

Before the Senate Utilities Committee
SB 414
Testimony of Larry Berg, Vice President of Corporate Relations
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Chairman Emler and Members of the Committee,

I appreciate the opportunity to testify in support of Senate Bill 414, the Gas Safety and Reliability Act. Midwest Energy is a customer-owned utility that provides natural gas service to nearly 42,000 customers in small towns and rural areas of Western Kansas. This legislation would help us to continue the provision of safe and reliable natural gas service.

For the sake of brevity, I will not repeat the supporting reasons already presented by representatives from Kansas Gas Service and Aquila. We are in agreement.

In addition to those comments, Midwest Energy faces unique challenges. The demographic trends in Western Kansas are no secret. Midwest Energy does not enjoy the load growth present in more populated areas. Most of our towns are losing population. Therefore, in addition to the usual inflationary pressures, we have fewer customers using natural gas. In the last three years, we have lost three percent of our customer base.

Compounding that problem is the low customer density of our service area. Midwest Energy only serves about 14 customers per mile of gas pipe. Compare that to the number of homes or business that might be served by a single block of pipe in an urban setting.

The ability to pass through the cost of prudent safety and reliability investments in a timely manner is crucial to our on-going financial health and the customer base that remains. Although rate cases are necessary from time to time, we believe any measure that helps delay the costs of preparing, filing and litigating rate cases is good for our customers.

Midwest Energy is open to proposals that would address concerns of the Kansas Corporation Commission. I appreciate this opportunity and will take questions at the appropriate time. Thank you.