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## NEWS RELEASE

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### **PSC's Gardner Co-chairs National Conference on Climate Change** *December meeting will consider "Utilities of the Future: Implications of a Carbon Constrained World"*

FRANKFORT, Ky. (May 4, 2009) – Kentucky Public Service Commission Vice Chairman James W. Gardner has been named as co-chair of a national conference that will examine how policies to deal with climate change will affect utilities.

The conference, "Utilities of the Future: Implications of a Carbon Constrained World," will take place Dec. 2 through Dec. 4 in Dallas. It is jointly sponsored by the National Association of Utility Regulatory Commissioners (NARUC) and the National Council of Electricity Policy, a consortium of state and federal regulatory agencies.

Gardner is joined as conference co-chair by Commissioner David Ziegner of the Indiana Utility Regulatory Commission.

NARUC says the conference will examine how utilities can provide electricity in a cost-effective way if environmental mandates require substantial reduction in their emissions of carbon dioxide (CO<sub>2</sub>). Rising levels of CO<sub>2</sub> in the Earth's atmosphere are believed to be the principal cause of global climate change.

The burning of coal to produce electricity is one of the major sources of atmospheric CO<sub>2</sub>. Coal-burning power plants are expected to be one of the early targets of measures to reduce CO<sub>2</sub> emissions. The cost of electricity produced from burning coal is expected to rise as a result of those carbon constraints.

"With our reliance on coal to generate nearly all of our electricity, no state will be affected more than Kentucky by coming constraints on carbon emissions from power plants," Gardner said. "That is why I am especially grateful for the opportunity to organize and take a leadership role in this critical dialogue and honored that NARUC has given me the responsibility to preside over this very important event."

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In addition to utility regulators, the conference is expected to draw participants representing utility companies, consumers, the financial community, environmental agencies, academics and environmental groups.

Gov. Steve Beshear said the conference offers an opportunity for policy makers and leaders from Kentucky to exchange information and views with their counterparts from across the country.

“I am very pleased that Jim Gardner will be representing Kentucky in such a visible way at this national forum,” Beshear said. “I hope that he will be joined by a large contingent of Kentuckians with a diversity of views and interests.”

NARUC has issued a call for presentations on a variety of topics related to carbon constraints, including effects on the use of coal to generate electricity, business and regulatory models for utilities, impacts on electric rates and how consumers may respond to higher power prices.

“I anticipate hearing a wide range of views on policy approaches, technology options and economic impacts related to climate change and carbon constraints,” Gardner said. “Utility regulators face extremely difficult decisions in the coming years and it is vital that we understand the consequences of the choices we will make.”

Gardner said Kentuckians need to understand that the debate has shifted away from the existence or causes of global climate change and the need to reduce carbon emissions. The focus now is on how to regulate those emissions.

“Carbon constraints are inevitable,” he said. “The challenge for us in Kentucky is to determine how we meet those constraints while maintaining financially healthy utilities that can provide reliable service at a reasonable cost to their customers.”

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 100 employees.