

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

November 5, 2013

Kansas Corporation Commission, 1500 SW Arrowhead Road, Topeka, KS

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
Tamera Lawrence, Office of the Revisor of Statutes
Rebecca Cole, Committee Assistant

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

Mr. McKee moved to approve the minutes of the September 11, 2013, meeting; the motion was seconded by Representative Kuether. The motion carried.

The Chairman recognized Cindy Lash, Kansas Legislative Research Department, for presentation of the FY 2013 year-end expenditure report. Ms. Lash stated the report, dated through June 30, 2013, shows an ending balance of \$267,134. Expenditures for the year were \$17,686. For FY 2014 year-to-date (through October 31, 2013), the ending balance is \$351,180, with expenditures of \$3,344. Encumbrances total \$36,336. No action was taken (Attachment 1).

The Chairman recognized Ms. Lash regarding the options for the Kansas Electric Transmission Authority (KETA) to refund previously appropriated moneys. Ms. Lash identified the following three options:

- Request the Kansas Corporation Commission (KCC) make an administrative transfer using its existing authority;

- Request an amendment to the appropriations bill that would transfer money from KETA to the KCC; or
- Request an amendment to the appropriations bill that would reduce or eliminate KETA's FY 2015 appropriation.

In response to a question, Ms. Lash clarified that KETA is funded yearly through the Public Service Regulation Fund. Although the statute calls for KETA to be funded by a loan from the State General Fund, which is the language used in KETA's annual budget request, it has been the recommendation of the Division of the Budget each year, subsequently endorsed by the Governor, to fund KETA with moneys transferred from the Public Service Regulation Fund (Attachment 2). *Vice-chairman Apple moved that Chairman Lehman sign a letter requesting the Executive Director of the KCC transfer \$200,000 from the KETA Administrative Fund to the Public Service Regulation Fund. Senator Francisco seconded the motion. The motion carried.*

Chairman Lehman recognized Ms. Lash regarding correspondence received from Tom DeBaun, KCC, addressed to Senator Apple, in response to the Senator's question about estimating the impact on consumer rates from the Southwest Power Pool (SPP) approved portfolios. Mr. DeBaun responded the estimated amount is \$1.00 per month per \$1 billion of transmission cost (Attachment 3).

Chairman Lehman discussed the Midwest Governor's Association meeting he attended on October 30-31, 2013. The topic was *Electrifying the Economy: Utilizing the Grid to Strengthen the Midwest's Competitive Advantage*. Governor Brownback opened the meeting. Some key discussion points were the environment, energy, the economy, and how the nine midwestern states can develop their energy potential further. Regional transmission organizations (RTOs) were well represented at the meeting, and representatives of several large companies, including Google, IKEA, and Johnson & Johnson, were present. The companies are interested in expanding their access to renewable energy, with no increase in energy costs. Google bought a 249 megawatt wind farm in northern Texas licensed through the Federal Energy Regulatory Commission (FERC) and is selling the energy into the SPP market. Google is counting this energy as an off-set for server farms in Oklahoma and Iowa. The world uses 1.3 percent of electricity for computer servers and Google owns 1 percent of servers. IKEA is adopting rooftop solar and will open a store in Merriam, Kansas. IKEA also has begun to look at fuel cells. Chairman Lehman commented further that the RTOs are not working together on transmission. This becomes a big issue for states such as Missouri and Illinois that have multiple RTOs operating. Representatives of the Department of Energy (DOE) and FERC also were at the meeting and are not communicating well. FERC is the regulator and DOE has the vision. States will need to take a more direct role to effectively address cross-seam issues.

Chairman Lehman opened the discussion on revision to KETA's Charter (Attachment 4). Following discussion among the members, the actions listed below were taken.

In the proposed revision to the statement of purpose, Vice-chairman Apple made a motion to move the word "reliable" on the second line and insert it between between "and" and "operation," and on the third line the Board would delete the word "consumption" and replace it with "delivery and utilization" and leave the fifth line intact The edited paragraph would read: "The purpose for which the Kansas Electric Transmission Authority is created is to further ensure planning and reliable operation of the integrated electrical transmission system, diversify and expand the Kansas economy, and facilitate the delivery and utilization of Kansas energy

through improvements in the state's electric transmission infrastructure and related policy initiatives." Mr. Evans seconded. The motion carried.

Vice-chairman Apple made a motion to adopt the first portion of the proposed revisions to the requirements for the Board of Directors and to strike references to the position of the Executive Director of the Kansas Corporation or successor. As the Board moves forward with drafting the legislation, its members would work with the KCC to find the best way the KCC can be involved with KETA. Mr. Evans seconded the motion. The motion carried.

Vice-chairman Apple moved to adopt the new language empowering the Board to create a Transmission Advisory Council, replacing the Kansas Department of Agriculture as a member with the Department of Wildlife, Parks and Tourism. Representative Hedke seconded the motion. The motion carried.

The Chairman discussed upcoming SPP meetings. The Regional State Committee and the Board of Directors Members Committee meetings are December 10, 2013, in Little Rock, Arkansas, at the SPP Corporate Office and January 27-28, 2014, in Austin, Texas, at the Omni Hotel at Southpark (Attachment 5). Mr. McKee will attend the meeting in October. Mr. Evans moved to allow KETA members to be reimbursed for expenses associated with attending the October 28-29 meeting. Representative Kuether seconded the motion. The motion carried.

Chairman Lehman recognized Ms. Lash for discussion of KETA's annual report. The draft report is presented at the end of the year for the Board to review. The statute requires the report to be submitted to the Governor and Legislature on the first day of the legislative session.

The next meeting will be held Wednesday, January 8, 2014, at 9:30 a.m. at KCC offices.

Chairman Lehman adjourned the meeting at 11:18 am.

Respectfully submitted,
Tim McKee, Secretary

Approved by the Authority on:

January 8, 2014
(Date)