

## MINUTES

### KANSAS ELECTRIC TRANSMISSION AUTHORITY

September 18, 2012  
Room 68-W-LCR– Statehouse

#### Members Present

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

#### Member Absent

Representative Annie Kuether

#### Staff Present

Cindy Lash, Kansas Legislative Research Department  
Corey Carnahan, Kansas Legislative Research Department  
Tamera Lawrence, Office of the Revisor of Statutes  
Rebecca Wempe, Stevens & Brand, LLP  
Rebecca Cole, Kansas Legislative Research Department

Chairperson Carl Holmes called the meeting to order. The agenda for the meeting was reviewed. *Tim McKee moved the Committee approve the agenda; the motion was seconded by Les Evans. The motion carried.*

*Earnie Lehman moved to approve the minutes of the May 30, 2012, meeting; the motion was seconded by Senator Kultala. The motion carried.*

Chairperson Holmes recognized Cindy Lash, Kansas Legislative Research Department (KLRD), for review of the expenditure report showing expenses through August 31, 2012. The starting balance for FY 2013 was \$308,546; no moneys have been spent, yet this fiscal year. The encumbrance shown for Stevens & Brand, LLP (\$22,194) is the amount carried over from the previous fiscal year. Traditionally, the Kansas Electric Transmission Authority (KETA) has encumbered \$25,000 for legal services each year. In addition, at the previous meeting, KETA discussed encumbering \$12,000 for KLRD for administrative services. *Representative Kuether moved to encumber \$25,000 for Stevens & Brand, LLP and \$12,000 for KLRD. Mr. McKee seconded the motion. The motion carried (Attachment 1).*

Ms. Lash reviewed the FY 2014 budget request letter addressed to Governor Brownback. KETA is requesting a \$100,000 loan from the State General Fund to support its

efforts, as it has each year. Recent accomplishments of KETA have been updated on page two of the letter. No other substantive changes were made. Following discussion, it was clarified that by law, KETA is to request its funding as a loan from the State General Fund. However, it has been the practice of the Director of the Budget to recommend KETA be funded from the Public Service Regulation Fund at the Kansas Corporation Commission. Such funding is not a loan, and does not have to be repaid. *Mr. Lehman made a motion to send the budget request letter. Senator Kultala seconded the motion. The motion carried (Attachment 2).*

Ms. Lash reviewed correspondence. Kim Borchers, the Governor's Director of Appointments for Boards and Commissions, invited the KETA Board Members to attend a workshop entitled "Ethics=Trust" presented by Carol Williams and Jennifer Yazell on September 26, 2012. Ms. Lash will draft a response to Ms. Borchers noting KETA's support for the training and referencing previous training KETA received on the Kansas Open Meetings Act. *Mr. Lehman made the motion that any Board Member who attended would receive pay and expenses for attending the meeting. Senator Kultala seconded the motion. The motion carried (Attachment 3).*

Chairperson Holmes recognized Mr. McKee to discuss Infrastructure Authorities activities. Mr. McKee described efforts to schedule a meeting in Kansas City prior to the July meeting of the Southwest Power Pool (SPP). Although a letter of invitation was sent to the traditional attendees, as well as to several state organizations in the Midwest, only two responses were received from infrastructures, both in Nebraska. The meeting was canceled due to the lack of interest. Chairperson Holmes recommended doing more research on the potential contracts. *Mr. Lehman moved that Mr. McKee be authorized to attend any meetings of other state infrastructure authorities that come up before the next KETA meeting. Senator Kultala seconded the motion. The motion carried.*

Chairperson Holmes discussed the upcoming SPP meetings of the Regional State Committee and the Board of Directors Members Committee on October 29-30, 2012, in Little Rock, Arkansas. Mr. Lehman will attend on behalf of KETA. Chairperson Holmes proposed that any KETA member able to attend be compensated for time and travel. *Mr. Evans moved that compensation be provided for any KETA member attending the October meeting. Mr. McKee seconded the motion. The motion carried (Attachment 4).*

Chairperson Holmes recognized Alan Myers, ITC Great Plains, to provide an update on the KETA Project (Spearville-Post Rock-Axtell). As of June 2012, Phase I (Spearville to Post Rock) is complete. Construction of Phase II (Post Rock to Axtell) is scheduled for completion by the end of November 2012, with the line in service by the end of 2012 (Attachment 5).

Mr. Myers provided an update for ITC's portion of the Y-Plan (Thistle to Spearville). Right-of-way acquisition in Barber County is nearly complete. In Kiowa County 60-70 percent of the voluntary easements have been signed; there may be some condemnations in that county. They continue to acquire right-of-way in Ford County and Clark County. The approach has been to work from east to west on right-of-way acquisition. Construction is scheduled to begin on the Thistle substation on October 19 and line work in Barber County to begin the week of November 12. Both should have significant progress by the end of the year. In addition, a 1.5 mile line from Spearville south to the Ironwood Wind Farm is now in service. It is likely this segment will become part of the Y-Plan. Mr. Myers said the small wind projects near Greensburg and Mullinville will connect to existing, lower-voltage transmission lines. In general, a wind farm with less than 300 MW capacity will not find it cost-effective to tie in to a 345kV line.

Mr. Myers also stated he believes the Area Generator Connection Task Force has completed its work, and recommended hub-and-spoke transmission connections be funded by the generators, rather than through regional funding.

Mr. Myers reported ITC Great Plains has hired Kristine Schmidt as its new President. She starts next week. In addition, ITC will have a groundbreaking for the Y-Plan on November 14, east of Medicine Lodge. Part of the ceremony will be at the Heritage Center and part will be held outdoors at either the Flat Ridge or Thistle substation. Chairperson Holmes opened discussion on attending the groundbreaking, with KETA members compensated for travel expenses. *Mr. Lehman made a motion for any Board member who attended the groundbreaking to be compensated. Senator Kultala seconded the motion. The motion carried.*

Chairperson Holmes recognized Dave Peck, Westar Energy, for an update on the Prairie Wind portion of the Y-Plan project. Mr. Peck stated all voluntary right-of-way acquisition has been completed, which accounts for 91 percent of the tracts. Condemnation may be required for as many as 26 tracts of land, although negotiation with some of those landowners may yet prove successful. Engineering design is complete and procurement contracts are in place. Right-of-way preparation from Wichita to the Thistle substation is 31 percent complete. The original budget for the project was \$225 million, however the current estimate for completion is \$180.4 million.

Mr. Peck and Mr. Myers provided an update on the Summit to Elm Creek project, a 60-mile line being built jointly by Westar Energy and ITC Great Plains. Each company will build half the line. Both companies are working with Black and Veatch on the routing study. They expect to hold open houses in December and to provide cost estimates to SPP in February 2013. The project is estimated to be complete in March 2018. There has been no discussion at the SPP level about extending the line north from Elk Creek into Nebraska.

Chairperson Holmes recognized Mark Lawlor, Clean Line, LLC, for an update on the Grain Belt Express. Clean Line, LLC is in the routing stage of the project and has been considering both a southern route and a northern route. Of those two approaches, the northern route appears to be most effective since it avoided the forest and reservoir systems in southern Missouri. The line would start near Spearville and head north, running to the east of the KETA line, before turning east. The line is expected to cross Kansas, Missouri, and Illinois before proceeding to a substation less than two miles into Indiana. Open houses will be held in January 2013, and Clean Line anticipates filing its route with the Kansas Corporation Commission three to four months after completion of the open houses. Their plan is to work state by state, beginning in Kansas. Mr. Lawlor indicated the company cannot exercise eminent domain authority until its routing application has been submitted, and clarified that rate authority it recently received from the Federal Energy Regulatory Commission was for the line running from Oklahoma to the Tennessee Valley Authority.

Chairperson Holmes recognized Mr. Lehman for discussion on the KETA work plan. Mr. Lehman suggested KETA consider revisions to the Business Plan Outline in early 2013. With regard to activities, he provided the following summaries for the goals outlined in the Plan:

- Ensure the State of Kansas speaks with a clear and effective voice in the development and use of the regional electric transmission network—KETA will participate in a transmission panel at the upcoming Energy Conference;
- Monitor active projects—This is done at each KETA meeting;

- Support development of a region-wide bulk transmission system—KETA has been represented by at least one KETA member at every major SPP meeting. In addition, KETA recently participated in funding a study of possible additional transmission lines in Kansas. Regarding incentives for projects, it was noted the industry is moving to higher rates of return as an incentive rather than revenue-backed financing;
- Ensure reliable operation of the transmission system—There is nothing KETA needs to do on this, currently. Even though there are significant transmission constraints, they are short-term;
- Facilitate renewable energy development—The Area Generator Connection Task Force has been the leader in this. KETA may have more to discuss in January when they see whether the federal Production Tax Credit has been extended;
- Build partnerships with other state infrastructure authorities—It is worthwhile to continue this endeavor; and
- Make policy recommendations to the Governor and the Legislature, as appropriate, regarding improvements to Kansas electric transmission system—KETA has reached out to identify needed improvements and communicated to the Governor and Legislature.

Chairperson Holmes suggested Section II of the plan be updated to reflect current projects for the next meeting. He directed staff to poll members regarding their availability for a meeting in November, sometime between November 7 and the beginning of Thanksgiving week.

Chairperson Holmes adjourned the meeting at 2:55 pm.

Respectfully Submitted

Tim McKee, Secretary

Approved by KETA on:

November 16, 2012

(Date)