

Citizens' Utility Ratepayer Board

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HOUSE UTILITIES COMMITTEE S.B. 580

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
March 11, 2008

Chairman Holmes and members of the committee:

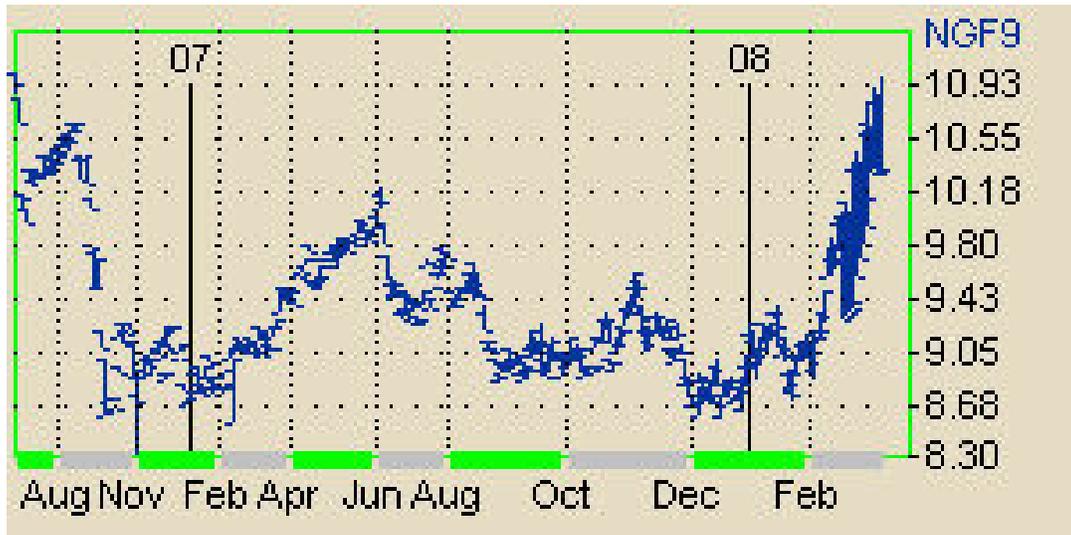
Thank you for this opportunity to offer testimony on S.B. 580. The Citizens' Utility Ratepayer Board is neutral on this bill for the following reasons:

CURB testified in support of S.B. 580 in the Senate. As originally drafted, S.B. 580 created a weatherization assistance program account within the state housing trust fund, with moneys credited to the account used to fund grants to increase housing energy efficiency. Of import in this bill was that the funding commitment would be \$2,000,000 annually. This increase in funding, and the commitment to annual funding, would allow the weatherization assistance program to ramp up its activities to serve more Kansas consumers annually.

In the current version of S.B. 580, the \$2 million in annual funding for the assistance program has been removed. Rather the bill now uses 15% of any low income emergency or supplemental federal funding to fund the weatherization program. This lowers the amount of supplemental and emergency funds available to pay consumer utility bills and makes the weatherization program funding intermittent. It is CURB's understanding that there are years in which there is no supplemental or emergency funding above the initial federal appropriation. The chief benefit of the earlier version of the S.B. 580 was that the \$2 million funding increase was consistent over time, such that the weatherization program could be ramped up and sustained at an increased level over time. This will not be the case with intermittent funding under the current version of the bill.

Utility costs for consumers have increased in recent years, especially the cost of natural gas for heating. The cost of electricity is also starting to increase as fuel costs increase and as an aging infrastructure needs to be updated to meet new demands and new environmental standards. Conservation, weatherization and energy efficiency will become a more important tool to help consumers manage these increased utility costs. The weatherization assistance program is one of the few state programs offered in Kansas, and the modest funding commitment requested in the original bill was a step in the right direction for Kansas consumers.

The Chart below is a pricing history of the January 2009 natural gas contract on the NYMEX exchange. This gives a picture of what natural gas prices may look like next winter on consumer bills. Of particular note is the in the last three months the price of natural gas in January 2009 has gone from about \$8.75/ MMBtu up to \$11.06/MMbtu. Over the next 10 months the price could move higher or lower.



CURB again asks that the Committee consider creating a customer funded third party non-utility entity that can focus on providing low income utility assistance and weatherization, energy conservation and energy efficiency measures to all Kansas customers.

For the above reasons, CURB would urge the committee to restore the funding in the original bill.