



*Small, Serene, Simply Garnett.*

To: House Financial Institutions and Rural Development  
From: Christopher Weiner, City Manager  
Date: March 2, 2021  
RE: Testimony in Support of City Utility Low-Interest Loan Program

The City of Garnett operates a Municipal Gas and Electric Utility serving 3,023 accounts and over 3,200 residents in our community.

The impact of the dramatic increase in the wholesale cost of gas and electricity over the time period from February 12<sup>th</sup> to the 19<sup>th</sup> has resulted in the need for the City of Garnett to declare a Financial Emergency.

This extreme weather and corresponding financial event will result in an extreme loss to our municipal cash reserves as the anticipated bill for February will be more than four times our annual budget for wholesale gas purchases. This bill is more than double the amount of cash reserves the gas utility has on hand. Thankfully, the City of Garnett was able to generate power at our municipal power plant during this time period, which has resulted in significant savings for our power purchases as we were able to reduce the amount of electricity we needed to purchase at the extortionate wholesale electricity prices.

While Garnett will be able to financially weather this crisis due to having other municipal utilities which can loan money to our gas utility; many of our sister Kansas municipalities do not have other utilities, nor the reserves, to pay these bills. Many communities will be forced to pass these costs along to their customers and to deplete their entire municipal cash reserves just to keep their community's lights on, homes and businesses heated, and their staff employed. Our residents and businesses cannot afford to pay the bills that will be passed through to them if our municipalities are stuck paying these exorbitant prices for wholesale energy. This financial crisis, in addition to the ongoing COVID-19 pandemic, poses excruciating hardships to our local economy and residents across Kansas.

Access to the proposed City Utility Low-Interest Loan Program described in current legislation, would allow many of our neighbors and colleagues the opportunity to borrow from the State to cover the extremely high electric and gas costs incurred during the extreme weather crisis event in February 2021.

I respectfully request your consideration and approval of the City Utility Low-Interest Program legislation.

Sincerely,

Christopher T. Weiner, City Manager

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