

Kurt Fairchild, St. John, KS
House Bill 2661
Proponent

I would like to thank you for the opportunity to testify before the committee today on behalf of H.B. 2661. My name is Kurt Fairchild, and I live in rural St. John, Kansas, but receive my electricity from the city of St. John. I am a layman (not a lobbyist), and I'm not a person who enjoys public speaking. The issue I would like to discuss today is not a Democrat or Republican issue. It is an issue of fairness for residential rural customers that are bound to a municipal utility.

For many, many years, rural residential customers who receive electricity from a municipality have paid the same electric rates as customers within the city. However, city customers receive services such as police protection, fire protection, street repair, street lights, upkeep on city vehicles, etc. that rural customers do not receive. If I have a fire or robbery at my house, it won't be the city of St. John that responds to my need, but the Stafford County sheriff or the county fire department. These services do not extend beyond the city limits but are still being paid for by the municipality's rural customers.

I have thought about this fact for many years as I compared my parents' electric bill from Midwest Energy to my electric bill from the city of St. John. Both my parents' home and my home are on the same quarter section of ground about 5/8 of a mile outside the city limits. Currently my parents pay 12 cents per KWH and I am paying 17.6 cents per KWH. My parents built their own home in 1978 and apparently were given the option of who their utility provider would be. The home in which I live was purchased by my parents in 1952 and has been on city electricity for this entire time. Ironically, my father moved to Kansas in 1952 and was working for the REA at that time. He moonlighted after hours and helped the city erect the power lines for the city of St. John that currently serve my house.

As I was comparing the electric rates of our two houses, I came to understand that the kilowatt usage of our two homes was always pretty close, but my bill was always higher than my parents' bill. I decided to visit with the St. John city manager about my electric rates. (Incidentally, the city of St. John buys its electricity from Midwest Energy.)

The city manager set up a meeting with the city's energy consultant and me. When I asked the consultant to explain the reason for the rate differences between the city and Midwest Energy, he explained that the extra charges paid for the extra services provided by the city. I listened patiently as the consultant enumerated the services provided by the higher rates for electricity. When he finished, all I said was, "Do you realize I do not live within the city limits and therefore do not receive any of the services you just listed?" I thought the ceiling had fallen in on him as he thought over my response. He then replied, "In all the years I have helped cities set their rates, I have never thought about that!" "You have a good point."

I understand that cities need to raise revenue to run their city through utility rates and property taxes. I have no problem with that. But how can they charge rural residents the same rate as city residents when

rural residents don't receive their services? If the city was willing to provide the same services to everyone, I would have no problem with paying the same rates. I believe that would be the "fair" thing to do. Perhaps there ought to be an amendment to H.B. 2661 to state that the same services ought to be provided for all municipal utility customers. My family and I have been paying for these services for my city friends since 1952.

What are the opponents of this bill going to say? They are going to say that one of the advantages of a municipality is local control (city councils or city commissioners) by people you know and can vote for. But do they understand that rural customers are not allowed to vote in city elections? Does that sound like taxation without representation?

Another argument municipalities will give, I'm sure, is that they should charge more for rural customers because of the extra miles for transmission lines and a transformer for every residence. If that is really a problem, why won't they let rural customers switch to a rural electric cooperative? The real answer is that as long as we pay our bills we, as rural customers, are helping cities create a lot of revenue. I would be more than willing to pay for running my own service to my house from Midwest Energy whose line already runs less than two hundred yards from my house.

The city of St. John conducted a feasibility study on how long it would take to pay back the cost of moving its power poles from the west side of the road starting at the city limits to the east side of the road out to my house. That distance is about 5/8 mile. This study was done early in 2011. The cost of putting in new poles and moving across the road was about \$10,000. The feasibility study determined that the project would pay for itself in three years. Now, please understand I am the only customer on this line except for the city's lift station at its waste stabilization ponds. Also, please understand that the Midwest Energy line already runs within two hundred yards of my house and runs directly by the city's sewer ponds.

The city could have saved \$10,000 by not building the new line and by allowing me to pay for hooking up to the Midwest Energy line less than 200 yards behind my house. They could also have hooked up their own lift station to Midwest Energy which runs right by the ponds. But, I was creating so much revenue for the city that it would pay out in three years to erect the new lines! I have attached the feasibility study to show this and a marked Google map of the area I am talking about.

I do not know for sure how many rural residents are on city electricity in the state of Kansas. I have tried to research this information but couldn't find much. In the city of St. John, I know this affects seven rural customers. Statewide, I don't think it would affect that large of a percentage.

I am not doing this for myself but for all rural customers on municipal utilities in Kansas. I also believe that the day for protecting municipalities by territories established in the 1970s is antiquated. What if your congressional districts you have recently redrawn were still established by the 1970 census?

I believe it is time to correct a wrong that has existed for way too many years. Thank you for your time. I would be willing to answer any questions from the committee.

my residence

2010

This is a unoccupied location. He might plug in an electric fence occasionally.

RESIDENTIAL CUSTOMER #1

RESIDENTIAL CUSTOMER #2

USARE	Customer	Charge	Energy	Fuel	Fuel Adjust	Fuel Cost	Total Revenue	Avg Cost/kWh	Wholesale Cost	Base Fuel	ECA	Net Non-Whls Cost
Jan	1750	\$ 6.00	\$ 182.98	\$ 0.026	\$ 45.50	\$ 234.48	\$ 0.134	\$ 99.75	\$ 134.73			
Feb	1704	\$ 6.00	\$ 178.12	\$ 0.026	\$ 44.30	\$ 228.43	\$ 0.134	\$ 97.13	\$ 131.30			
Mar	1809	\$ 6.00	\$ 189.20	\$ 0.026	\$ 47.03	\$ 242.23	\$ 0.134	\$ 103.11	\$ 139.12			
Apr	1367	\$ 6.00	\$ 142.57	\$ 0.026	\$ 35.54	\$ 184.11	\$ 0.135	\$ 77.92	\$ 106.19			
May	1273	\$ 6.00	\$ 132.65	\$ 0.026	\$ 33.10	\$ 171.75	\$ 0.135	\$ 72.56	\$ 99.19			
Jun	2525	\$ 6.00	\$ 264.74	\$ 0.026	\$ 65.65	\$ 336.39	\$ 0.133	\$ 143.93	\$ 192.46			
Jul	2650	\$ 6.00	\$ 277.93	\$ 0.026	\$ 68.90	\$ 352.83	\$ 0.133	\$ 151.05	\$ 201.78			
Aug	3239	\$ 6.00	\$ 340.06	\$ 0.026	\$ 84.21	\$ 430.28	\$ 0.133	\$ 184.62	\$ 245.66			
Sep	2969	\$ 6.00	\$ 311.58	\$ 0.026	\$ 77.19	\$ 394.77	\$ 0.133	\$ 169.23	\$ 225.54			
Oct	1931	\$ 6.00	\$ 202.07	\$ 0.026	\$ 50.21	\$ 258.28	\$ 0.134	\$ 110.07	\$ 148.21			
Nov	2018	\$ 6.00	\$ 211.25	\$ 0.026	\$ 52.47	\$ 269.72	\$ 0.134	\$ 115.03	\$ 154.69			
Dec	1365	\$ 6.00	\$ 142.36	\$ 0.026	\$ 35.49	\$ 183.85	\$ 0.135	\$ 77.81	\$ 106.04			
TOTAL	24600	\$ 72.00	\$ 2,575.50		\$ 639.60	\$ 3,287.10	\$ 0.134	\$ 1,402.20	\$ 1,884.90			

This is the profit from my residence in 2010.

USARE	Customer	Charge	Energy	Fuel	Fuel Adjust	Fuel Cost	Total Revenue	Avg Cost/kWh	Wholesale Cost	Base Fuel	ECA	Net Non-Whls Cost	COMBINED REVENUE	COMBINED "MARGIN" LOSS
0	\$ 6.00	\$ -	\$ 0.026	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ 6.00	\$ 240.48	\$ 140.73
0	\$ 6.00	\$ -	\$ 0.026	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ 6.00	\$ 234.43	\$ 137.30
0	\$ 6.00	\$ -	\$ 0.026	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ 6.00	\$ 248.23	\$ 145.12
0	\$ 6.00	\$ -	\$ 0.026	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ 6.00	\$ 190.11	\$ 112.19
8	\$ 6.00	\$ 0.71	\$ 0.026	\$ 0.21	\$ 6.92	\$ 0.865	\$ 0.46	\$ 6.46	\$ 6.46	\$ 178.67	\$ 105.65			
5	\$ 6.00	\$ 0.45	\$ 0.026	\$ 0.13	\$ 6.58	\$ 1.315	\$ 0.29	\$ 6.29	\$ 6.29	\$ 342.96	\$ 198.75			
4	\$ 6.00	\$ 0.36	\$ 0.026	\$ 0.10	\$ 6.46	\$ 1.615	\$ 0.23	\$ 6.23	\$ 6.23	\$ 359.29	\$ 208.01			
5	\$ 6.00	\$ 0.45	\$ 0.026	\$ 0.13	\$ 6.58	\$ 1.315	\$ 0.29	\$ 6.29	\$ 6.29	\$ 436.85	\$ 251.95			
2	\$ 6.00	\$ 0.18	\$ 0.026	\$ 0.05	\$ 6.23	\$ 3.115	\$ 0.11	\$ 6.12	\$ 6.12	\$ 401.00	\$ 231.66			
7	\$ 6.00	\$ 0.62	\$ 0.026	\$ 0.18	\$ 6.81	\$ 0.972	\$ 0.40	\$ 6.41	\$ 6.41	\$ 265.08	\$ 154.62			
4	\$ 6.00	\$ 0.36	\$ 0.026	\$ 0.10	\$ 6.46	\$ 1.615	\$ 0.23	\$ 6.23	\$ 6.23	\$ 276.18	\$ 160.92			
0	\$ 6.00	\$ -	\$ 0.026	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ -	\$ 6.00	\$ 189.85	\$ 112.04	
35	\$ 72.00	\$ 3.12	\$ 0.91	\$ 0.91	\$ 76.03	\$ 2.172	\$ 2.00	\$ 74.03	\$ 3,363.13	\$ 1,958.93				

CITY LIFT STATION

CITY IRRIGATION

Est Demand	Usage	ECA + Base Cost	Wholesale Cost to City	Cust Charge	Demand	Energy	Factor	ECA	City Bill From MWE	
									TOTAL	NET
Jan	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00412	\$ 2.72	\$ 72.46	\$ 34.90
Feb	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00535	\$ 3.53	\$ 73.27	\$ 35.71
Mar	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00359	\$ 2.37	\$ 72.11	\$ 34.55
Apr	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00886	\$ 5.84	\$ 75.59	\$ 38.02
May	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00570	\$ (3.76)	\$ 65.99	\$ 28.43
Jun	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00623	\$ (4.11)	\$ 65.64	\$ 28.06
Jul	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00723	\$ (4.76)	\$ 64.98	\$ 27.42
Aug	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00791	\$ 5.21	\$ 74.96	\$ 37.40
Sep	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00226	\$ (1.49)	\$ 68.26	\$ 30.70
Oct	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00090	\$ (0.59)	\$ 69.16	\$ 31.59
Nov	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00298	\$ 1.96	\$ 71.71	\$ 34.15
Dec	4	\$ 0.0570	\$ 37.56	\$ 12.00	\$ -	\$ 57.75	0.00635	\$ 4.18	\$ 73.93	\$ 36.37
TOTAL	7908	\$ 450.76	\$ 450.76	\$ 12.00	\$ 8.00	\$ 0.08763	1650	\$ 848.08	\$ 397.32	

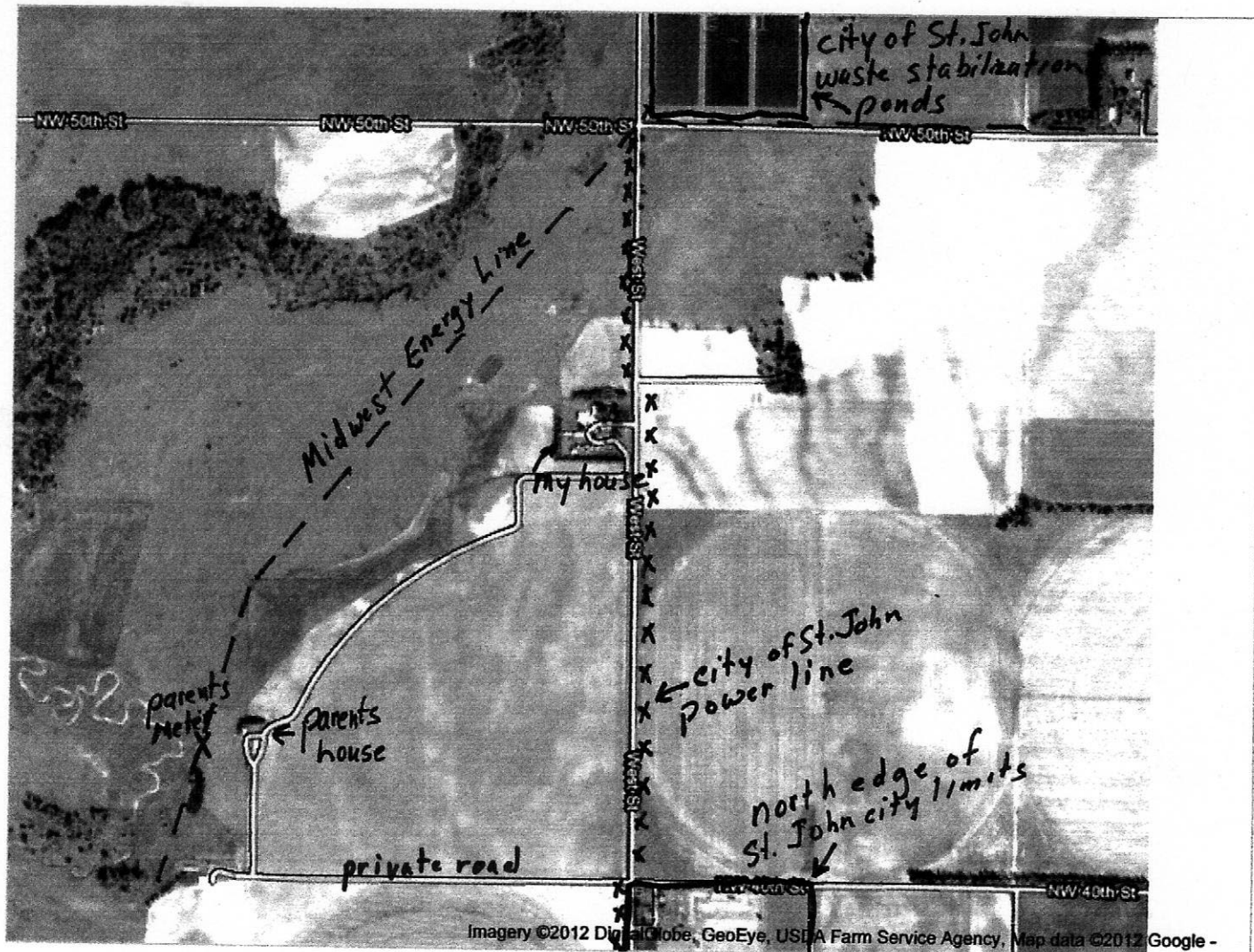
Est Demand	Usage	ECA + Base Cost	Wholesale Cost to City	Cust Charge	Demand	Energy	Factor	ECA	City Bill From MWE	
									TOTAL	NET
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00412	\$ -	\$ 12.00	\$ 12.00
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00535	\$ -	\$ 12.00	\$ 12.00
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00359	\$ -	\$ 12.00	\$ 12.00
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00886	\$ -	\$ 12.00	\$ 12.00
15	1100	\$ 0.0570	\$ 62.70	\$ 12.00	\$ 60.00	\$ 96.39	0.00570	\$ (6.27)	\$ 162.12	\$ 99.42
20	1500	\$ 0.0570	\$ 85.50	\$ 12.00	\$ 80.00	\$ 131.45	0.00623	\$ (9.35)	\$ 214.10	\$ 128.60
25	2500	\$ 0.0570	\$ 142.50	\$ 12.00	\$ 200.00	\$ 190.18	0.00723	\$ (18.08)	\$ 384.10	\$ 241.60
25	9300	\$ 0.0570	\$ 188.10	\$ 12.00	\$ 200.00	\$ 233.08	0.00791	\$ 26.10	\$ 471.18	\$ 283.08
10	1600	\$ 0.0570	\$ 91.20	\$ 12.00	\$ 80.00	\$ 140.21	0.00226	\$ (3.62)	\$ 228.59	\$ 137.39
8	620	\$ 0.0570	\$ 35.34	\$ 12.00	\$ 32.00	\$ 54.33	0.00090	\$ (0.56)	\$ 97.77	\$ 62.43
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00298	\$ -	\$ 12.00	\$ 12.00
0	0	\$ 0.0570	\$ -	\$ 12.00	\$ -	\$ -	0.00635	\$ -	\$ 12.00	\$ 12.00
TOTAL	10620	\$ 605.34	\$ 605.34	\$ 12.00	\$ 4.00	\$ 0.05363	1650	\$ 1,629.87	\$ 1,024.53	

	Lost Revenue	Saved Expense	Increased MWE Cost	NET Benefit To Serving
Customer 1:	\$ 3,287.10	\$ (1,402.20)	\$ -	\$ 1,884.90
Customer 2:	\$ 76.03	\$ (2.00)	\$ -	\$ 74.03
City Lift:	\$ -	\$ (450.76)	\$ 848.08	\$ 397.32
City Irrigation:	\$ -	\$ (605.34)	\$ 1,629.87	\$ 1,024.53
TOTAL	\$ 3,363.13	\$ (2,460.29)	\$ 2,477.95	\$ 3,380.78

The feasibility study done by the city of St. John determined that the project of moving the electric poles from one side of the road to the other side of the road would pay for itself in 3 years.

Pure profit for the city of St. John in 1 year on my residence and the cities waste stabilization site.

Google



X X X = city electric line
 - - - = Midwest energy line

This map shows the north edge of the St. John city limits and the city's waste stabilization ponds. It also shows the location of my house, parents house, Midwest Energy line, and the city's electric power line.