

## MINUTES

### KANSAS ELECTRIC TRANSMISSION AUTHORITY

June 26, 2013  
Room 159-S—Statehouse

#### Members Present

Earnie Lehman, Chairman  
Senator Pat Apple, Vice-chairman  
Tim McKee, Secretary  
Les Evans  
Senator Marci Francisco  
Representative Dennis Hedke  
Representative Annie Kuether

#### 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 & Brand, L.L.P.  
Rebecca Cole, Committee Assistant

Chairman Earnie Lehman called the meeting to order. The agenda for the meeting was reviewed. *Mr. Evans moved to approve the agenda; the motion was seconded by Mr. McKee. The motion carried.*

*Mr. McKee moved to approve the minutes of the March 19, 2013, meeting; the motion was seconded by Representative Kuether. The motion carried.*

The Chairman recognized Cindy Lash, Kansas Legislative Research Department (KLRD), for an update on the FY 2013 expenditure report. Ms. Lash stated the report, dated through May 31, 2013, shows total revenue of \$268,314. Expenditures to date total \$12,841. Ms. Lash noted the Legislature approved the Kansas Electric Transmission Authority's (KETA's) budget request for \$100,000 for FY 2014, which starts July 1, 2013 (Attachment 1).

Ms. Lash shared an email from Norma Crumbley, Cultural Resources Program Director, SWCA Environmental Consultants, offering to develop a map of transmission projects in Kansas with little to no effort from KETA (Attachment 2).

Chairman Lehman recognized Rebecca Wempe, Stevens & Brand, L.L.P, to discuss renewal of the contract for legal services. The current contract expires June 30, 2013. The proposed contract includes a rate increase for partners from \$185 to \$200 per hour (Attachment

3). *Mr. McKee made a motion to approve the contract with Stevens & Brand, L.L.P, for one year. Representative Kuether seconded the motion. The motion carried.*

*Senator Francisco moved to encumber \$25,000 for legal services for FY 2014. Mr. McKee seconded the motion. The motion carried.*

Chairman Lehman asked Ms. Lash to review the Administrative Services Summary with KETA members. Ms. Lash stated KETA encumbered funds to pay the KLRD \$1,000 a month for services provided (Attachment 4). *Mr. Evans moved the continuation of the arrangement and to encumber \$1,000 per month for services provided. Mr. McKee seconded the motion. The motion carried.*

Chairman Lehman welcomed Dave Peck, Westar Energy, for an update on the Prairie Wind portion of the Y-Plan project. Mr. Peck stated all easements required for real estate are complete, the engineering design is complete, and procurement contracts are in place. Barber and Harper counties requested pre-construction inspections of all the haul routes, which are complete. To comply with the request, Westar Energy documented the condition of asphalt roads, bridges, and culverts before the work begins. When the construction is done, Westar will return with the same engineering firm to draw a before and after picture of the route roads. Westar will repair any damage done. In response to questions about the road agreements, Mr. Peck stated the formal process began in Barber County when the County requested a road agreement be put into place before Westar started the project. Shortly after, Harper County requested the same agreement. These are voluntary agreements, which generally reflect the maintenance and repair Westar would have initiated on its own, so there is no increased cost. The counties just wanted a formal agreement to ensure they would not incur road damage without the means to repair it. In response to a question about whether Westar encountered any particular challenges with condemnations in counties, such as Barber where there has been a great deal of oil and gas drilling lately, Mr. Peck stated the real estate appraisals were fair and the courts handling the condemnations were reasonable. Overall, the project is about 30 percent completed. The cost estimate remains at \$180.4 million, and the project completion date remains December 2014 (Attachment 5).

Mr. Peck discussed the Summit to Elm Creek project, a 60-mile, 345kV transmission line being built jointly by Westar (southern 30 miles) and ITC Great Plains (northern 30 miles). The companies had a joint siting study and, based on feedback from open houses, selected a preferred route. Notice to construct was issued by Southwest Power Pool (SPP) in March. Westar's proposed route was submitted in May to the Kansas Corporation Commission (KCC), which must rule on the proposed route by September 2013. The estimated budget for Westar's share of the project is \$66 million, and the estimated completion date is December 2016 (Attachment 6).

Chairman Lehman recognized Alan Myers, ITC Great Plains, for an update on ITC's portion of the Y-Plan project. ITC is responsible for approximately 122 miles of transmission line running through Ford, Clark, Kiowa, and Barber counties. Construction began in Barber County in October 2012. Expansion of the Flat Ridge Substation in Barber County was completed and the new Thistle Substation is approximately 50 percent complete. Construction will begin in July 2013 in Kiowa County and in Ford County in the third quarter of 2013. Overall, 98 percent of right-of-way has been acquired, with some upward price pressure in Barber County related to the drilling. ITC is installing 9,000 bird diverters on the line in the whooping crane migration corridor. The specific locations were designated by the Kansas Department of Wildlife, Parks and Tourism. In response to questions, Mr. Myers stated he believes the diverters are designed to make the transmission lines more visible to the birds, but there is limited science regarding

the effectiveness of the diverters in reducing collisions. He stated route changes to avoid environmentally sensitive areas had contributed significantly to the cost of the line, but he was unable to quantify the cost at this time. The project will be in service by the end of 2014.

Mr. Myers also described ITC Great Plains' portion of the Elm Creek to Summit project. ITC filed its route application with the KCC in May 2013. A KCC public hearing took place in Minneapolis with good response. ITC's portion of the line is budgeted at \$46.8 million, with a target completion date of 2016. Mr. Myers noted that Mid-Kansas Electric Company (MKEC) is partnering with ITC on the northern half of the line. In response to questions, Mr. Myers and Mr. Peck agreed the line construction costs for both portions of the project are similar, but each company also is building a substation, which drives the cost differences. Mr. Myers stated ITC Great Plains and the Nebraska Public Power District (NPPD) independently asked SPP to consider a future extension north from Elm Creek that would connect with existing NPPD lines ([Attachment 7](#)).

Chairman Lehman acknowledged handouts provided by representatives of the Grain Belt Express, who were unable to be present for the meeting. The materials included a report titled "Economic Impact Study of the Proposed Grain Belt Express Clean Line Project," a map of the routes under consideration in Kansas, and a writeup from Mark Lawlor of Clean Line to KETA describing the multi-state project, the schedule, the economic benefits to Kansas, and Grain Belt's outreach efforts to Kansas communities ([Attachment 8](#)). Ms. Lash will follow up with Mr. Lawlor regarding the question of whether the company is looking into the possible advantage of utilizing existing easements along I-70.

Chairman Lehman welcomed Katherine Prewitt, SPP, to give an update on aggregate study improvements, generator interconnection improvements, and Order 1000 ([Attachment 9](#)). With regard to aggregate study improvements, requests are taken once every four months, in a period called open season. A key difference in the new process is that SPP will request the customers to define, before the study begins, the parameters they would find agreeable, such that, if those parameters can be met in the study process, their service would be granted. The parameters include:

- Maximum acceptable directly-assigned cost the customer would be willing to pay if the customer got the service requested;
- Acceptable deferred start date, if any, for the project; and
- Acceptable re-dispatch criteria.

SPP would then execute a Study Agreement with Agreement to Take Service and an attestation for Designation for Network Resources. Next, SPP would begin an iterative process that takes approximately 105 days and includes no customer intervention. They do the first study, and, if the customer criteria are exceeded, the study is excluded with no further obligation on the part of the customer. They proceed similarly with all the study requests until all remaining requests are either within the specified parameters or have exited the process. Over the next four months, all transmission customers must confirm their request or retract it, post study results with cost estimates, and tender service agreements. The total process will take approximately 12 months and is expected to begin in March 2014. Chairman Lehman noted this is an important improvement, because some studies have been taking several years to complete.

With regard to generator interconnect study improvements, Ms. Prewitt noted a major change is the requirement for deposits before SPP will begin the study, specifically an \$80,000 study deposit, plus an entry deposit of \$1,000 per megawatt. The purpose of the deposits is to create more certainty for SPP to see who is serious and who isn't. There are additional deposits as the process proceeds. Two studies take place in parallel: the DISIS study and the Minimal Facility Study. DISIS is the Definitive Impact Study conducted by SPP. The Minimal Facility Study is conducted by the transmission owners and assesses what happens at the point of interconnection. Once the DISIS is completed, which takes about 90 days, customers can either exit the study, stay in the study for up to two additional cycles, or proceed with the process by signing a Facility Study Agreement. At this time, the customer will submit an additional \$3,000 per megawatt deposit and SPP will perform a restudy of the DISIS and a Facility Study for Additional Upgrades. Once this portion is done and Interconnection Agreements are finalized, the customer may be asked to provide an additional down payment equal to 20 percent of the Minimal Facilities cost, if that amount would be greater than the \$4,000 per megawatt deposits already remitted. At this point, the customer must be ready to authorize construction. In response to questions, Ms. Prewitt stated deposits subsequent to the initial \$80,000 deposit are used to get a better sense of who is willing to commit to moving further along in the process. One of the problems SPP faces today is customers can get in on a project and just sit on it. Customers who commit financially tend to complete the project. Deposit monies are put into an escrow account, after which they will be applied to upgrades or refunded if not utilized. Ms. Prewitt further stated Generation Interconnection Agreements could be at any voltage level, depending on where the generator connects into the system, potentially as low as 69 kV. Generator interconnection customers are expected to pay for whatever facilities are required to interconnect to the grid. The generator does not get more than an interconnection. There is no promise of deliverability in the SPP generator interconnection process. Delivery of power involves the transmission service process.

With regard to Order 1000 and the Right of First Refusal (ROFR), Ms. Prewitt stated SPP has filed its regional compliance plan with the Federal Energy Regulatory Commission (FERC). In that document, SPP maintains that the current ROFR is part of the SPP member agreement, which is a contract. If the FERC dismisses that argument, SPP proposes to apply ROFR consistent with the highway/byway cost allocation structure, specifically:

- Upgrades below 100 kV are considered local transmission (basic reliability) and would not be subject to elimination of ROFR;
- ROFR should be maintained for upgrades between 100 kV and 300 kV because:
  - Two-thirds of the cost of these upgrades are funded zonally;
  - In SPP, all load-serving entities are vertically integrated, meaning there is a close nexus between load and obligation to serve; and
  - These upgrades are for reliability; and
- ROFR would be eliminated for projects of 300 kV and above.

Chairman Lehman recognized Tim McKee for an update on transmission authorities in other states. Mr. McKee stated, other than in New Mexico, Montana, and Wyoming, the remaining authorities are not active. The New Mexico Authority is active, with a staff of two, and received \$250,000 of the \$400,000 it requested from the Legislature. The New Mexico Authority is promoting the Central New Mexico Collector System, a proposed 200-mile 345 kV line that

will collect 1,500 megawatts of renewable power from east-central New Mexico and deliver it to markets in the western United States.

In response to a question about whether the National Association of Regulatory Utility Commissioners (NARUC) addresses transmission authority coordination, Chairman Lehman recognized Mark Sievers, KCC Chairman, for a response. Mr. Sievers stated NARUC's standing committees have very broad charges, such as electricity, gas, and environment; there is no committee devoted to transmission. Chairman Sievers serves on NARUC's Energy Resources and Environment Committee, which has 20 to 30 members.

Chairman Lehman opened the the discussion of KETA's role in the future and how the roles and perspectives KETA members, who are gubernatorial appointees, differ from those who are *ex officio*.

#### **Vice-chairman Apple:**

I think the successes of KETA are very evident and certainly put Kansas in a better position than if KETA had not existed. However, between 2005 and the climate today, many things have changed. The planning process of SPP is much more formalized and robust. We must ask ourselves:

- How many projects will be in the works in the near future?
- If we were going to design KETA today, what would it look like?
- It's possible to lose all the legislative members in one voting cycle. How would that affect the Authority?

I think we would be well-served to invite comments from the public at our third quarter meeting regarding their view of KETA, and how KETA might move forward in a better fashion. Do we still need bonding authority now that we are working within the SPP process? Perhaps we need more members from industry. I think we could strengthen our relationship with the KCC so that, if we have two different groups from Kansas at an SPP meeting, we would all be on the same page. We can strengthen coordination without giving up the things that we do. This is a good time to step back and see how we can go forward and what makes sense.

#### **Representative Kuether:**

I tend to agree with many of the points the Vice-chairman has made. I think it's good to think about what the role of KETA would be if we were starting fresh, recognizing what we've accomplished in the past. We may need to be looking at the on-ramps to the big projects, the little projects that provide access to the big projects. I think input from the industry could help us determine some of those things. Regarding the possibility of a complete changeout of the legislative members, it wouldn't be the end of the world. If we do expand, there are plenty of people to teach if you are willing to listen and ask questions. Overturn of members doesn't concern me. We've all been new at one point and had to come up to speed.

**Mr. McKee:**

One thing to consider, which is heavily dependent on input from our incumbent utilities and transmission organizations, is how much more high voltage transmission is needed? What does the industry think they need in the future, based on what has already been built?

**Mr. Evans:**

I agree with a lot of what has been said already, although with a slightly different perspective. We are in a different time and place than when KETA was put together. We have been very successful, but not necessarily for the reason it was originally created. I believe the economic benefits and economic development of the state is closely tied to electricity. KETA is uniquely positioned as a forum to bring diverse stakeholders together to be heard; there is no other place for this. I think that's one of the biggest benefits we provide. I don't believe it's necessarily our job to be a last resort to construct new transmission. I think that was originally envisioned. I think our utilities do a good job. I think SPP and the RTO [Regional Transmission Organization], with their planning process, put us well on our way to having a very thoughtful and deliberate process. I believe KETA provides a unique ability to bring other stakeholders into that process, giving them the ability to have input into that process when they otherwise might have a difficult time being heard. Regarding the makeup of the Authority, I think we have a good balance and everyone brings something different to the table. I think specifically looking at the three appointees, it's useful to have people with unique and diverse experiences. For example, my own background as an active member of SPP, with an engineering background, has proved useful in helping interpret some of the information received from the SPP.

**Chairman Lehman:**

None of us really know what was in the minds of the Governors as they appointed and reappointed us. But the way it looks to me, when the three of us were first appointed, Tim was appointed because of his prior experience with KCC and legal background. At that time Les was working in the wind industry, and I had my job with Midwest Energy. I viewed us as serving three rather different constituencies. It is my perception, going back to 2005 and the actions when we first got appointed, that the intent was to create broad representation on the Authority not limited to industry, but also representing different customers and economic developmental perspectives. I think we could go in that direction without altering our legislation or our purpose.

**Senator Francisco:**

I appreciate the work of the KCC in its participation with SPP. I think it's important to have a public understanding of some of those activities. It's not one of those things that was identified when the KCC was created and their responsibilities identified. Perhaps we can hear something at our next meeting from the KCC regarding what they see as their role in electric transmission. Why do they participate in the SPP, and could we be of support or assistance?

**Representative Kuether:**

I am glad we are having this discussion. In our last meeting, Senator Francisco stated KETA may want to look at the all types of energy being developed in the state and determine whether Kansas has adequate transmission to serve that development. I think that was a very good thought – it brings more types of industry in and helps us understand what we can do to coordinate. I would like to see that happen. You look at Westar Energy and ITC working on the same line. I don't know if that would have happened without KETA's intervention. I think it would be helpful to facilitate discussion with any type of industry that might need transmission.

**Representative Hedke:**

As a brand new member of the Authority, when I look at the general powers of the Authority and all the opportunities to guide process, it sounds like some of the guidance has been well received, taken, and put to use. It seems to me, there is a reason to continue, maybe with a review of the charge, which outlines some pretty interesting responsibilities. With regard to KETA's role as a forum, it is unfortunate the representative from Clean Line Energy wasn't here today to participate in the process. I'd like to encourage them to come back next time and be prepared to visit with us further.

**Chairman Lehman:**

Senator Apple has made some very specific suggestions, as have several other members of the Authority. My takeaway is that we want to address this issue in a more structured way, with opportunities for outside input at the next meeting. We will need the help of Legislative Research to clearly communicate who we really want here and to make every effort to ensure that they are here. I am encouraged that I don't hear any question as to the need for the Authority. Instead, it is how can we meet the changing needs of the State of Kansas. It's part of our job as the Authority to translate technical issues, such as were presented by SPP today into English.

**Representative Kuether:**

I think this is going to be very helpful. We are going to have to be clear about how we are going to go forward. It requires a change to the legislation to modify the structure, and we all need to be as much on the same page as possible if we are going to make changes.

**Chairman Lehman:**

Is there any interim activity that KETA needs to be involved or concerned with?

**Vice-chairman Apple:**

Interim committees have not been assigned yet, but I don't think there will be anything affecting KETA.

**Chairman Lehman:**

Anything else on this topic today?

**Vice-chairman Apple:**

Serving on KETA has been very beneficial in dealing with utility issues that we deal with. Sometimes it is just informational; we're not taking action, but it gives us a better idea what goes on within the state. I think we should ask the following questions:

- Going forward, what does KETA look like?
- How could we do a better job?
- How much more transmission do we need?
- What does KETA's foreseeable future look like when we answer those questions?

I think if we are going to decide what is the best way to go forward, we need to ask for public comment. I think we need to give them [the public] an opportunity, whether or not they take advantage of it. I would like to do it at our third quarter meeting, because we need to be thinking ahead to January and the legislative process.

**Chairman Lehman:**

What are our thoughts on written comments at our next meeting?

**Vice-chairman Apple:**

I think we would conduct it like a hearing and ask for comments and, hopefully, people will come and present written or oral remarks.

**Mr. McKee:**

I agree. How do we give notice to the public effectively?

**Ms. Lash:**

With KETA, we have a large group of people that have requested to be notified by email of KETA activities. The notifications group has about 100 names, from many organizations. We could circulate the questions to them.

**Mr. McKee:**

Subject to approval of Chairman Sievers, the KCC might be willing to distribute the questions to people on the KCC notification list as well.

**Chairman Lehman:**

Anything else on this subject before we move on?

Chairman Lehman discussed upcoming SPP meetings. The last Regional State Committee (RSC) and Board of Directors Members Committee (BOD) meeting was in Kansas City late April. Senator Francisco stated the discussion of legislative responses to FERC changes to Right of First Refusal was helpful, and suggested KETA might want to coordinate a presentation on this for legislative committees next session. Upcoming RSC and BOD meetings are July 29-30 in Denver, Colorado, at the Marriott City Center, and October 28-29 in Little Rock, Arkansas, at the SPP Corporate Office (Attachment 10). Chairman Lehman will attend the meeting in July, and Senator Francisco is considering either the meeting in July or October. *Mr. Evans made a motion to allow KETA members to be reimbursed for expenses associated with attending the July 29-30 meeting. Vice-chairman Apple seconded the motion. The motion carried.*

The next KETA meeting will be scheduled for mid-August to mid-September. The meeting adjourned at 12:11 p.m.

Respectfully submitted,  
Tim McKee, Secretary

Approved by Authority on:

September 11, 2013  
(Date)