

Kansas Electric Transmission Authority (KETA)

A Briefing for the 2008 Kansas Wind & Renewable Energy Conference

By Rep. Carl Holmes, Chairman

Topeka, Kansas
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KETA



Who Is KETA?

- Created by Kansas Legislature in 2005
- Began operations in 2006
- Seven Board Members
 - Three Appointed by Governor with Senate Confirmation
 - Four Year Terms (staggered initially)
 - Four Legislators *ex officio* – Chairs and ranking minority members of Senate and House Utilities Committees

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Members

- Chairman Rep. Carl D. Holmes
- Vice-Chairman Earnie Lehman
- Secretary-Treasurer Tim McKee
- Les Evans
- Senator Jay Emler
- Senator Janis Lee
- Rep. Annie Kuether

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KETA'S Mission

- Ensure reliable operation of the electrical transmission system
- Diversify and expand the Kansas economy
- Facilitate consumption of Kansas energy through improvements in the state's electric transmission infrastructure

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Where We Are Today

- Identified transmission projects providing the greatest benefits to Kansas
- Spurred other parties to commit to construction of three of the projects
- Encouraged the construction of a fourth transmission line
- Published a Notice of Intent to construct a fifth transmission line
- Monitoring the progress of each of the transmission projects
- Built bridges to other states with similar infrastructure authorities; Colorado, New Mexico, Wyoming, North Dakota, South Dakota
- Engaged outside legal assistance and have secured budget authority to expend up to \$1 million for continued project development

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Drivers For KETA's Formation

- Assist development of wind energy resources for Kansas and export to other states
- Increase ability to import and export fossil-fueled generation
- Reduce large retail rate disparities within Kansas

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KETA Authority

- The Authority may plan, finance, construct, develop, acquire, own and dispose of transmission facilities
- The Authority shall function as a public entity and shall contract for maintenance and operation of transmission facilities

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Other Specific Powers

- Enter into contracts with Kansas Development Finance Authority to issue bonds and provide financing for projects
- Recover costs through Southwest Power Pool (SPP) Regional Transmission Organization tariffs
- Additional cost recovery through Kansas Corporation Commission (KCC) assessments on all Kansas retail customers

Authority Taxation

- KETA shall not pay Kansas income tax
- KETA shall not pay Kansas sales tax
- KETA shall pay property tax the same as privately and cooperatively owned utilities

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KETA, State and Local Entities

- State agencies and local government units must provide information, assistance and advice as requested by the Authority
- State agencies and local governments are authorized to lease, lend, grant, or convey to the Authority without public notice

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KETA Limitations

- All transmission projects must be accepted by the SPP
- Before KETA can proceed with construction, a notice shall be published and private entities have three months to notify the Authority they will build the project
- If the project is not started within 180 days, KETA may proceed with the project

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Coordination With Other States

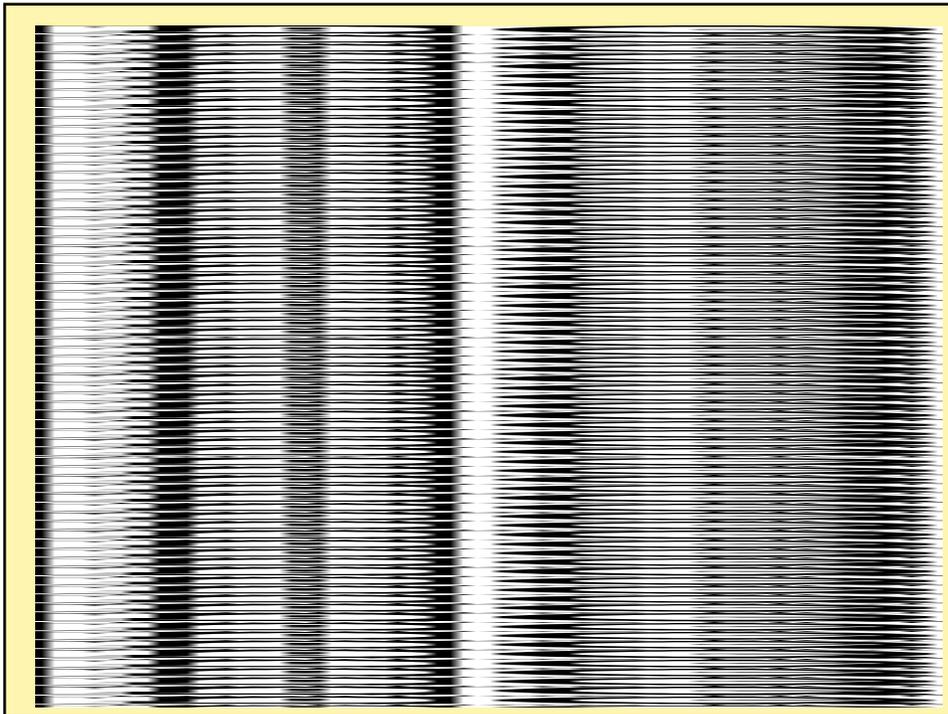
- Kansas actively engaged with other state transmission infrastructure authorities
- The states desire to work together to facilitate regional transmission expansion and large wind projects
- The states have jointly lobbied for federal tax exemption for bonds issued by KETA and its sister authorities
- The FERC has begun to take notice of the states grassroots efforts

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Central Kansas Projects

- Wichita - Reno 345 kV Under construction
- Reno – Summit 345 kV Land Acquisition phase
- Rose Hill - Sooner 345 kV Permit approved
- Knoll - S Hays - Heizer 230 kV Conversion completed
- Phillipsburg - Norton 115 kv Design phase
- Spearville – Wichita 345/765 kV ITC / Westar competition
- Spearville/Knoll/Axtell NE 345/765 kV KETA acceptance/ITC





Proposed V Plan

- Spearville - Comanche - Medicine Lodge - Wichita 345/765 kV
- Comanche - Mooreland 345/765 kV



KETA Projects

Spearville - Knoll - Axtell 345/765 kV

- \$186 million project. Cost-justified by a KETA-commissioned SPP study last year
- KETA gave Notice of its Intent to Proceed with Construction on July 25, 2007
- ITC Great Plains came forward with commitment to construct by November 13 deadline
- One other entity, Hunt Transmission Services expressed an interest in future projects, but was unable to meet time constraints for this project
- Construction activities must begin within 180 days



KETA's Track Record

- KETA has accelerated the decision process for new transmission and fostered a competitive environment for construction
- Kansas has gone from little movement forward to competing companies desiring to build the same transmission lines
- KETA is challenging the existing planning process by recognizing benefits hitherto ignored. This will justify more construction.
- KETA budget is \$100,000 per year



KETA's Challenges

- Accurate capture of proposed project benefits and costs
- Tap federal tax-exempt financing to stimulate construction
- Integrate into regional transmission planning process
- Strengthen bonds with other state infrastructure authorities for planning and advocacy
- Build new transmission or cause it to be built



Further Opportunities

- Lower financing costs for entities willing to build KETA sanctioned projects
- Facilitate future upgrades to existing transmission lines
- Work with SPP and other states to establish a truly regional and reliable EHV network
- Lower transmission costs for renewable project developers
- Lower rates (smaller increases?) for customers

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V Plan Concerns

- Cost Recovery Mechanism?
- Will Kansas Ratepayers receive benefits?
- Will Wind developers build along proposed V plan site?
- V Plan Builder?
 - Delayed decision by KCC?
 - Delayed decision by SPP?

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Contact Information

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