

*Testimony Provided the*

Senate Utilities Committee

**House Bill 2032 - Municipal Utility Three-Mile Legislation**

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City of Winfield, Kansas**

Chairman Emler and Members of the Committee:

Thank you for the opportunity to testify this morning in support of House Bill 2032, legislation that would streamline the rate setting procedures for municipal electric and natural gas utilities with customers more than three miles outside of their city boundaries.

My name is Colin Whitley, Electric and Water Utilities Director for the City of Winfield. Winfield currently operates municipal electric, natural gas, water and wastewater utilities. Our municipal electric utility serves 8,194 electric meters, which includes all of the city's roughly 12,000 citizens. In addition to being Electric & Water Utilities Director for Winfield, I also have the honor as serving as the first Interim General Manager of the Kansas Power Pool or KPP. KPP is a new municipal energy agency that is currently providing power supply to seven municipal utilities, with eleven new entities slated to take service in 2007.

Winfield provides retail electric service to 1,035 customers (including the cities of Burden and Dexter) that are located more than three miles outside of the Winfield city limits. In fact, I'm one of those customers. In addition, Winfield provides wholesale electric service to the cities of Oxford and Udall. Winfield's municipal natural gas utility does not have any KCC jurisdictional customers outside the three-mile limit.

Existing three-mile statutes have made it very difficult for our utility to provide comparable service within our service territory. Submitting a full-blown rate filing and corresponding economic and engineering analyses are burdensome enough to keep most municipal utilities from modifying rates, terms and conditions unless absolutely necessary.

In fact, the three-mile statutes are currently an obstacle to Winfield offering wind energy to our three-mile customers. Last year, the city surveyed its customers and determined that approximately 5% wanted the city to purchase wind energy

on their behalf and pay for it in a special rate class. This new “wind energy rate” will be considered for approval by the Winfield City Commission later this month.

Unfortunately, the rate will only be offered to those customers within three miles of Winfield city limits. The city would be unable to recover the significant cost necessary to formally secure KCC approval of the new wind energy rate structure on behalf of what is likely to be only a handful of customers. As a result, the wind rate will not be offered to three-mile customers. Should the three-mile statute be changed, Winfield would offer the wind energy service to all customers equally as is our preference.

One of our colleague utilities, Clay Center Public Utilities, has also expressed strong support for the bill. Asked about how they might implement the changes the bill would require, the city indicated that they would simply lower electric rates for the 96 customers currently under KCC jurisdiction to match city rates. In justifying the rate decrease, the Superintendent of Utilities for the city noted that current reporting requirements were a “big enough headache that I’ll gladly lose revenue to do it.” He added that current statutes have kept the utility from even modifying the terms and conditions of the yard light rental program the city currently offers.

Again, thank you for the opportunity to testify this morning in support of House Bill 2032. I strongly encourage the committee to pass this legislation that would do much to streamline and assist 31 municipal electric and gas utilities in Kansas.