



**Statement to the House of Representatives on Senate Bill 349  
March 20, 2024**

Senate Bill 349 is bad for manufacturing and economic growth in Kentucky and should not be adopted in its current form. We strongly urge the House of Representatives to reject it unless it is significantly changed.

Kentucky's economy is energy intensive, making energy reliability and affordability essential to our economic progress for many years to come. SB 349, unfortunately, will be bad for the broad interests of Kentucky's economy and consumers. The legislation will increase energy costs, as well as the cost of state government, by creating a new state regulatory structure, duplicative in many respects to the Public Service Commission (PSC), with a proposed new commission and executive committee given new authorities clearly designed to favor coal-fired electricity generation over other forms of power generation.

Kentuckians, including those in manufacturing and industry, undoubtedly support coal, but Kentucky companies and families should not be forced to pay more for energy in order to subsidize coal by giving it the preferred status that SB 349 would create. Further, SB 349 would be the second major energy policy change in as many years, after last year's Senate Bill 4 became law. As such, it will likely damage Kentucky's business reputation and deter investment, since investors concerned about energy supply and reliability will find Kentucky's energy laws tangled and unattractive.

We recommend the following changes to the House as it considers SB 349:

1. The proposed executive committee should be eliminated in favor of granting to the full commission the authority to opine on any fossil-fuel plant proposed closure. At five members, with one from academia, the proposed executive committee does not have sufficient market and operational expertise to adequately assess proposed closures.
2. The commission as proposed lacks sufficient representation from industry and consumers and lacks expertise on energy transmission. Several seats should be added for such experts to ensure the commission has the requisite expertise to fully assess proposed closures.
3. Rather than the proposed five-member executive committee having sole authority to intervene in cases before the PSC, the proposed commission should be authorized to apply for standing, with the PSC retaining its authority to determine standing.
4. The bill should be clarified to ensure that the PSC has the authority to permit the electric provider to recover the cost of depreciation net proceeds from salvage (terminal net salvage) and to align depreciation timeframes and rates with realistic expectations. All costs associated with a plant should be recovered by the customers benefitting from the use of the plant.

We believe these changes would make SB 349 a positive proposal for addressing Kentucky's long-term energy needs by its creation of a new advisory commission. Moving forward, Kentucky manufacturers believe our state must develop a long-term energy strategy and that all interests should be around the table for those discussions. We are eager to engage in that conversation and believe it should begin this year.

***Making a Better Kentucky***

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