



BOARD OF PUBLIC UTILITIES

McPHERSON, KS

Proponent Testimony Provided to the
House Financial Institutions and Rural Development Committee
March 3, 2021

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In Support of House Bill 2429

Mr. Chairman, Vice-Chairman, and Ranking Member,

The Board of Public Utilities, City of McPherson (BPU) strongly supports House Bill 2429. The legislation would provide an urgently needed tool for many municipal utilities to respond to the significant financial strain caused by the unprecedented energy costs that occurred during February's extreme winter event.

During the recent event, The BPU's power supply agreement provided the utility with a fixed cost energy supply mix of approximately 91%. Coal and wind make up these resources and should be at a typical cost for the utility. The remaining 9% of energy supply was exposed to natural gas pricing and preliminary estimates predict this cost will be around 20 times the 2020 average. If the preliminary estimate holds, the increase cost is manageable for the utility, but will result in increased bills to the customer of between 40 and 65 percent.

If the preliminary estimate changes, having a tool as proposed in HB 2429 would allow the utility to reduce customer rate shock caused by these extraordinary times. Your favorable consideration would be appreciated.