

MINUTES

KANSAS ELECTRIC TRANSMISSION AUTHORITY

January 9, 2009
Room 535-N—Statehouse

Members Present

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

Also Attending

Senator Pat Apple

Staff Present

Mary Galligan, Kansas Legislative Research Department
Cindy Lash, Kansas Legislative Research Department
Melissa Doeblin, Revisor of Statutes Office
Mike Corrigan, Revisor of Statutes Office
Rebecca Wempe, Stevens & Brand

Chairperson Holmes called the meeting to order at 1:30 p.m. He proposed several additions to the agenda and asked for approval of the agenda. *Representative Kuether made, and Mr. McKee seconded, a motion to approve the revised tentative agenda, as amended. The motion passed.*

The Chairperson thanked Senator Emler, one of the founding members of the Kansas Electric Transmission Authority (KETA), for his work on the Board since 2005, and presented him with a paperweight in appreciation of his service.

The Chairperson turned to the next item on the agenda – possible executive session for consultation with legal counsel. *Mr. Lehman made, and Senator Emler seconded, the motion set out below. The motion passed.*

*Mr. Chairman,
I move to recess the meeting until 2:00 p.m. for an executive meeting as authorized by subsection (b)(2) of K.S.A. 75-4319, and amendments thereto, to consult with the*

Authority's attorney Rebecca Wempe regarding filing as an intervenor in KCC dockets on matters which are privileged in the attorney-client relationship. In addition to committee members, the executive meeting requires the attendance of Senator Pat Apple; Rebecca Wempe, Stevens & Brand, L.L.P.; Mary Galligan and Cindy Lash, Legislative Research Department; and Melissa Doeblin and Mike Corrigan, Office of Revisor of Statutes.

At 2:00 p.m., the Board returned from executive session. *Mr. Lehman made, and Senator Emler seconded, a motion to extend the executive session to 2:15 p.m. The motion passed.* At 2:15 p.m., the meeting returned to open session.

Mr. Lehman made, and Mr. Evans seconded, a motion that KETA intervene in Docket Nos. 08-ITCE-936-COC and 08-PWTE-1022-COC which currently are before the Kansas Corporation Commission (KCC). The motion passed.

Board members reviewed draft petitions to intervene in the above-named dockets prepared by Rebecca Wempe, legal counsel. *Mr. Lehman made, and Mr. McKee seconded, a motion to correct a typographical error on the Prairie Wind docket number, and to modify paragraph 10 of both petitions to read as follows:*

KETA's interest in satisfying its statutory purpose of furthering reliable operation of the state's transmission system, diversifying and expanding the Kansas economy, and improving the state's electrical transmission infrastructure may be substantially affected if KETA is not permitted to intervene and be heard on the issues in Docket Nos. 08-ITCE-936-COC and 08-PWTE-1022-COC.

Senator Emler made a motion to amend the existing motion to include allowing counsel to make editorial changes as necessary. Mr. Lehman accepted the amendment. Mr. McKee seconded the motion. The motion passed (Attachments 1 and 2).

Mr. Evans made a motion to approve the minutes of the December 19, 2008, meeting as submitted. Mr. Lehman stated the estimated date of completion for Westar's Reno to Summit line should be corrected to read "late 2009." *Mr. Evans made, and Mr. Lehman seconded, a motion to approve the minutes as corrected. The motion passed.*

Mary Galligan, Legislative Research Department, discussed KETA's revised draft annual report. *Mr. McKee made, and Senator Emler seconded, a motion to accept the annual report as presented. The motion passed (Attachment 3).*

The Chairperson recognized Jay Caspary, Southwest Power Pool (SPP), who provided an update on the Cost Allocation Working Group's (CAWG) balanced portfolio discussions. Mr. Caspary noted that CAWG members had many questions for SPP about the balanced portfolio. As a result, at the January 7, 2009 CAWG meeting, SPP proposed a three-month extension to allow it to refine and present the balanced portfolio (Attachment 4).

Chairperson Holmes asked how long construction on the Kansas projects would be delayed because of this. Mr. Caspary stated he hoped it would not delay the Kansas projects at all. In response to a statement by the Chairperson, Mr. Caspary said he thought the KCC was waiting on the CAWG results for the extra-high voltage (EHV) overlay, not for the balanced portfolio.

Members discussed the SPP confidentiality agreement. *Senator Emler made, and Representative Kuether seconded, a motion that the Chairperson sign the confidentiality agreement on behalf of the Board. The motion passed (Attachment 5).*

The Board discussed the SPP meeting in Dallas in January and concurred it would be more advantageous for Mr. Lehman to attend the April meeting instead. Mr. McKee discussed the seven-state infrastructure meeting he will attend in Denver on January 22, 2009 (Attachment 6).

The Chairperson recognized Melissa Doeblin, Revisor of Statutes Office, who notified the Board that, under existing law, the KETA annual report can be submitted electronically.

The Chairperson recognized Tom Stuchlik, Westar Energy, who provided an update on transmission projects. The Wichita to Reno line is completed. Westar is beginning to procure right-of-way for the Rose Hill to Sooner line, and expects to begin construction on the line some time between early 2010 and summer 2010. Mr. McKee asked about the Reno to Summit line. Mr. Stuchlik said it would be mid-2010 before it was completed.

The Chairperson recognized Carl Huslig, ITC Great Plains, who reviewed the timeline of the KETA project. In September 2008, Black and Veatch completed its study of the potential routes. ITC held public workshops on possible routes on December 9-10. Each workshop was attended by more than 200 people. Mr. Huslig said ITC thinks it has a Spearville to Hays route that will be agreeable to the public. The company expects to file a siting application with the KCC in February, and hopes to have a route approved by June. In response to a question from Senator Lee, Mr. Huslig indicated that at the request of Nebraska officials, ITC is not yet publicly discussing routes from Hays to Axtell, Nebraska. The company expects the entire line to be complete in 2011.

Mr. Huslig noted that the balanced portfolio includes only 345kV lines, although the EHV overlay will add cost allocation for 765 kV lines. He said ITC is purchasing a 250-foot right-of-way for 765 kV, but if they only get cost allocation for 345kV, that is what they will build.

Mr. Huslig introduced Alan Myers of ITC Great Plains, who presented an economic study commissioned by ITC and the Nebraska Public Power District to study the benefits of the KETA project and the Kansas V-Plan. The study was performed by Ventyx, Inc. (Attachment 7).

The study concluded the KETA project alone would produce \$30.5 - \$32.7 million in annual benefits to Kansas at normal wind expansion, while the KETA project in conjunction with the Kansas V-Plan would produce \$64.9 - \$74.3 million in annual benefits to Kansas. In response to questions from Board members, Mr. Myers stated the following:

- The benefits of the KETA project are largely limited to Kansas;
- The range in benefit amounts is a result of modeling natural gas at two different prices - \$9/million BTU and \$12/million BTU;
- The model assumed the lines were built at 345kV; and
- The model is fairly sensitive to changes in the amount of wind, which was modeled similarly to the way it is modeled by SPP.

Mr. Evans said the data on page 9 of the handout makes the point that once transmission is opened up and congestion relieved, there is the potential for Kansas' low energy prices to increase.

The Chairperson asked for discussion of the KETA business plan. Members indicated there was no need for discussion at this time (Attachment 8).

The date of the next meeting was set for February 27, 2009, at 1:30 p.m. The Chairperson noted the meeting may have to be rescheduled if legislative business must be conducted on February 28.

Additional materials in the Board folders for this meeting included copies of petitions for reconsideration filed with the KCC by ITC Great Plains and by Mid-Kansas Electric Company and Sunflower Electric Power Corporation regarding Docket Nos. 08-ITCE-936-COC and 08-PWTE-1022-COC (Attachments 9 and 10).

The meeting was adjourned at 3:30 p.m.

Respectfully Submitted,

Tim McKee, Secretary

Approved by the Board on:

February 27, 2009
(date)