

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

June 21, 2011
Room 152-S – Statehouse

Members Present

Representative Carl Holmes, Chairperson
Earnie Lehman, Vice-chairperson
Tim McKee, Secretary
Senator Pat Apple
Senator Kelly Kultala
Representative Annie Kuether
Les Evans

Staff Present

Cindy Lash, Kansas Legislative Research Department
Heather O'Hara, Kansas Legislative Research Department
Matt Sterling, Office of the Revisor of Statutes
Rebecca Wempe, Stevens and Brand, LLP

Chairperson Holmes called the meeting to order at 9:00 a.m. *The agenda for the meeting was reviewed and approved. The minutes of the March 25, 2011, and April 27, 2011, meetings were approved.*

Chairperson Holmes congratulated Mr. Lehman on his reappointment to the KETA Board.

Chairperson Holmes recognized Cindy Lash, Kansas Legislative Research Department, for review of the expenditure report, which showed expenses through May 31, 2011. Members asked questions regarding legal expenses and how these expenses are accounted for in the expenditure report. Members also expressed concern regarding legal expenditures for the transmission study agreement with Southwest Power Pool.

Ms. Lash reviewed KETA correspondence. The first piece of correspondence included a Kansas Open Records Request submitted by James Zakoura of Overland Park, Kansas, for information pertaining to electric transmission lines through the Flint Hills area for May 2010 through May 2011. The second piece of correspondence included a presentation by Lee White, Executive Vice President, George K. Baum and Company, regarding the financing of transmission development.

The Chairperson provided an update on activities of other state infrastructure authorities. Mr. McKee provided information on legislation at the federal level. The Board discussed sending a letter to the Kansas Congressional Delegation asking for their support of the federal legislation. *Mr. Lehman made a motion to send a letter to the Kansas Congressional Delegation from the Board, seconded by Representative Kuether. The motion carried.*

The Board reviewed the schedule of upcoming meetings of the Southwest Power Pool. *Mr. McKee made a motion to allow Board members and staff to attend Southwest Power Pool meetings in Kansas City, Missouri, on July 25-26, 2011, and Santa Fe, New Mexico, on October 24-25, 2011, seconded by Mr. Evans. The motion carried.*

Mr. Lehman discussed the June 21, 2011, draft of the KETA FY 2012 Business Plan Outline. Mr. Lehman detailed the draft version of the Business Plan Outline with previous version of the Business Plan Outline to highlight the proposed changes to the Board. Members asked questions regarding the structure of the outline. Members also asked questions regarding electric transmission security issues and federal funding. Members expressed a desire to ensure the new Kansas Corporation Commissioners become familiar with the role of KETA. Additionally, members expressed concern that staff from the Governor's Office has not been present at KETA meetings.

The Chairperson recognized Tom Stuchlik, Westar Energy, for an update on the Rose Hill-Sooner 345kV line. Mr. Stuchlik stated construction on the line is both on time and on budget. All easements have been purchased, the right-of-way has been cleared, and all materials will be delivered by July. The process of pulling the line will begin in July. Mr. Stuchlik discussed a Sumner County wind farm's plans on connecting to the line at the approximate time the line will be finished, which facilitates the use of alternative energy.

Mr. Stuchlik provided an update on the Prairie Wind project, stating Westar has completed its filing with the KCC on the routing for the line. The hearings for the project finished in May and Westar expects a ruling around the end of June. If the proposed route is approved, Westar will move immediately into right-of-way acquisition, which would occur in the late summer and early fall of 2011. Vegetation management would occur in 2012, with construction beginning by the end of that year. The line is projected to be completed by December 31, 2014, and it is projected to be on budget.

Mr. Stuchlik also provided an update on the OG&E portion of the Prairie Wind project. He stated that OG&E is projected to meet its schedule and while the State of Oklahoma does not have a formal approval process for routing, the construction of the OG&E portion of the line is going well.

Mr. Stuchlik answered questions regarding Westar's cooperation with conservation and nature groups during the routing process of the Prairie Wind project. Mr. Stuchlik stated Westar worked with the Kansas Department of Wildlife and Parks and held numerous public hearings to receive testimony and concerns while they considered the various routes for the project.

Board members also asked Mr. Stuchlik about the possibility of Westar constructing a line from Wolf Creek Nuclear Power Plant to Emporia. Mr. Stuchlik stated Westar would be in favor of constructing this line and an estimation for the amount of time it would take from start to finish for the entire permit and construction process would total approximately three years. Westar anticipated acquisition would be difficult. In addition, there would be some issues that would need to be discussed with the Southwest Power Pool before the line could be constructed.

The Chairperson recognized Brett Leopold, ITC Plains, for a transmission update. Mr. Leopold stated, regarding the KETA project, construction is largely complete in Pawnee County and work is in progress on the segment out of Spearville. In Rush County, foundation work continues. For Phase One of the project, all rights-of-ways have been acquired. For Phase Two of the project, acquisition of rights-of-way is going well and will be completed in time.

Mr. Leopold responded to questions regarding the use of eminent domain procedures for land acquisition. Mr. Leopold stated condemnation was used by the substation and only a few times in other counties. Condemnation was used, for the most part, due to land titles that were difficult to determine who the rightful property owner was, rather than having difficulty with landowners themselves.

Mr. Leopold provided an update regarding the ITC portion of the V-Plan, stating ITC is in the midst of the siting process, which has gone well. Most of the evidence with regard to siting has been introduced and the evidentiary hearing was held at the end of May. The second public meeting will be held in Dodge City on June 27 for reroutes. This will conclude the submission process. Mr. Leopold stated ITC expects a favorable ruling.

The Chairperson recognized Mark Lawlor, Clean Line Energy Partners, for an update on the Grain Belt Express and the Plains and Eastern Express. Mr. Lawlor stated the Grain Belt Express is still in the early development stages and Clean Line has filed an application with the KCC for a utility status. Mr. Lawlor stated Clean Line is continuing to hold leadership roundtable meetings with communities in Western Kansas and Eastern Missouri. All of the meetings have been concluded in Kansas and have gone well.

Mr. Lawlor stated Clean Line anticipates routes will be identified by fall of 2011, and public open houses will be held at that time. Clean Line will then file line routes with both state commissions in Kansas and Missouri in the first quarter of 2012. Mr. Lawlor added Clean Line is doing a large amount of outreach and data collecting at this time in order to prevent those efforts being needed later in the process.

Mr. Lawlor stated the Plains and Eastern project originates in Oklahoma and has a delivery point in Memphis, Tennessee. The line will have a 3500 MW capacity. Clean Line expects to have a ruling from the Oklahoma Corporation Commission very soon on this project.

Mr. Lawlor answered questions regarding whether the Kansas Corporation Commission has a deadline before it needs to act on Clean Line's utility status. Mr. Lawlor stated it is at the discretion of the KCC, but he believed the deadline to be in December. However, Clean Line anticipates having a hearing on the issue in October.

The Chairperson recognized Rebecca Wempe, Stevens and Brand, LLP, to discuss the current status of the transmission study. Chairperson Holmes then recognized Keith Tynes, Manager – Planning, Southwest Power Pool, who provided information on the transmission study by phone. Mr. Tynes stated the study is underway with Charles Rivers Associates and Dr. Ira Shavel has received the required information and data. Dr. Shavel currently is working on the modeling for the study. Mr. Tynes also discussed the changes in the scope of work statement, which modified the study agreement.

Mr. Evans and Ms. Wempe stated the modifications to the study agreement were revenue-neutral and all parties agreed to the changes. No other issues should be outstanding at this time.

Mr. Lehman made a motion to accept the technical modifications to the statement of work in the transmission study, seconded by Mr. Evans. The motion carried.

Board members questioned whether the Southwest Power Pool wanted to pursue the study and commented on the length of time that had passed since the inception of the idea for the study in the fall of 2010 and this meeting, further adopting modifications to the agreement. Mr. Tynes stated the Southwest Power Pool was interested in moving forward in establishing a new timeline for the transmission study. In addition, Mr. Tynes responded to a question that transmission study results would be included in the Southwest Power Pool's ITP10.

Mr. McKee made a motion to approve the legal contract with Stevens and Brand, LLP, for one year, seconded by Senator Kultala. The motion carried.

The Board discussed staffing possibilities and asked Ms. Wempe, on behalf of Stevens and Brand, LLP, and Kansas Legislative Research Department staff to investigate part-time committee assistance and its potential cost. This issue will be taken up at the next meeting.

Mr. McKee made the motion below to recess into executive session, seconded by Senator Kultala. The motion carried.

Mr. Chairman,

I move to recess the meeting until 11:45 a.m. for an executive session as authorized by subsection (b)(2) of KSA 74-99d04, to discuss and possibly take action on information regarding the location of transmission facilities and security measures that protects such facilities.

Such information concerns KETA's role in the security of transmission infrastructure. In the opinion of the Board, disclosure of such information would be harmful to the competitive position of third parties. In addition to Board members, the executive session requires the attendance of Rebecca Wempe, Stevens and Brand, LLP; Cindy Lash and Heather O'Hara, Legislative Research Department; and Matt Sterling, Office of the Revisor of Statutes.

The meeting will resume in Room 152-S at 11:45 a.m.

The Chairperson reconvened the public meeting. Representative Kuether requested a newspaper article be distributed to the Board by e-mail.

The Chairperson adjourned the meeting at 11:48 a.m.

Respectfully Submitted,
Tim McKee, Secretary

Approved by the Board on:

October 31, 2011
(date)