



February 17, 2016

## **Testimony in Support of SB318**

Chairman Hedke and Members of the Committee:

On behalf of Americans for Prosperity activists across the state, thank you for this opportunity to voice our support for SB 318. This bill is an example of the type of close scrutiny we believe the Legislature should apply to every agency and board.

The Kansas Electric Transmission Authority was established in 2006 “to ensure reliable operation of the electrical transmission system, diversify and expand the Kansas economy, and facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure.”<sup>i</sup> The desire for expanded transmission capability was driven primarily by what was seen as a lack of new private infrastructure development.

In order to achieve these goals, KETA was given the authority to:<sup>ii</sup>

- Plan, finance, construct, develop, acquire, own and dispose of transmission facilities.
- Function as a public entity and shall contract for maintenance and operation of transmission facilities.
- Contract with Kansas Development Finance Authority to issue bonds and provide financing for projects.
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs
- Additional cost recovery through Kansas Corporation Commission (KCC) assessments on Kansas retail customers.

Since 2005 electric transmission capability in Kansas has expanded dramatically. However, by 2014 KETA had not contracted with KDFA to issue bonds, had not constructed any transmission facilities, and did not own any transmission facilities. In that light, the Legislature removed the authority of KETA to contract for bonding to build new transmission facilities.

The remaining functions of KETA are being handled by KCC, SPP, this Committee and the House Energy Committee. SB 318 will return more than \$200,000 to the state treasury, and eliminate redundancy in Kansas government.

The Senate amendment to SB318 addresses the recent US Supreme Court decision to stay EPA enforcement of the 111(d) rules.

27 States and state agencies have challenged the EPA's mandates on power plants. The DC Court of Appeals has taken the case, but refused to suspend implementation and enforcement during the appeal process. The US Supreme Court reversed that decision and issued a stay until the Supreme Court rules on the case, or declines to grant certiorari. Since appellate court hearings do not begin until June 2016, even an expedited process would not result in complete resolution in the Supreme Court until 2017 or beyond.

This provision of SB 318 will eliminate wasted effort and significant expense that state agencies will incur developing and modeling a plan for an EPA rule that will likely be significantly changed and possibly overruled by the court.

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<sup>i</sup> A Briefing for the Inaugural Meeting of State Infrastructure Authorities, p.2, KETC 2007  
<http://www.kansas.gov/keta/Reports/Joint%20State%20Authorities%20KETA061307.pdf>

<sup>ii</sup> A Briefing for the Inaugural Meeting of State Infrastructure Authorities, p.4, KETC 2007  
<http://www.kansas.gov/keta/Reports/Joint%20State%20Authorities%20KETA061307.pdf>