

Case-33121
Complaint #210696

Filed Date: 04/23/2021

State Corporation Commission
of KansasFormal Complaint
June 2017

KANSAS CORPORATION COMMISSION
OFFICE OF PUBLIC AFFAIRS & CONSUMER PROTECTION
FORMAL COMPLAINT

Note: Formal Complaints filed with the KCC become a public record and may be posted on the KCC's website. Any information you provide in the complaint or other documents related to the complaint, including, but not limited to, your name, address, city, state, zip code, telephone number, email address, and the facts of your case may be available online for public viewing.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

IN THE MATTER OF THE COMPLAINT AGAINST

City of Moundridge, Kansas
(Respondent, name of utility company)

For Commission
use only

DOCKET NO.

21-MDRE-403-COM

by

Earl Frye
(Complainant, your name)

Please provide complainant (your) contact information:

Full Name(s): Earl Dean Frye

Address: [REDACTED]

Daytime Phone: [REDACTED]

E-mail Address (optional): _____

STATE
CORPORATION
COMMISSION

STATE
CORPORATION
COMMISSION

APR 23 2021

APR 23 2021

FORMAL COMPLAINT

Earl Frye
(Your name)

PUBLIC AFFAIRS AND CONSUMER PROTECTION
PUBLIC AFFAIRS AND CONSUMER PROTECTION

states that the above-named respondent is a public utility providing service in Kansas and is subject to the jurisdiction of the State Corporation Commission.

The facts and circumstances surrounding the complaint are set out in detail below:
(Be specific and as brief as possible. If necessary, attach additional sheets.)

My gas bill is normally \$6.12 per unit. I was informed by City web site February 12 of gas price spike.
We were asked to limit gas use as much as possible. I turned down heat and hot water heater. I received
February utilities bill A. This bill has a \$3.13 market A charge. I then received letter A explaining that I could
pay \$95.88 lump sum bill in February or pay \$9.12 over the next several years (at a city council meeting this
is 6 years). I chose one lump sum. This is price gouging. I am retired on \$1,800 month. How can I be
expected to pay \$2,850.70 utility bill.

(Continued on the other side)



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February 12 ·

As you know, the Midwest is being hit with extreme cold weather. This has caused various problems for the gas producers (wellhead freeze-offs), increased demand, as well as taxing the gas pipelines.

Our buyer, KMGa has secured gas supply for the next four days.

Unfortunately, the gas price is at unprecedented levels.

With record lows approaching we hate to ask but we need to hold down our usage as much as possible over the next few days.

We all need to do our part to help hold our demand down so we are not hit with heavy surcharges that will drive up our costs.



Short letter Feb cold spell
Letter A

Dear Residents and Business owners,

Our City staff have been working diligently to come up with ways to address the spike in Natural Gas prices in February and how to limit the impact on our residents and businesses.

As individual customers and as a community we did a great job in holding down our usage during the extreme drop in temperatures and the historic spike in natural gas prices. In fact, as a community we only used about 700 units more than normal. On an individual basis most meter readings were close to normal levels for the month. Keep in mind if you turned your thermostat down. You helped hold down the number of units you used, which is what we base our billing on. If someone else turned their thermostat up. They would use more units of natural gas; therefore, their bill would be more.

The City's bill from our gas supplier is \$1,777,478 which is almost six times what we normally budget for the entire year. The City is legally obligated to pay that bill. We are trying to spread out that cost to our customers by utilizing a low interest loan that was created by the Kansas Legislature for Cities such as ours that were hit with extremely high natural gas bills.

Our next billing will go out around April 5th. We have been working on billing options to accommodate those who would like to pay their share of the natural gas costs up front. While also giving others the option to pay their share of the natural gas increase over time until the loan is paid off.

OPTIONS:

- Pay in one lump sum calculated at a rate of \$95.88 per unit that your household used in February, or;
- You will be billed the normal rate for natural gas at \$6.12 per unit plus \$3 per unit "Market Rate Adjustment" fee. This brings the total on your bill to \$9.12 per unit for the next several years.

Please let us know which of these options works best for you. If you would like to pay the one-time lump sum, please call the City Office by April 2nd at (620) 345-8246. If we do not hear from you by then, your bill will be calculated at the \$9.12 per unit rate.

You will also see a change in your electric rate on this bill. We recently received notice from McPherson BPU, they estimate the bill for the City will include an extra \$250,000 due to added costs they had while generating power during the extreme weather event in February. This has resulted in an increase in electrical rates. This increase will be a one-time event on your bill. After this bill the rate will go back to normal.

We have done our best to limit the impact of these events while working within the restraints of municipal finance laws, and contractual obligations. Several state and federal agencies have launched investigations into the spike in natural gas prices. Those will take some time to complete.

Please be considerate of our staff. They have put in many hours to address this crisis and provide billing options.



Moundridge, Kansas
Where Community is a Way of Life

City of Moundridge

225 S. Christian P.O. Box 636
Moundridge, KS 67107
Phone: (620) 345-8246

BILL TO: EARL FRYE

MOUNDRIDGE KS 67107

Invoice #: 3637
Invoice Date: 4/02/2021

Payment Due On Receipt

QUANTITY	DESCRIPTION	PRICE	TAX	AMOUNT
26.00	FEBRUARY GAS USAGE	2,492.88	62.32	2,555.20
				0.00
AMOUNT DUE				2,555.20

Make all checks payable to City of Moundridge

Please return the portion below with your payment.

REMITTANCE	
Invoice #	3637
Customer:	FRYE EARL
Amount Due	\$ 2,555.20
Amount Enclosed	\$

Internal Use: MKADFEE

Remit Payment to:

City of Moundridge
PO Box 636
Moundridge, KS 67107

Bill A

Account Statement



City of Moundridge
225 S Christian Ave
PO Box 636
Moundridge KS 67107-0636

Return Service Requested

UTILITY BILL ENCLOSED

Earl Frye

Moundridge KS

67107-0651

Special Message

The Consumer Confidence Report is ready for you to receive. This is the report on our water system that the state conducts every year to make sure our drinking water is safe for us to consume. The following link will allow you to go directly to the Kansas Rural Water Association website (www.krwa.net/ccr/moundridge) to review the information. If you have any questions after looking over the report, or would like a paper copy, don't hesitate to call the city office: 620-345-8246.

MARCH NEWSLETTER ENCLOSED

GAS DEMAND LETTER

Account Information

Account: [REDACTED]
Service Address: [REDACTED] ST
Service Period: 1/27/21 TO 2/24/21
Days in Billing Cycle: 28
Billing Date: 3/05/21
Due Date: 3/25/21

Account Activity

Service	Previous	Current	Usage	Amount
ELECTRIC	86494	87999	1505	152.42
FUEL ADJ				13.85
GAS	134	160	26	159.12
GAS				.00
MARKET A	134	160	26	81.38
SEWER			1	28.25
TRASH				18.74
WATER	924	927	3	14.29
TAX				10.16

Amount Due

Amount Due By Due Date 478.21

For inquiries please call:
Customer Service: (620) 345-8246
Office Hours: Mon-Fri 8:00 - 5:00
After Hours Utility Emergencies: (620) 345-8800

Please return this portion along with your payment and make your check payable to the City of Moundridge.

January Bill

Account Statement



City of Moundridge
225 S Christian Ave
PO Box 636
Moundridge KS 67107-0636

Return Service Requested

UTILITY BILL ENCLOSED

Earl Frye

Moundridge KS

67107-0651

Special Message

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JANUARY NEWSLETTER ENCLOSED

GAS AWARENESS QUESTIONNAIRE

Account Information

Account: [REDACTED]
Service Address: [REDACTED] ST
Service Period: 12/28/20 TO 1/27/21
Days in Billing Cycle: 30
Billing Date: 2/05/21
Due Date: 2/25/21

Account Activity

Service	Previous	Current	Usage	Amount
ELECTRIC	86074	86494	420	51.51
FUEL ADJ				5.12
GAS	111	134	23	140.76
SEWER			1	28.25
TRASH				18.74
WATER	916	924	8*	28.94
TAX				4.94

Amount Due

Amount Due By Due Date 278.26

For inquiries please call:
Customer Service: (620) 345-8246
Office Hours: Mon-Fri 8:00 - 5:00
After Hours Utility Emergencies: (620) 345-8800

Please return this portion along with your payment and make your check payable to the City of Moundridge.

April Bill



City of Moundridge
225 S Christian Ave
PO Box 636
Moundridge KS 67107-0636

Return Service Requested

UTILITY BILL ENCLOSED

Earl Frye
[REDACTED]
Moundridge KS 67107-0651

Special Message

The Consumer Confidence Report is ready for you to receive. This is the report on our water system that the state conducts every year to make sure our drinking water is safe for us to consume. The following link will allow you to go directly to the Kansas Rural Water Association website (www.krwa.net/ccr/moundridge) to review the information. If you have any questions after looking over the report, or would like a paper copy, don't hesitate to call the city office: 620-345-8246.

APRIL NEWSLETTER ENCLOSED

Account Statement

Account Information

Account: [REDACTED]
Service Address: [REDACTED] ST
Service Period: 2/24/21 TO 3/26/21
Days in Billing Cycle: 30
Billing Date: 4/05/21
Due Date: 4/25/21

Account Activity

Service	Previous	Current	Usage	Amount
ELECTRIC	87999	88644	645	72.44
FUEL ADJ				70.56
GAS	160	170	10	61.20
GAS				.00
SEWER			1	28.25
TRASH				18.74
WATER	927	938	11	39.20
TAX				5.11

Amount Due

Amount Due By Due Date 295.50

For inquiries please call:
Customer Service: (620) 345-8246
Office Hours: Mon-Fri 8:00 - 5:00
After Hours Utility Emergencies: (620) 345-8800

Please return this portion along with your payment and make your check payable to the City of Moundridge.

Payment Coupon

Account Information

Account: [REDACTED]
Service Address: 124 W PACK ST
Service Period: 2/24/21 TO 3/26/21
Billing Date: 4/05/21
Due Date: 4/25/21

Earl Frye
[REDACTED]
Moundridge KS 67107-0651

Amount Due

Amount Due By Due Date 295.50
Amount Due After Due Date 301.40

Amount Enclosed

Remit Payment to:

CITY OF MOUNDRIIDGE
225 S CHRISTIAN AVE
PO BOX 636
MOUNDRIIDGE KS 67107-0636





Moundridge, Kansas
Where Community is a Way of Life

City of Moundridge
225 S Christian Ave ~ PO Box 636
Moundridge, Ks 67107-0636

3/2/21

Dear Residents and Business owners,

Thank you for taking quick actions to reduce the demand for natural gas during a critical period starting February 12th while we were in the middle of an extreme cold weather event. Due to your actions, we as a community were able to hold down our natural gas demand. This means most of you did not use much more than normal which is reflected in the number of units used in the utility statement you are receiving today.

The bill you are receiving today covers the January invoice for natural gas that we received from our natural gas buyer, Kansas Municipal Gas Agency. It also includes an additional charge to cover a small portion of the charges we received while trying to keep the natural gas flowing to our residents and businesses.

We continue to deal with the aftermath of this unprecedented event. The Governor has issued a disaster declaration. McPherson County also issued one to assist us in seeking relief.

Unfortunately, the historic increases we saw in the natural gas prices were far beyond anything that could have been predicted. Before the extreme cold weather hit our area, natural gas prices were around \$3 per unit. At their peak they reached over \$622 per unit. This impacted every natural gas company and municipality throughout the state of Kansas as well as surrounding states. We have not yet received a bill from KMGA for February, but they estimate it could reach over \$1.5 million. Our budget for natural gas is \$315,000.

Our staff along with the City Council have been exploring options to pay the KMGA invoice and reduce the impact on our residents and business. This may be done by spreading the costs of the next bill out over an extended period of time.

We are sharing ideas with other cities throughout the state. We are also working with state and federal lawmakers to seek financial relief. They are also trying to remove some financial roadblocks for us.

There are no easy answers right now. We are trying to keep the financial impact to a minimum for our residents, businesses, and our City.

Sincerely,

Murray McGee
City Administrator



Moundridge City News

April 2021

Natural Gas Response

Our City staff continue to work diligently to come up with ways to address the spike in Natural Gas prices in February and how to limit the impact on our residents and businesses.



We received hundreds of phone calls in response to the letter we mailed recently offering two options for payment of your natural gas bill. As a result of those calls over 120 utility customers chose to pay a one-time lump sum amount to cover their share of the loan the City had to take to cover the cost of the gas.

The City's bill from our gas supplier is \$1,777,478 which is almost six times what we normally budget for the entire year. The loan from the state of Kansas was used to pay the bill we received from KMGa. That loan was amortized over 10 years with an interest rate of .25 percent. We anticipate it will take 6 years at the most to pay off the loan. With the number of residents taking the lump sum payment option we may be able to shave more time off the length of the loan.

We continue to explore ways to limit the impact of these events while working within the restraints of municipal finance laws, and contractual obligations.

Several state and federal agencies have launched investigations into the spike in natural gas prices. We have been in contact with the Kansas Attorney General's office; Kansas Corporation Commission and the Federal Energy Regulatory Commission since February.

Contact Information:

Attorney General Derek Schmidt's Office Consumer Protection Division is handling complaints. Call (800) 432-2310 to request a paper complaint form be sent by mail.

Congressional Contacts:

U.S. Senator Roger Marshall
Russell Senate Office Building
Suite B33
Washington, DC 20510
Phone: 202-224-4774
Website: <https://www.marshall.senate.gov/>

U.S. Senator Jerry Moran
Dirksen Senate Office Building
Room 521
Washington, D.C. 20510
Phone: (202) 224-6521
Website: <https://www.moran.senate.gov/public/>

February Freeze Causes Pool Delay

Storm Uri, the extreme winter freeze we experienced in February, has caused a delay in construction on the new Moundridge Swimming Pool. Besides the difficulty the contractors experienced working in sub-zero temperatures. The company that is supplying the concrete blocks for the bathhouse shut down their plant for over three weeks.

The blocks were originally scheduled to arrive February 25th. We've been informed they are expected to arrive around April 5th.

The pool project was slated to reach substantial completion by June 15th. This could push that date back. We are still working with our contractors to see what can be done to help keep the project moving.

The concrete portion of the pool is 90% complete and Branco Enterprises crews will work on as much of the deck area as they can, leading up to construction of the bathhouse.

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
TOPEKA, KANSAS 66612
(785) 296 7500
stephen.owens@house.ks.gov



P.O. BOX 606
HESSTON, KANSAS 67062
(620) 869 9487

STEPHEN OWENS
74TH DISTRICT

February 18, 2021

Friends & Colleagues:

Over the past week, Kansas citizens across the state have been bombarded by calls to reduce our gas consumption and turn off our lights to conserve energy. Our state has endured extremely harsh temperatures that have challenged us all in one way or another. Frozen pipes, livestock issues and rolling black outs are just a few of the trials many have faced. Yet, there is still one challenge forthcoming that ALL of us will face together: **How do we pay our Gas and Electric Bills in the coming months?**

No community in Kansas is exempt from what could be gas bills 20 times higher than last February. Whether you live in Wichita or Hesston, Olathe or Moundridge, Salina or Dodge City, whoever provides your gas service, they were forced to pay unimaginably high rates to ensure their patrons stayed warm. KWCH channel 12 has reported on it in Wichita, KSNT in Topeka and Fox 4 in Kansas City. Prices that average \$3 per mm/btu spiked to as high as \$622 per mm/btu. For context, can you imagine if your gasoline spiked to \$622 / gallon and you had to fill your tank in an emergency? This is what our communities have been dealing with since early last week and no one will be exempt.

City Council's, State Government and Federal Government officials are doing everything we can to deal with the outrageous gas and electricity bills that are coming:

Priority one was keeping the Gas on.

Priority two is figuring out how to pay these bills. The State of Kansas has declared an emergency as well as many counties in hopes of drawing down federal FEMA funds to assist, but there is no guarantee. We are doing everything we can to figure that out right now. We don't have all the answers, but we are working to the best of our ability to find them. We have a little time, but the burden is immense. It will take a team effort.

Priority Three: Figuring out who is responsible and if there is price gouging or price manipulation, to investigate and hold them accountable!

Hindsight is 20/20. We look back and see what could have been done differently and how to ensure this doesn't happen again, but for now, I would encourage you to support your community leaders. Prices are easing up as the warm weather approaches, but we will continue to work tirelessly on solutions. Remember, everyone pays a gas or electric bill just like you. |

Respectfully submitted,
Stephen Owens



Moundridge, Kansas
Where Community is a Way of Life

City of Moundridge
225 S Christian Ave ~ PO Box 636
Moundridge, Ks 67107-0636

Dear Residents,

Utility meters are being read this week and natural gas prices have fallen back to normal levels. Thank you for doing your part to help in reducing the demand.

We are dealing with the aftermath of an unprecedented event. Everyone wants to know what the price of gas is going to be on the next utility bill. We would like to know as well. The Kansas Municipal Gas Agency has not been able to calculate that for us yet.

The City Council recently met to explore what options are available to us to help reduce the impact on our residents and businesses. This may be done by spreading the costs out over an extended period, through payment agreements or by other means. We are trying to find a way to move forward that is fair and equitable to everyone.

We are sharing ideas with other cities throughout Kansas, Missouri, and Nebraska. (Over 14 states are dealing with this issue)

Our natural gas purchaser, KMGA are experts in this industry. They have followed the natural gas markets since 1990. They follow industry standards to purchase gas for 49 communities in Kansas. They use a three-pronged approach. One third of the natural gas they purchase is secured through a pre-purchased fixed price contract; the next one-third of the gas is purchased based on a one month price index and the final third is based on the daily spot price of the natural gas market. This enables them to pass along a "blended" price that reduces normal spikes in price.

Unfortunately, the historic increases we saw in the natural gas prices were far beyond anything that could have been predicted. Rates went from less than \$3 per unit to over \$600. That would be like the price of gasoline at the pump jumping from \$2.50 per gallon to over \$600 per gallon.

As a result of the incredible jump in prices and the financial aftermath; local officials, state legislators; members of Congress along with state and federal regulator agencies have all become involved in trying to determine what happened and how the financial impact on states, communities and residents can be minimized.

This issue has risen to the level of the Governor's office and they in turn have briefed the President on impacts. The Governor issued a state disaster declaration. The McPherson County Commissioners also issued a declaration to assist us as well.

Many, many people are working together to find ways to reduce the financial burden. Our hope is they will be able to get some financial relief from the state and federal regulatory agencies and

in turn KMGA will be able to pass the benefit of that relief down to us. We can pass that relief down to our customers as well.

For us, the gas bill issue has not been decided. We do not have an invoice yet from our purchaser. Our focus right now is doing everything we can to reduce the financial impact this has on our business and residential customers. While also trying to determine how the city is going to pay our bill which we owe to KMGA.

We are looking at several questions. 1) What is the bill is going to be from KMGA or what will the final "relief" number be from our purchaser 2) what are the individual meter readings 3) how can we spread the cost out as much as possible to make this more manageable for the City and for our customers.

We are leaving no stone unturned in our search for answers. We hope to have a better idea of what this looks like next week after these numbers are brought in from every source.

There are no easy answers right now. We are trying to keep the financial impact to a minimum while providing a fair and equitable path to move forward for our residents, businesses, and our City.