



February 19, 2015

## **Testimony in Support of SB 170 – Reliable, Affordable, and Safe Power Act**

Mr. Chairman and Members of the Committee:

On behalf of thousands of Americans for Prosperity members across Kansas, thank you for this opportunity to voice our support of SB 170.

The most pressing energy issues facing Kansas is the negative impact of the Obama Administration's Clean Power Plan (CPP), specifically the 111(d) regulations on existing power plants. Under the current 111(d) proposal, with the final rule to be published sometime this summer, Kansas is required to reduce its CO2 emissions more than 22 percent from 2012 levels by 2030, a goal that will have far reaching implications for the state's economy.

These rules go far beyond a typical EPA rule on common pollutants. The Kansas Corporation Commission estimates that, as a baseline, the rules will cost Kansas \$8.7 billion. Both the cost and reliability problems will impact every Kansas resident and business who relies on electricity.

Manufacturing jobs will be impacted as industrial customers are expected to pay as much as \$3,700 more annually for energy. According to a Heritage Foundation study released last Tuesday, Kansas would likely lose as many as 6800 jobs as a result of higher energy prices.

As a result of the emission reduction requirements under the proposed 111(d) regulations, Kansas consumers are expected to see a spike of over 20 percent in wholesale electricity prices. Such an increase in prices will impact the household budgets and have a profound impact on low-income and elderly Kansans on fixed income. For the 257,000 Kansas families with incomes between \$10,000 and \$30,000, nearly one-quarter of the state's population, energy costs represent 26 percent of their after-tax family budgets.

As the Committee has been made aware by presentations from the Southwest Power Pool and others, 111(d) regulations would also impact the reliability of the electrical grid as a whole.

Senate Bill 170 would ensure that Kansas energy customers are at the center of the decision making process in response to the EPA 111(d) rules.

First, SB 170 would halt the expenditure of any state funds that would go toward the development and implementation of the EPA's plan until legal review is complete. This would ensure KDHE and KCC resources

and taxpayer funds are not wasted developing a plan that may be unnecessary. More importantly, since a State Implementation Plan, if approved by the EPA, becomes a contract that could impair ongoing legal challenges.

SB 170 would also require review by the Kansas Corporation Commission and the Federal Energy Regulatory Commission (FERC) to ensure the rule would not prevent Kansas utilities from meeting the reliability needs of the state. In making any decisions with regard to the plan, both the Kansas Corporation Commission and Kansas Department of Health and Environment would be required to base their decisions on “least-cost proposals.”

Most importantly, SB 170 includes the Kansas Legislature in the SIP approval process. The Clean Power Plan is a political document, not a regulatory rule. It forces states, at their own expense, to develop a plan to meet imposed goals on a timeline based on political rather than practical priorities.

It only makes sense that Kansas elected representatives would reserve final say on our state’s plan.

The bill also includes key consumer protections. It would cap electricity rate increases resulting from the rule at 1.5% to protect consumers while also protecting utilities by preventing any attempts to retire electric generating units before their useful lifespan, as such measures could jeopardize grid reliability.

Thank you again for the opportunity to testify today. AFP-Kansas encourages you to stand up for energy consumers in Kansas by supporting SB 170, to ensure that energy in the Kansas continues to be provided in a reliable, affordable, and safe manner for years to come. Thank you for your work on this important issue.

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