

February 18, 2015

The Honorable Rob Olson, Chairperson
Senate Committee on Utilities
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 170 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning SB 170 is respectfully submitted to your committee.

SB 170 would direct the Kansas Corporation Commission (KCC) and the Kansas Department of Health and Environment (KDHE) to examine the implications of preparing and implementing any rule proposed by the Environmental Protection Agency (EPA) related to the regulation of carbon dioxide emissions. The bill, however, would require the completion of judicial review prior to the KCC and the KDHE being authorized to prepare, draft, or submit an implementation plan or expend any funds to develop an implementation plan regarding the EPA rules. In particular, a determination must be made as to the legality of the EPA rules as they apply to existing electric generating plants.

In addition, SB 170 would require the KCC and the Federal Energy Regulatory Commission to certify that implementation of a state compliance plan would ensure the reliability of the electric grid in Kansas. The bill would also cap any rate increases related to greenhouse gas regulations at 1.5 percent, and set the criteria by which an existing electric generating unit can be re-dispatched or retired to meet carbon emission standards.

Estimated State Fiscal Effect				
	FY 2015 SGF	FY 2015 All Funds	FY 2016 SGF	FY 2016 All Funds
Revenue	--	--	--	--
Expenditure	--	--	--	\$500,000
FTE Pos.	--	--	--	--

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The passage of SB 170 would increase FY 2016 fee fund expenditures for the KCC in the range of \$400,000 to \$500,000 to hire outside consultants to conduct reliability and cost analysis studies on the EPA rules, as well as to perform an evaluation of re-dispatch models submitted by the Southwest Power Pool and other utilities. The fiscal effect of the bill for KDHE would be negligible because any additional work required by the bill would be absorbed with existing resources. Any fiscal effect associated with SB 170 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Aaron Dunkel, Health & Environment
Amy Gilbert, KCC