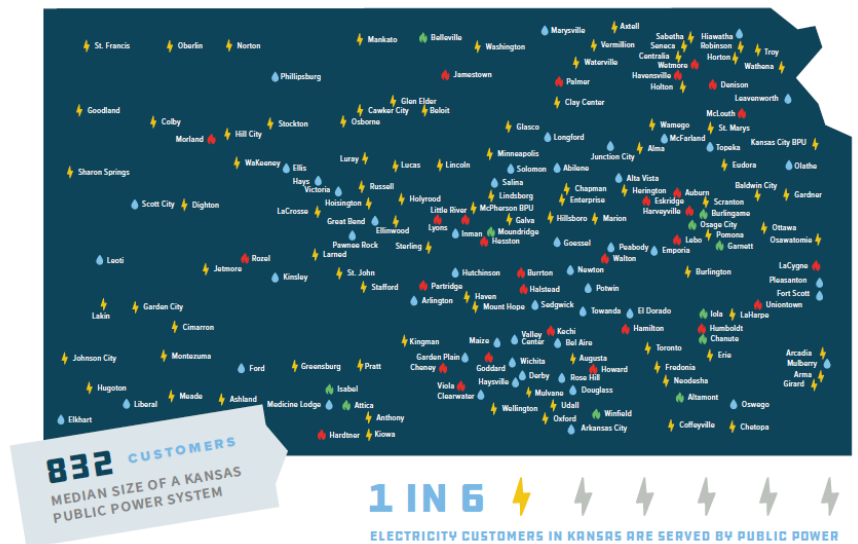
KMU is joined in our opposition to SB 145 by the League of Kansas Municipalities, the state association representing Kansas cities.

Local Control

The core principle driving all municipal utilities is control and oversight of their operations by a locally-elected council, commission or board. Should the customers of a municipal utility have concerns regarding the management or operation of its community-owned utility, they have a direct opportunity at the ballot box to affect change. SB 145 would remove the right of municipal utilities to decide how best to operate their own community-owned system.

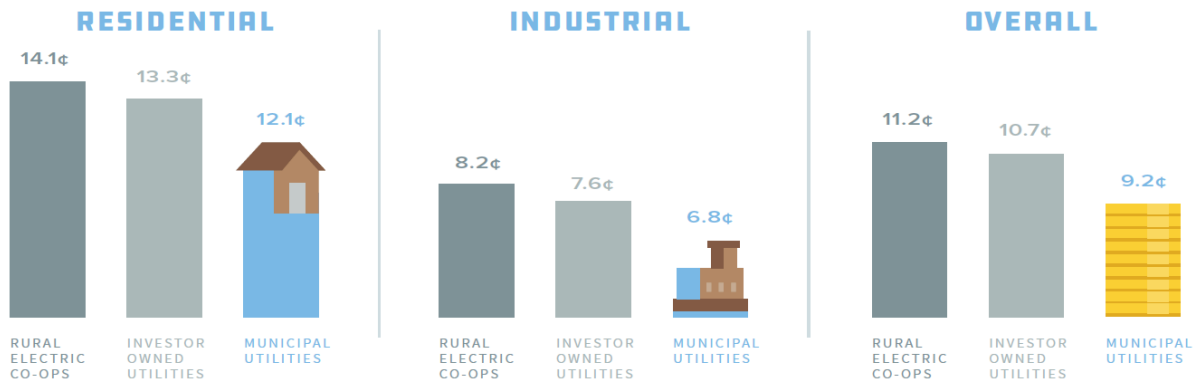
Cost

We believe the cost to municipal utilities, and ultimately their customers, would increase significantly if rates would be required by a petition to be approved by the Kansas Corporation Commission (KCC). Fees paid to the commission to support the agency would be a new cost borne by municipal utility ratepayers. In addition, municipal utilities would be required to pay for new legal, engineering and consulting assistance to do nothing more than create the expansive rate filings – and prepare for subsequent hearings – required by the KCC ratemaking process.



# PUBLIC POWER COSTS LESS

KANSAS AVERAGE RETAIL RATES: CENTS PER KILOWATT HOUR



## Local Issues Handled Locally

Local issues are best handled at a local level. For over a hundred years, a representative process has been in place for the customer-owners of municipal utilities with boards of public utilities to directly appoint the board that governs their system. KMU believes that it is through this representative process that any debate regarding the management and oversight of the utility should be addressed.

## Customer vs. Shareholder Dichotomy

The primary reason for state corporation commission regulation of large investor-owned utilities is the potential conflict between the customers and ratepayers of the utility and those shareholders investing in the system. Municipal utilities are owned by the customers they serve and therefore do not have the potential for such conflict.

## Municipal Utility Business Model

The municipal utility business model is one that is strong and growing stronger. The primary tenets are community ownership and local control. As not-for-profit utilities, municipal systems have a low-cost structure and make significant contributions to the health of their communities, financial and otherwise. Being owned by the ratepayers that they serve, municipal utilities retain a strong customer focus.

## Conclusion

The members of KMU strongly urge the committee to oppose SB 145 and to allow the local issues of any community-owned utility, large or small, to be handled through the appropriate local representative process.