

Testimony Provided the

Senate Utilities Committee

House Bill 2032 - Municipal Utility Three-Mile Legislation

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General Manager
McPherson Board of Public Utilities**

Chairman Emler and Members of the Committee:

I am Rick Anderson, General Manager of the McPherson Board of Public Utilities. The McPherson Board of Public Utilities, or BPU, provides electric and water utility service to over 14,000 residents in McPherson, Kansas. Our utility is proud to claim 234 megawatts (MW) of generation and one of the lowest electric rates in the country. In addition, the utility has been instrumental in creating and supporting the McPherson Industrial Development Company (MIDC), a quasi-governmental agency that has purchased and developed over 200 acres of land for industrial development in the city.

Currently, approximately 14% of BPU's customers are located more than three miles outside of McPherson city limits. Of the thirty-one municipal utilities that currently fall under partial jurisdiction of the Kansas Corporation Commission (KCC), I'm told that BPU serves the largest number of KCC jurisdictional customers with 1,182 such consumers.

I greatly appreciate the opportunity to appear before the committee today in strong support of House Bill 2032. The primary reason the utility supports this legislation is that it would greatly help to alleviate the significant administrative headaches currently caused by the three-mile statutes. For many years, BPU has complied with all the necessary filings, reports and inquiries triggered by our service to the three-mile customers. During that time, to my recollection, we have not had a complaint filed at the KCC regarding how we operate our utility or charge for electricity.

Filing the required information at the KCC for this subset of our customers is extremely cumbersome and time consuming. The administrative expense, in both staff time and funds to employ consultants and attorneys, in many cases discourages municipal utilities like ours from pursuing common sense business decisions. Should a rate increase become necessary, the cost of a full-blown rate

case can be very high. Many times, such costs make these actions prohibitive for our municipal systems.

If this legislation be enacted, I do not envision BPU at all changing the terms and conditions in which it provides electric service to its customers. In fact, I believe that the KCC rules and regulations that govern how a utility provides service are an excellent template for how a utility should operate in the state of Kansas. Even if we as a municipal utility do not fall under the jurisdiction of the commission, BPU will continue to follow these guidelines to the best of its ability as it has to this date.

McPherson BPU and other municipal electric and gas utilities encourage the committee to pass House Bill 2032. Thank you again for the opportunity to appear before at this hearing and I would be glad to stand for any questions that the committee might have.