



CITY OF HUMBOLDT
OFFICE OF CITY ADMINISTRATION

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To: House Financial Institutions and Rural Development
From: Nobby Davis, Mayor
Date: March 3, 2021
RE: Testimony in Support of City Utility Low-Interest Program

Mr. Chairman, Vice-Chair and Ranking Member,

The City of Humboldt strongly supports House Bill 2429. The legislation would provide an urgently needed tool for many municipal utilities to respond to the significant financial strain caused by the February extreme winter weather event.

Below are points of the bill:

- HB 2429 would create a low-interest loan program from which a city could borrow from the State in order to cover the extraordinary costs related to the extreme weather crisis which impacted the Midwest in February.
- Bill would allow for community owned electric or natural gas utilities to utilize the low-interest low program.
- The loan could be paid back over a 10-year period, with an interest rate 2% below the market rate as per K.S.A. 75-4237.
- The loan cannot be used for normal operating expenses.
- If federal funding is made available related to the extreme weather event, those funds will be used to repay this loan.

This Natural Disaster of extreme winter weather event during February 2021 had devastating impact on the City of Humboldt's financial status. We have approved Resolution 2-22-2021, Declaring a Local State of Financial Emergency.

We anticipate that our gas bill for February will be approximately \$1.6 million. Our total cost for gas in 2020 was \$270,139.14. We have approximately \$250,000 balance in our gas fund for operations, cost of gas, and reserve.

The majority of our customers will not be able to pay if we pass the cost to them. Businesses and households will be required to pay 25 to 30 times their typical monthly bill for this one bill. One family's monthly actual billing cost should be \$203.40 but will increase to approximately \$5,400 in February. We have not yet passed that cost to the customers.

Thank you for your consideration and we urge your support of HB 2429.

Respectfully,
Nobby Davis, Mayor