



Testimony Provided to the

House Financial Institutions and Rural Development Committee

March 3, 2021

Paul Mahlberg, General Manager

Testimony in Support of H.B. 2429

Kansas Municipal Gas Agency (KMGA) is a non-for-profit joint action agency created by the member municipal gas systems to arrange for natural gas supply on their behalf. Under joint action, KMGA pools the needs of our members to provide adequate, reliable and economic supply of gas for our members. The Agency has been effective in this approach since 1990 when it was formed. We currently have 49 members (see attached) and KMGA provides natural gas supply to 32 members that own and operate their gas systems and to 14 members that own a power plant that utilizes natural gas. Our total annual budget is approximately

Together with the power supply projects, our total annual budget is just approximately \$18 million. KMGA strongly supports House Bill 2429.

Background

Severe cold weather in the Midwest reaching from Canada to Texas led to an unprecedented spike in gas prices. While cold weather extremes are not uncommon in Kansas this time of year, the extreme cold weather event is highly unusual for areas south of Kansas. Natural gas, which was selling for around \$3 per MMBtu the first part of February, skyrocketed to unprecedented levels. KMGA experienced daily index pricing for gas supply over \$600 per MMBtu. Others saw prices spike to over \$1,000 per MMBtu. These prices are over 100-300 times greater than the price of natural gas in the beginning of February. For context, the previous high price for natural gas on the Southern Star pipeline was just over \$31/MMBtu back in February 2014.

KMGA manages the natural gas supply needs for the 32 members that own and operate their gas systems (see attached). During the nine day period from February 11-February 19, the financial impact on our 32 members is estimated to be over \$45 million. This is nearly 4-5 times our annual budget for natural gas purchases for all of our members.

Proposed Bill

Access to the proposed low-interest loan program would provide an opportunity for our gas member cities to access the funds to help pay for these unprecedented costs. It will create the ability to spread these costs out over time which allow for the Cities to, likewise, spread the costs out to their residents and businesses in their communities.

KMGA appreciates the House Financial Institutions and Rural Development Committee consideration of H.B. 2429.



List of KMGAs Members

Abbyville *
Anthony
Baldwin City
Burrton *
Cheney *
Denison *
Garden City
Halstead *
Hoisington
Jamestown *
Little River *
McLouth *
Ottawa
Russell
Sylvia *
Wamego
Winfield *

Alma
Argonia *
Beloit
Cassoday *
Coffeyville
Ellinwood
Gardner
Harveyville *
Howard *
Kechi *
Louisburg *
Moundridge *
Partridge *
Spearville *
Uniontown *
Washington

Altamont *
Augusta
Burlingame *
Chanute
Concordia *
Eskridge *
Garnett *
Hesston *
Humboldt *
LaCygne *
Lyons *
Osage City *
Rozel *
Sterling
Walton *
Wellington

* The 32 Members that own/operate gas systems that KMGAs provides natural gas supply.