



March 2, 2021

House Financial Institutions and Rural Development Committee
Jim Kelly, Chairperson

Re: House Bill 2429

House Financial Institutions and Rural Development Committee:

The City of Ottawa is fortunate enough to own and operate a municipal electric utility. The benefits of ownership were realized the week of February 12th through the 19th as we were able to mitigate additional energy costs incurred as a result generating power to our close to 13,000 citizens and businesses. This action was necessary to avoid rolling blackouts which many other communities experienced during this period. Our power agreements are structured so that we were able to reduce an estimated 3.5-million-dollar energy bill to 1.2 million dollars for this time. While we are pleased with the savings however, we recognize the 1.2 million dollar charge is a steep one for our citizens and businesses to pay. We are in the process of developing a program that will recapture these costs from our ratepayers that will mitigate the impact upon them that might be experienced if it were added to one utility bill as is the normal method of doing business. The City Commission and staff clearly recognize this is a unique event that needs to be addressed in a manner that does not put a financial strain on our citizens and businesses. The City Commission is currently considering a plan that establishes a set surcharge amount over a 10- or 12-month period of at least 60% of these extraordinary charges. We also recognize that although we can mitigate to a certain level, these additional charges will still be difficult for many of our citizens and businesses.

Although we can remit payment of these bills, doing so significantly affects the capital improvements and maintenance needs during this year and into 2022. Our cash flow will permit the city to perform emergency infrastructure repairs and not be able to do system and equipment upgrades to the extent were planned in 2021. While Ottawa is in a better position to address the decreased cash flow caused by extraordinary energy power charges than many other cities, they still create a challenging operation of our utility going forward. **A low-interest loan program will be of great assistance to the community in moving forward from this very serious and expensive event.**

The City of Ottawa supports House Bill 2429. The legislation will provide an urgently needed tool for the municipal electric and gas utilities in responding to a significant financial strain caused by the extreme polar weather event. It will help us to ensure that monetary reserves do not fall to a dangerous level that affect the quality of our service to our citizens. We also greatly appreciate recognition by the 2021 Kansas Legislature that local government, and the citizens they serve, need assistance at this time and place.

On behalf of the City of Ottawa, Kansas, I strongly urge you to act favorably on House Bill 2429 and send it to the complete Body for action as soon as possible. Thank you for your attention to this matter and please feel free to contact me if you need additional information.

Respectfully Submitted,

Sara Caylor
Mayor

cc: Blaine Finch, Representative
Dennis Tharp, Director of Utilities
Wynndee Lee, Director of Community Development

Richard U. Nienstedt, City Manager
Brian Nyp, Nyp CPA