



# Impact of COVID-19 on Municipal Utilities

## Special Committee on Economic Recovery

COLIN HANSEN, EXECUTIVE DIRECTOR

KANSAS MUNICIPAL UTILITIES

AUGUST 13, 2020





**KANSAS  
MUNICIPAL  
UTILITIES**

# About KMU

**Statewide Trade Association for Municipal  
Electric, Water, Natural Gas, Wastewater &  
Telecommunications Utilities**

**184 Member Communities  
Across Kansas**

**Headquartered in McPherson**

**Comprehensive Training &  
Safety Services**

**13 Staff  
Members**

**New KMU Training  
Center Opened in 2016**

**35-Acre  
Training Field**

**Three  
Weekly  
Member  
E-Newsletters**

**Technical  
Services for  
Water &  
Wastewater  
Utilities**





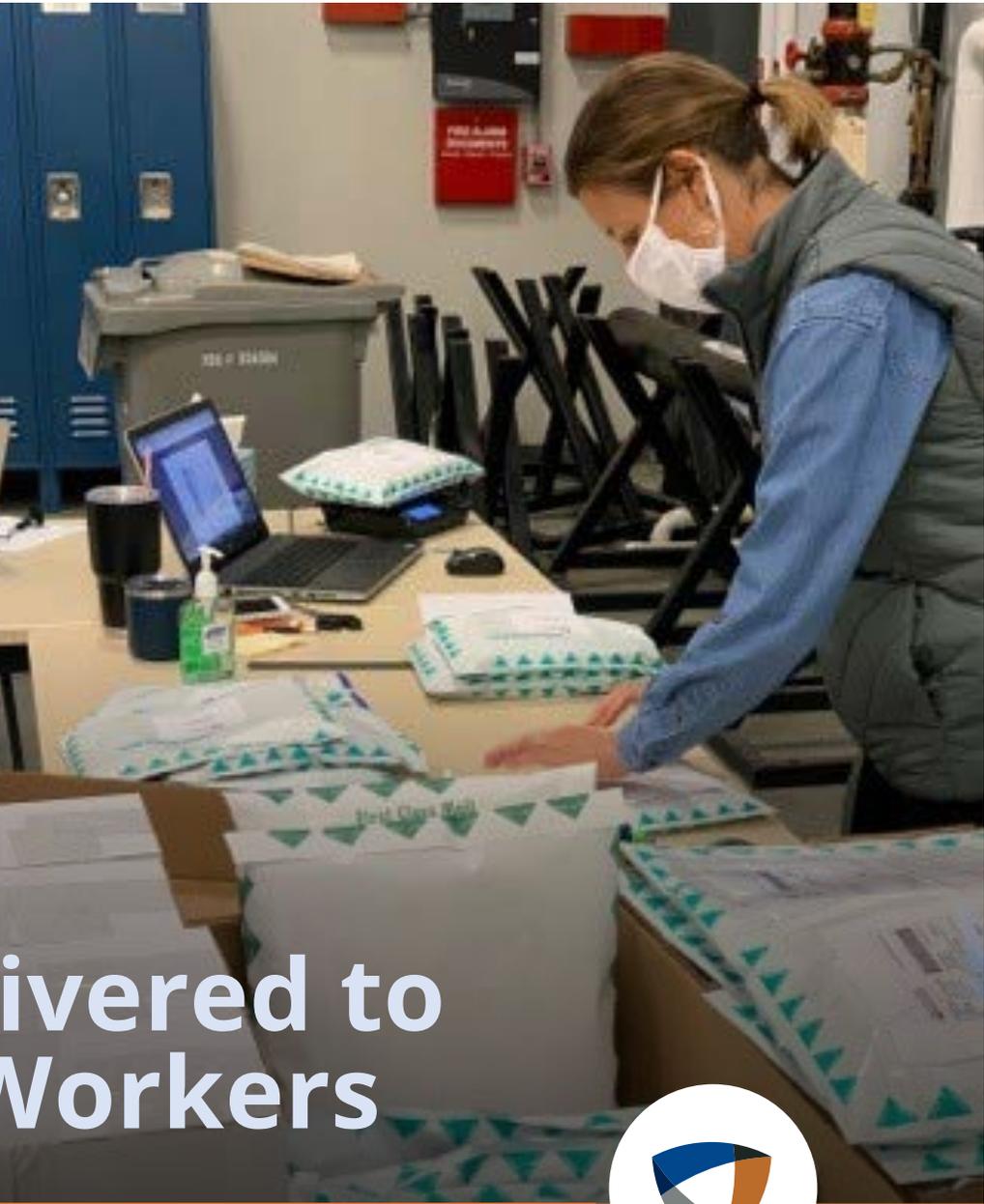
KANSAS MUNICIPAL UTILITIES



# KMU By the Numbers - 2019

- 165 Events at KMU Training Center
- 5,543 Visitors
- 200k Miles Driven by KMU Staff
- 111 Electronic Newsletters
- 1,954 Subscribers to KMU Dispatch
- Mutual Aid to Four Communities + Florida
- Lineworker Apprenticeship Program Registered in Nebraska & Colorado





# 36,385 Masks Delivered to Essential Utility Workers

## Masks





# Fast Facts



**Paul Mahlberg, General Manager**

Kansas Municipal Energy Agency

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**NUMBER OF STAFF MEMBERS: 17**

**YEAR FORMED**



In 1980, Kansas Municipal Energy Agency (KMEA) was officially formed under Kansas law as a quasi-municipal corporation established as a nonprofit joint action agency made up of electric municipalities.

**POWER SUPPLY**



KMEA continually seeks power supply arrangements where we can match member cities' short-term and long term needs with one of among many power supply alternatives.

**LONG-TERM PROJECTS**

KMEA currently manages 8 long-term projects for its members including a mix of resources that encompass coal, gas, hydro and wind.

**MEMBERS**



80, varying in size from the City of Lucas (392 population, 1.9 MW load) to Garden City (30,948 population, 68.7 MW Load)

**PEAK CAPACITY**

Full energy management services for 35 of our member cities that total a 380 MW Peak and 1,600,000 MWH of energy



## NUMBER OF STAFF MEMBERS: 8

## YEAR FORMED

In 2005, KPP was formed under the Kansas Municipal Energy Agency Act.



## PEAK CAPACITY

Pooling the needs of its 24 members, KPP has a 215 MW peak and sells approximately 895,000 MWhs annually.

## MEMBERS

24, varying in size from the City of Winfield (pop. 12,333) to the City of Luray (pop. 190)



## POWER SUPPLY

KPP fulfills all energy requirements to its members. Its diverse resource portfolio is supported by equity ownership and a strategic commitment to low carbon emissions.



## FINANCIALS

KPP has secured bond ratings of A3 (Moody's) and A- (Fitch) and has annual operating revenues of \$65 million.



## Fast Facts



**Mark Chesney, CEO/General Manager**

Kansas Power Pool

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# Financial Impacts of COVID-19

- Metrics:

- No. of Delinquent Customers →
- Electricity Sales →
- Natural Gas Sales
- Water Sales
- Sales Tax\*

- Voluntary Moratorium on Disconnects
- COVID Payment Plans

- 8-10% Decrease Across SPP Footprint Initially, But Returned to Normal Levels



# Financial Impacts of COVID-19

- Overall, Municipal Utility Communities Are Fairing Reasonably Well
- Small Size, Proximity to Customer is Advantageous
- Slight Increase in Customers Unable to Pay Bill
  - Wide Variations Across KMU Membership
- Kansas Low Income Energy Assistance Program (LIEAP) Available to Help Customers Experiencing Economic Hardship
- Energy, Water Sales Slightly Decreased
- Some Communities Seeing Temporary Increase in Sales Tax Revenue as Citizens Shop Closer to Home

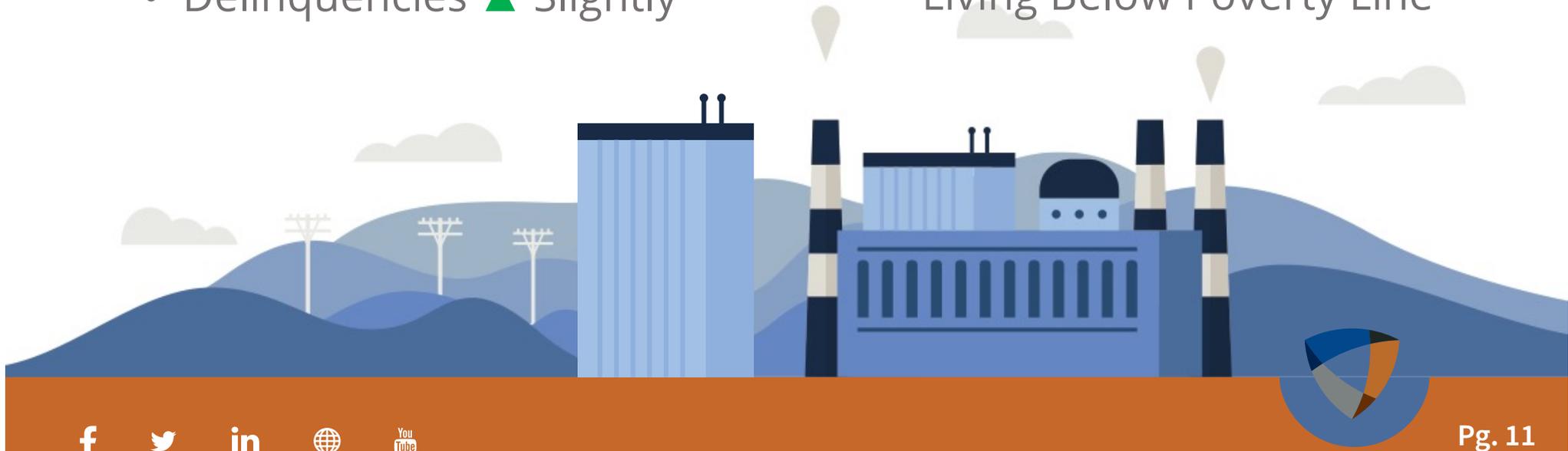


# Specific Examples

## • Kansas City BPU

- Cut All “Non-Essential” Spending in March (25% Cut, Including Capital Plan)
- Voluntary Moratorium
- Worked With Customers to Stay Current on Bills
- Additional Payment Arrangements
- Delinquencies ▲ Slightly\*

- Electricity Sales ▼ Considerably
  - Industrial ▼ 15%
  - Commercial ▼ 5%
  - Residential ▼ 7.5%
- Loss of Small Commercial Customers
- 24.4% of BPU Customers Living Below Poverty Line



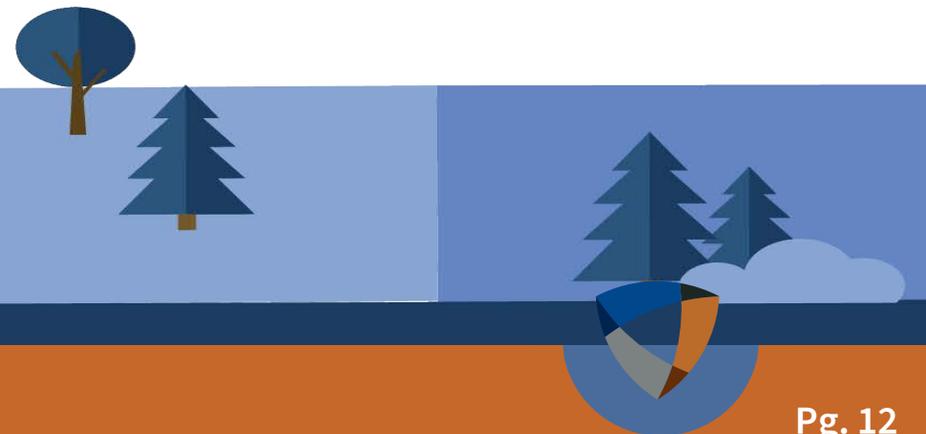
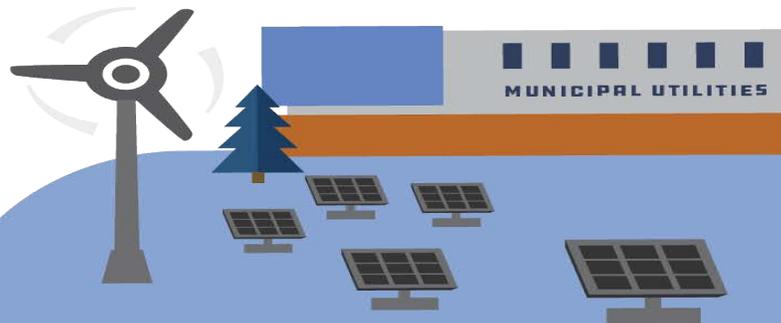
# Specific Examples

## • Garden City

- Extended Moratorium on Disconnects - Significant ▲ in Delinquencies
- Sales Tax Slightly ▼
- Waived Credit Card Fees (\$30k)
- Electric Sales Down Initially, But Have Rebounded
- Economic Development Activities Impacted – Large Industrial Projects Delayed 6+ Months

## • Coffeyville

- Slight ▲ in Delinquencies
- Slight ▲ in Electric & Water Sales
- Largest Impact is to Small Business
- Concern Many Will Not Survive if Pandemic Continues
- Cascading Impact on Community



# Specific Examples

## • McPherson BPU

- 20 Customers on COVID Payment Plans (Out of 9,000)
- 21 Closed Accounts Due to COVID (10% ▲ in Uncollectible Bills)
- Industrial Sales ▼ 0.2% (Refinery Turnaround in '19)
- Residential ▼ 4.0%
- Commercial ▼ 6.6%

## • Lindsborg

- Electricity Sales Down 5.5% for March - June
- Down 17% in March, But ▲ 1.9% for June
- Bethany College & USD 400 = 18% of Sales
- Sales Tax Steady



# Specific Examples

## • Colby

- Delinquent Customers Unchanged
- Electric Sales Steady
- Initial Decline in Electric & Water Sales Due to Empty Hotels, College, Schools
- Mild Summer
- Water Sales Flat

## • Osage City

- Commercial Electric & Gas Sales ▼
- Residential Electric & Gas Sales ▲
- Sales Tax Revenue ▲
- Delinquent Customers Same



# Specific Examples

- **Newton**

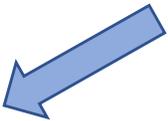
- Slight ▲ in Delinquent Customers
- New Monthly Payment Plan
- Water Revenues ▲ from 2019, But ▼ from 2018
- Sales Tax Receipts ▲ Slightly
- Impact of Cuts in Franchise Fees & Interest Income



# Specific Examples

## • Kansas Power Pool Members

- Kingman & Marion Have Seen Significant Increases in Delinquencies
- Other Members at Normal Level
- Electricity Sales Vary From Slight Decrease to Slight Increase
- In General, Decreased Commercial & Industrial Sales Reconciled by Increased Residential Sales

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- Attica
  - Augusta
  - Clay Center
  - Ellinwood
  - Erie
  - Glasco
  - Haven
  - Kingman
  - Marion
  - Minneapolis
  - Mulvane

