

# Kansas Electric Transmission Authority

2006 Annual Report  
To the Governor  
And the Legislature

**KS Electric  
Transmission Authority**

**KETA**



KETA was created in 2005 by enactment of HB 2263. Our mission is to ensure reliable operation of the electrical transmission system, diversify and expand the Kansas economy and facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure.

**KS Electric  
Transmission Authority**  
**KETA**

January 8, 2007

Honorable Kathleen Sebelius, Governor  
Steve Morris, President of the Senate  
Melvin Neufeld, Speaker of the House

*Representative Carl  
Holmes, Chair*

Governor, President, and Speaker:

*Earnie Lehman,  
Vice-Chair*

The Board of the Kansas Electric Transmission Authority is proud to submit this report of the Authority's first year of activities. The Board has accomplished a great deal since its first meeting after confirmation of the Governor's appointees early this year. The outgrowth of our efforts in concert with those of many organizations and individuals who are dedicated to a robust and secure energy transmission infrastructure will be construction of sorely needed transmission lines in central and western Kansas in the very near future.

*Tim McKee,  
Secretary*

*Senator Jay Emler*

*Les Evans*

*Representative  
Annie Kuether*

This has been a year of fact gathering and orientation for the KETA Board of Directors. We have held eight meetings and have learned about every aspect of the transmission landscape in the State. We have had frank conversations with Kansas' electric utilities, large and small. We have learned from the experiences of independent transmission companies in other states. We have explored the planning process of the regional transmission organization (RTO) to which most Kansas utilities belong. Based on those conversations and our fact-gathering effort, we are confident that the long drought in the field of electricity transmission construction is nearly over.

*Senator Janis Lee*

As we assemble this report, two companies are poised to build sorely needed transmission capacity in south-central Kansas between Wichita and Hutchinson. Additional high-capacity transmission lines will be built if the proposed power plants near Holcomb are constructed. Those transmission lines provide great promise for supporting expansion of wind generation in the western part of the State. KETA is laying the groundwork for identification of its first transmission project that will complement these two major developments.

KETA has operated for the last twelve months in a very frugal manner. The Board's effort to identify electric transmission needs across the State have been supported by the Public Service Regulation Fund and part-

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time staff provided by the Legislative Research Department and the Corporation Commission. The Corporation Commission also has provided the Board with meeting space at no cost. As of the end of November we had incurred direct expenses of slightly over \$9,000 but had completed most of our initial fact finding. The upcoming year will require more resources for the Board's next steps. We have requested a loan from the State General Fund, as envisioned in the KETA authorizing legislation, to provide those resources.

The Board's assessment is that three major activities in the upcoming year are crucial to achieving KETA's goal of ensuring reliable operation of the electrical transmission system and diversifying and expanding the Kansas economy. Those efforts are:

- Establishing an on-going dialogue with the Southwest Power Pool to augment the efforts of Kansas utilities and the Corporation Commission to ensure that the State's economic needs are factored into regional planning;
- Sharing information, planning techniques, and implementation strategies with the three other transmission authorities that have similar charges in Wyoming, North Dakota and South Dakota; and
- Preparing for construction of a transmission project in accordance with the KETA's statutory authority.

The KETA Board appreciates the support it has received during this initial year and looks forward to working closely with both the Executive and Legislative Branches of Kansas government to fulfill the goals established with the creation of the Authority.

Respectfully,



Representative Carl Holmes,  
KETA Chairperson

## Overview of KETA Activities

### ***September, 2005***

At an informal meeting, three Board members received orientation presentations from the Southwest Power Pool, representatives of Midwest Energy, Inc., Sunflower Electric Power Corporation, Aquila, and Kansas Corporation Commission staff.

### ***January, 2006***

At its first meeting after appointment of all members, the Board received briefings from the Kansas Development Finance Authority, the Southwest Power Pool, Kansas Corporation Commission staff, and the Federal Energy Regulatory Commission. The Board elected its officers and received briefings regarding the legal framework within which the Authority exists. The Board also formalized its requests for start-up operations financing and staff support, and began work on by-laws.

### ***April, 2006***

The Board received a briefing from Westar and Aquila regarding current and proposed transmission projects. Discussion with utility company staff and the representative of the Southwest Power Pool focused on the differences between economic and reliability projects and methods of cost recovery. The Board was briefed by staff of the Energy Markets and Reliability of the Federal Energy Regulatory Commission regarding the federal Energy Policy Act of 2005, cost benefit analyses from the customer's perspective, and the difference between reliability and economic upgrades of transmission lines.

### ***May, 2006***

The Board met in conjunction with the Southwest Power Pool's Expansion Planning Summit in Kansas City, Missouri.

### ***June, 2006***

KETA received briefings from a variety of organizations regarding transmission issues related to wind energy production in Kansas.

## ***August, 2006***

The Board received additional briefings regarding utility companies' plans for expansion of transmission capacity, particularly in the central and western portions of the State. In addition, the Board held conversations with representatives of independent transmission companies who have constructed lines in other states. Two of those companies are currently working on a project with the Wyoming Infrastructure Authority, a counterpart to KETA.

## ***November, 2006***

The Board received a briefing regarding the proposed new generating plants at Holcomb and the need for transmission capacity that will be created by those new plants. The Board also discussed the appropriate means for interacting with the Southwest Power Pool and making a contribution to the regional planning process as it relates to transmission projects in Kansas. The Board received a briefing from Westar regarding its progress on siting a proposed transmission line in central Kansas that is planned for completion in 2009. Kansas City Power and Light Company provided the Board with information about the transmission needs of the wind farm at Spearville.

Complete minutes of the Board's meetings are posted on the KETA website at <http://accesskansas.org/keta>.

The Board established a work plan for the upcoming year. That work plan follows.

# Kansas Electric Transmission Authority

## 2006-2007 Business Plan Outline

(Reflecting Discussion on November 3, 2006)

### I. Situation Assessment

- A. Poll stakeholders regarding needed investment (DONE)
  - 1. Transmission owners
  - 2. Renewable energy developers
  - 3. Transmission dependent utilities
  - 4. Environmental interests
- B. Identify investments being made or planned (DONE)
  - 1. Southwest Power Pool
  - 2. Transmission owners
  - 3. Independent transmission companies
- C. Establish links to other state infrastructure authorities (in process)
  - 1. Evaluate their processes and progress
  - 2. Share intelligence and ideas
  - 3. Convene a joint meeting
- D. Establish link to Southwest Power Pool (not started)
  - 1. Participate in quarterly Strategic Planning Committee meetings
  - 2. Monitor Regional State Committee activity

### II. KETA determines Needed Transmission Construction

- A. Evaluate the boundaries and rationale for distinguishing economic from

reliability projects (not started)

1. Implications for project feasibility
2. Implications for cost recovery
3. Triggers for economic projects to become reliability projects
4. Recommendations for changes in aggregate study process, if any, to SPP

B. Projects proposed by/for Load Serving Entities (in process)

1. Pending request from Sunflower
2. Wichita-Hutchinson
3. Hutchinson-Summit
4. Hutchinson-Lincoln-Circle
5. Spearville-Morland
6. Rose Hill-Sooner-Cleveland
7. Pauline-Concordia-Summit
8. Fairport-Sibley
9. Ties to Western Area Power Administration – Eastern Plains (Colorado) project
10. Others

C. Renewable energy needs – analyze independent of Southwest Power Pool (will include some projects under B.) (not started)

1. Community wind constraints
2. Major wind projects

D. Environmental constraints concerning transmission line siting– final screen before selecting projects (not started)

E. Finalize project focus list and timeline (in process)

1. First draft to be completed by January 2007

### **III. Transmission Construction**

A. Assess readiness/ability to construct and operate – project by project (in process – mostly complete)

1. Transmission owners
2. Independent transmission companies

B. Monitor utility and independent transmission company-committed transmission construction (not started)

C. Position KETA to develop/finance specific projects (not started)

1. Review statutory requirements
2. Develop “strawman” project, preferably a real one
3. Conduct an exercise with other stakeholders
  - a) Kansas Development Finance Authority
  - b) Southwest Power Pool
  - c) Kansas Corporation Commission
  - d) Operating entities
  - e) Entities whose customers would be surcharged
  - f) Others

### **IV. Secure Resources for KETA to Develop and Finance Transmission**

A. Ongoing administrative support (in process)

1. Prepare 2006 Annual Report
2. Prepare 2007 budget

B. Project management (not started)

### **V. Issue Notices of Intent to Proceed in Construction of Specific Projects**

## ***KETA Budget and Expenditures***

The Authority's actual expenditures during FY 2006, the approved amount for FY 2007, and the amount requested as a loan from the State General Fund for FY 2008 are displayed in the following table. The Authority also has requested a \$1 million contingency appropriation for use during FY 2008 for development of a specific transmission project if expenditure for that purpose is approved by the State Finance Council.

### **Kansas Electric Transmission Authority**

#### **Budget and Expenditure Summary**

	<b>Actual FY 2006</b>	<b>Estimate FY 2007</b>	<b>Request FY 2008</b>
<b>By Program:</b>			
KETA	\$ 3,450	\$ 70,000	\$ 102,577
<b>TOTAL</b>	<b>\$ 3,450</b>	<b>\$ 70,000</b>	<b>\$ 102,577</b>
<b>By Major Object of Expenditure:</b>			
Salaries and Wages	\$ 943	\$ 5,330	\$ 5,330
Contractual Services	2,506	64,670	97,246
Subtotal - Operations	\$ 3,450	\$ 70,000	\$ 102,577
<b>TOTAL</b>	<b>\$ 3,450</b>	<b>\$ 70,000</b>	<b>\$ 102,577</b>
<b>Financing:</b>			
State General Fund	\$ -0	\$ 0	\$ 102,577
Public Service Regulatory Fund	3,450	70,000	-
<b>TOTAL</b>	<b>\$ 3,450</b>	<b>\$ 70,000</b>	<b>\$ 102,577</b>
FTE	0	0	0