



*Testimony Provided to the*

**Senate Utilities Committee**

February 19, 2015

*Colin Hansen, Executive Director*

**In Opposition to S.B. 170**

Kansas Municipal Utilities (KMU) is the statewide association of municipally owned and operated electric, natural gas, water, wastewater and telecommunications utilities. Established by our member utilities in 1928, KMU is dedicated to serving the needs and interests of our 173 consumer-owned utilities and the citizens, businesses and industries that they serve.

The municipal utility community has grave concerns regarding the impact of the Environmental Protection Agency (EPA) Section 111(d) rule – also referred to as the Clean Power Plan. These concerns include the impact on state and regional reliability as well as the ultimate cost to electric consumers. In Kansas, 119 municipal electric utilities provide power to roughly 16% of the state's citizens. Of these municipal utilities, three are currently designated as "affected entities" under the rule. However, the new regulations will have a wide-sweeping impact on all our members due to expected cost spikes for wholesale power and possible reliability concerns.

Frankly speaking, the proposed regulation is a game-changer for the electric industry. In light of that concern, KMU submitted detailed comments to the EPA regarding the proposed rule last December.

Notwithstanding our severe opposition to the Clean Power Plan, KMU is concerned that the language in SB 170 would ultimately result in a federal implementation plan being forced upon Kansas electric utilities. Senate Bill 170 requires that the Kansas Department of Health and Environment (KDHE) take no steps to develop a state plan under the Clean Power Plan until after all judicial reviews regarding the legality of rule are completed. Litigation and judicial review will likely continue long after many of the compliance dates set forth in the new regulation. As such, we believe this legislation will result in the EPA imposing a federal plan on Kansas utilities.

Over the past several years, KMU has had extensive interactions with the EPA on numerous air and water quality regulations and rulemakings that significantly impact how our utilities operate. Given these experiences, we strongly believe that a state compliance plan is far preferable to one dictated by the EPA.

On behalf of KMU's 173 municipal utilities, we respectfully oppose S.B. 170.