

March 18, 2024

The Kentucky House of Representatives
700 Capital Avenue
Frankfort, KY 40601

Subject: Opposition to SB 349 - Detrimental Impact on Customers and Cost-Effectiveness

Dear Representatives:

Thank you for your dedicated service to the Commonwealth of Kentucky and for your ongoing efforts to ensure the provision of reliable and affordable energy to all Kentuckians. At United Way of Kentucky, we appreciate the historical significance and the contributions of the coal industry to our state's economy and the well-being of our citizens. The coal industry has provided employment, fuel, tax revenue, and economic growth. Coal has been the Commonwealth's most important mineral resource throughout this and the last century, and our 29 coal-producing communities rely on the severance tax to serve their citizens.

We write to you today, however, regarding SB 349, a bill with profound implications for Kentucky's energy policy. While we understand the complexities of balancing many factors in energy production, to provide the most affordable energy profile for Kentuckians, we know that the future will include a wide array of energy sources to meet our diverse needs. Recognizing the Public Service Commission's mandate to ensure power companies secure energy at the lowest cost, we acknowledge that coal, along with other energy sources, plays a role in this matrix. However, while costs fluctuate, market dynamics have shifted, and now regularly dictate that coal is not the most cost-effective option.

It is critical that our energy policy remains flexible and responsive to these changes, while ensuring that Kentucky electric consumers are not forced to bear the long-term consequences of legislation that protects one source of energy over affordability for both residential and industrial consumers. Simply put, extending the life of coal plants as contemplated by passing SB 349 would impose more financial strain on Kentuckians by saddling them with higher rates now, and higher rates over time as these plants become more outdated.

We advocate for a more consumer-centric approach in the formation of energy policies to protect our families. SB 349 laudably begins by speaking of the "long-term economic health and well-being of the citizens of the Commonwealth and the United States". Ensuring a comprehensive and equitable evaluation of energy strategies, one that is transparent and driven by ensuring affordability as its primary outcome, should be at the core of any legislation addressing Kentucky's energy portfolio. The unambiguous imbalance in required representation on the board of the commission and its executive committee is one of several examples of how SB 349 seemingly puts some energy sources ahead of consumer price protections and investment in Kentucky's future energy profile. Further, the exclusion of a

mandated residential consumer advocate on the executive committee makes it harder to show that SB 349 guarantees that the voices and concerns of Kentucky families will be heard.

Our advocacy on this bill aligns with United Way's commitment to family financial stability and economic prosperity for all Kentuckians. United Way of Kentucky is comprised of 20 local United Way organizations and boards of directors serving 95 Kentucky counties, as well as the United Way 211 Information and Referral Crisis Hotline that covers every corner of the state. Each year, 211 takes calls from thousands of residents that are seeking utility assistance. In fact, with approximately 12,000 calls for help with utility bills over the last 365 days, it is the second highest requested need by Kentucky families facing crisis – just behind rent / mortgage / housing assistance.

Unfortunately, SB 349, while aimed at securing energy reliability, will inadvertently limit Kentucky's ability to adapt to evolving energy markets and consumer needs. It will harm economic development efforts by tying Kentucky to aging infrastructure and hinder investment in modern, lower-cost, more efficient power generation. A diverse energy portfolio not only enhances our economic resilience but also attracts a broader spectrum of corporate investments, many of which have ambitious sustainability goals.

Therefore, we respectfully oppose SB 349. The General Assembly should prioritize affordability for Kentucky families with legislation that reflects the dynamic nature of energy costs and reliability, and promote a diversified, modernized, cost-efficient strategy that will attract new business investment. By doing so, we can safeguard Kentucky's economic future and ensure a sustainable and thriving Commonwealth for generations to come.

We thank you for your attention to this matter and look forward to collaborating on solutions that advance the common good for all Kentuckians.

In service,

A handwritten signature in black ink, appearing to read 'Kevin Middleton', with a long, sweeping horizontal line extending to the right.

Kevin Middleton
President
United Way of Kentucky