



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

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City of Wamego

In Support of House Bill 2429

Mr. Chairman, Vice-Chair and Ranking Member,

The City of Wamego 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 February extreme winter weather event.

Below are points of the bill:

- HB 2426 would create a low-interest loan program from which a city could borrow from the State in order to cover the extraordinary costs related to the extreme weather crisis which impacted the Midwest in February.
- Bill would allow for community owned electric or natural gas utilities to utilize the low-interest low program.
- The loan could be paid back over a 10-year period, with an interest rate 2% below the market rate as per K.S.A. 75-4237.
- The loan cannot be used for normal operating expenses.
- If federal funding is made available related to the extreme weather event, those funds will be used to repay this loan.

During February, 2021, the City of Wamego, along with other municipalities across Kansas and our region, experienced yet another crisis. This time an energy crisis. The City of Wamego maintains our own electric utility, including housing a power plant. When gas prices increased so rapidly, this immediately started affecting the prices of electricity. Wamego proudly stepped in to run our power plant in hopes of helping with capacity, but also in hopes of helping the utility bills of the City and residents. Our power plant staff worked hard long hours and were able to complete the week without issue, other than expense. Due to bills coming in arrears, we are not aware of the total expense that week cost the City of Wamego. So far, we know that purchasing electricity is almost 5 times in those five days, compared to a typical month.

The City of Wamego has a strong electrical fund, but the reason that we do is budgeting and economical electrical prices. This crisis that hit the City of Wamego, Kansas and the region is going to affect our electrical fund for years to come. The City will use budget money to cover these expenses, but then upgrades and other electrical items will not be able to happen. Some of the expenses over that week will be passed on to the customers, but there are two sides to that. One, that will in turn create a crisis for the customer, while also creating negative public relations for the City. Also, even if the City can create more revenue to cover these expenses, due to the cash basis law our expenses are still limited.

While Wamego is holding strong financially, things will change if expenses like these can not be controlled. Other municipalities are not sitting as well as Wamego. When any municipalities in Kansas struggle, it affects all of Kansas. Our state is an amazing state, all of our state needs to be supported. Thank you for caring about the City of Wamego. Thank you for caring about all municipalities in Kansas.

Thank you for your consideration and we urge your support of HB 2429.