

MINUTES
KANSAS ELECTRIC TRANSMISSION AUTHORITY
April 22, 2010
Room 546-S—Statehouse

Members Present

Representative Carl Holmes, Chairperson
Earnie Lehman, Vice-Chairperson
Tim McKee, Secretary
Senator Pat Apple
Les Evans
Representative Annie Kuether
Senator Janis Lee

Staff Present

Cindy Lash, Kansas Legislative Research Department
Iraida Orr, Kansas Legislative Research Department
Kristen Kellems, Revisor of Statutes Office
Matt Sterling, Revisor of Statutes Office

Chairperson Holmes called the meeting to order at 10:05 a.m. He proposed amending the agenda to include a presentation by the Kansas Power Pool, responses to KETA's April 15 letter, and a letter from the Southwest Power Pool (SPP) to Omaha Public Power District. *Representative Kuether made a motion to approve the agenda, as amended. Mr. Lehman seconded the motion. The motion carried.*

The Chairperson welcomed Lieutenant Governor Findley, who is Chairman of the Governor's Sub-cabinet Team on Energy Policy. The Team is made up of representatives from the Departments of Administration, Agriculture, Commerce, Health and Environment, Wildlife and Parks, Labor, and Transportation, as well as from the State Energy Office, the Housing Resources Corporation and the Kansas Bioscience Authority. The Team is looking at ways to maximize economic development opportunities associated with energy, and by the end of the year will complete a report on how energy policy development and energy policy efforts are currently organized in state government. The Governor will use the report to make recommendations to the incoming Governor on possible reorganization of energy efforts in the state. The Team is charged with enhancing coordination with sister agencies, which includes partnering with KETA.

The Chairperson asked for a motion to approve the minutes of the January 22, 2010 meeting. *Mr. McKee moved the minutes be approved. Senator Lee seconded the motion. The motion carried.*

The Chairperson recognized Cindy Lash, Kansas Legislative Research Department, who presented the March expense report. (Attachment 1)

The Board discussed responses received to-date to its letter of April 15th requesting information on transmission needs that might not be adequately addressed through the existing SPP process. (Attachment 2)

Mr. McKee commented on the response he received from the Colorado Energy Office to his letter requesting updates from the infrastructure authorities in other states. The Wyoming Infrastructure Authority is exploring a one-day meeting of the authorities later this year. The Board continues to support these meetings. It was noted that Utah recently created the Utah Generated Renewable Energy Electricity Network Authority. (Attachments 3, 4, 5)

The Chairperson turned to discussion of Southwest Power Pool meetings. The SPP Board of Directors approved the highway/byway cost allocation methodology at its meeting on March 31st, and filed the methodology with the Federal Energy Regulatory Commission (FERC) on April 19th. Mr. Evans reported the SPP's Markets and Operations Policy Committee (MOPC) recently approved SPP staff recommendations for priority projects. This recommendation will be considered by the SPP Board of Directors at its April 26-27 meeting. Chairman Holmes, Mr. Lehman and Mr. Evans will attend the meeting.

The Board considered whether to intervene in SPP's FERC filing to express support for the highway/byway cost allocation methodology. Mr. Evans, Mr. McKee and Mr. Lehman, in conjunction with Rebecca Wempe, the Board's attorney, will explore the option of sending a letter to FERC versus intervening.

Mr. Lehman reported the Omaha Public Power District has notified SPP it intends to withdraw its transmission facilities from the SPP Open Access Transmission Tariff. The Nebraska Public Power District, which controls the northern end of the KETA project, has not expressed a similar intent. (Attachment 6)

The Board discussed the Work Plan (Attachment 7) and made comments on the following sections of the Plan:

- II-B Evaluate KETA financing alternatives and impacts* - This has not been a priority, and with the State's fiscal constraints not much can be done.
- II-C Monitor and support the Eastern Interconnection Planning Collaborative (EIPC)* - the EIPC is seeking participants for an inter-regional study. KETA may want to monitor the activities.
- III Develop a transmission plan for Kansas that enhances economic development, service reliability and energy security* -The Board has not determined whether it needs a plan different from that of the SPP. The responses to KETA's April 15th letter will assist in making that determination.
- IV Facilitate renewable energy development* - The Board's role focuses on how to facilitate financing for collector systems rather than operating them. There is no standard definition of "collector system", but it refers to a way to bring dispersed resources, such as wind energy, from the source to the transmission line. California has built a system of "extension cords" to major lines. This would be more of an economic-development

benefit to Kansas than a ratepayer benefit. SPP is currently looking at how individual wind farms might come together.

V-A *Jointly pursue (with infrastructure authorities in other states) federal tax-exempt financing for facilities construction* - The Board is unaware of anything happening on this effort.

The Chairperson recognized Dan Hartman, Northwest Kansas Regional Energy Collaborative, for a presentation on the transmission project proposed by that group. The proposed project would include a 345/765 kV transmission line running west from Hays to the AC/DC converter at the Kansas-Colorado border, and a 700 kV DC line from the converter station to an interconnection station near Burlington, Colorado. Board members raised questions about funding for the studies that would be required to justify the project; how this project would affect, or be affected by, transmission lines proposed for Sunflower; and the penalties western states may attach to out-of-state power. Several members of the audience spoke in support of the project, including Larry McCants, 1st National Bank, Goodland; Paula Davis, Vice President for Academic Affairs, Colby Community College; Diane Thompson, Pratt Community College; and Jerry Robben, Mayor of Oakley. (Attachment 8)

The Chairperson recognized Larry Holloway, Kansas Power Pool (KPP), for a presentation on KPP's Clay Center 115 kV Project. Clay Center currently has a peak load of about 15 megawatts. When the new TransCanada Riley pumping station goes on line, it will create an additional load of 25 megawatts, which creates the need to upgrade from a 34.5 kV line to a 115 kV line. (Attachment 9)

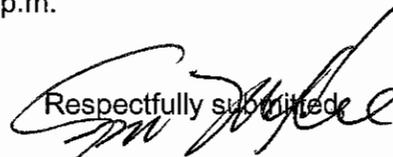
Tom Stuchlik, Westar Energy, reported that the Reno - Summit transmission line is on schedule and should be complete in September 2010. Westar has purchased about three-quarters of the right of way for its portion of the Rose Hill - Sooner transmission line, which should be completed in June, 2012. Westar has worked on 25 transmission projects this year, with eight projects currently underway. Many are lower voltage, 115 kV or less, and some are related to the TransCanada line. The lines for TransCanada are all radial lines.

Carl Huslig, ITC, provided an update on the KETA project. Phase I is on schedule, with completion expected in mid-2012. The company currently is purchasing right of way in Pawnee County. ITC submitted a preferred route for Phase 2 to the KCC in early March, and held a public meeting on the proposed route April 12th. KCC will issue its ruling on the route at the end of June.

Carl Huslig, ITC, and Kelly Harrison, Westar Energy, discussed the V-Plan. The SPP filing on cost allocation was thorough and well done. The SPP Board of Directors will probably wait for approval on the highway/byway cost allocation before issuing Notices to Construct for the priority projects. The V-Plan will be at least double 345 kV lines, but there may be a chance to increase it to 765 kV. If the project is approved at 345 kV, ITC and Westar will have to amend their agreement, then begin siting studies. They do not anticipate a problem with amending the agreement. There may be siting issues in the Gypsum Hills related to Lesser Prairie Chickens and two species of bats.

The date of the next regular meeting was set for Monday, July 12th, beginning at 10 a.m. It may be necessary to hold one or more special meetings by telephone regarding intervention in SPP's FERC filing.

The Chairperson adjourned the meeting at 3:05 p.m.


Respectfully submitted,
Tim McKee, Secretary

Approved by the Board on:

7-12-10
(date)