



Testimony

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Regulating the Rates of Boards of Public Utilities SB 145

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Senate Utilities Committee**

The Unified Government of Wyandotte County/Kansas City opposes Senate Bill 145 because it takes away local control from citizen customers of the Kansas City Board of Utilities, replacing it instead by intervention by an unelected statewide commission.

The BPU is a municipal utility owned by the citizens of Kansas City, Kansas. The citizens elect the Board of Directors and if they don't like the way those elected officials operate the utility, they can and will express that opinion at the polls.

The BPU is now subject to several levels of control and oversight:

- 1) An internal auditor reviews financial and operational activities and reports to the BPU Board;
- 2) An independent external accounting firm conducts two financial management audits a year;
- 3) The Unified Government Legislative Auditor has conducted financial audits;
- 4) Citizens have direct access to the BPU Board members they've elected;
- 5) Unified Government and BPU officials meet regularly to discuss and coordinate issues;
- 6) Several Federal agencies impose various controls and oversights;

The Kansas City BPU continues to demonstrate it is responsive to citizen/ratepayer opinions. 45% of the power provided by BPU is now from renewable sources. The BPU has converted from coal-fired plants to natural gas, The BPU has a solar farm which citizen customers can purchase shares in if they desire to directly purchase renewable energy.

SB 145 is a knee-jerk proposal which has failed to take into account how shifting a role in potential oversight to the KCC may affect outstanding bonds issued to finance the utility. Do those bonds require the BPU to have authority to set rates? Will imposing KCC controls breach those bond covenants? These are questions which have probably not been contemplated and certainly not studied by the legislator proposing Senate Bill 145.

In closing, the Unified Government supports the ability of cities to operate municipal electric, water, sewer, storm water, and other services. We further support the ability of cities to set and control the rates of municipal utilities. The Unified Government supports continued local control over power supply decisions. The Unified Government urges the Legislature to reject this bill.