

# Kansas Electric Transmission Authority

2009 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 11, 2010

Honorable Mark Parkinson, Governor  
Steve Morris, President of the Senate  
Mike O'Neal, Speaker of the House

*Representative  
Carl Holmes,  
Chairperson*

Governor, President, and Speaker:

*Earnie Lehman,  
Vice-Chairperson*

The Board of the Kansas Electric Transmission Authority (KETA) submits this report of the Authority's fourth full year of activities. KETA began the year by welcoming to the Board Senator Pat Apple the newly appointed Chairperson of the Senate Utilities Committee. Senator Apple's perspective has been valuable this year and we look forward to his continued contributions to KETA's work.

*Tim McKee,  
Secretary*

*Senator Pat Apple*

*Les Evans*

The Authority has accomplished a great deal this year. The Board saw the Kansas Corporation Commission (KCC) approve siting of the first phase of the transmission line it identified as its first project in 2007. The Board also was heartened when the Southwest Power Pool (SPP) approved regional cost recovery for that line that will enable movement of electricity between the vicinity of Spearville and the vicinity of Axtell, Nebraska. The line will be constructed by ITC Great Plains. The Board also joined a number of other parties this year seeking a clear path for construction of a much-needed transmission line from Wichita to Spearville. ITC Great Plains and Prairie Wind Transmission will join in constructing that line once cost recovery issues are resolved by the SPP. We are confident that the benefits of the line to both Kansas and Oklahoma will spur quick action by SPP on the cost recovery issue.

*Representative  
Annie Kuether*

*Senator Janis Lee*

In addition, the Board has received regular updates on transmission lines planned and under construction by other utilities in Kansas. The Wichita

to Reno County portion of that first line was energized late in 2008.

In connection with the Board's mission to diversify and expand the Kansas economy through improvements to the electric transmission infrastructure, the Board began exploring this year the need for "collector transmission lines" that will be capable of moving wind-generated electricity to the new high-voltage lines when the latter are complete. We will continue this effort in 2010.

We held eleven Board meetings this year and in addition have met and worked with our counterparts in North Dakota, South Dakota, Montana, Wyoming, Idaho, Colorado, Nevada and New Mexico. We also have participated in a number of meetings of the Southwest Power Pool, the regional transmission organization for Kansas and surrounding states.

The Board takes seriously its role as advocate for improved transmission capability in the state and region. Activities undertaken to fulfill that role include preparing an article for the June "Winds of Change: Special Edition" of the *Kansas Government Journal* published by the League of Kansas Municipalities and making presentations at the League's Annual Meeting, the KCC's Kansas Wind and Renewable Energy Conference and Utility Perspectives in Washington, D.C.

KETA minutes are posted on our website for public access. Other key activities are highlighted in the section that follows.

KETA continued to operate frugally during 2009 with financing from the Public Service Regulation Fund. KETA expended only \$43,331 during FY 2009. Authority staff functions are performed by the Legislative Research Department, the Revisor of Statutes Office, and the Kansas Corporation Commission. The Board also has contracted with a firm to provide legal services. This fall, in accordance with the Governor's request, the Board submitted a revised FY 2010 budget that is 2 percent less than the amount approved for the current fiscal year, and which includes planned expenditure of the unexpended balance from last year. We anticipate that the upcoming year will be even more active than this year as we explore more deeply the need for improved transmission capacity in the State. The Board will continue to be very careful about expenditures.

KETA has requested a loan from the State General Fund to finance operational expenditures during FY 2011 in an amount less than the approved level of spending for the current fiscal year. The request anticipates continued staff support from the Research Department, the Revisor's Office, and the Corporation Commission and continued reliance on our outside counsel.

The Board will engage in the following activities in the upcoming year. These activities and projects are crucial to achieving KETA's statutory goals of ensuring reliable operation of the electrical transmission system and diversifying and expanding the Kansas economy.

**Kansas Electric Transmission Authority**

Rm 68-W Statehouse, 300 SW 10<sup>th</sup>, Topeka, KS 66612  
voice:(785)296-3181 fax:(785)296-3824 [keta@ink.org](mailto:keta@ink.org)  
<http://www.accesskansas.org/keta>

- Continuing and expanding the dialogue with the Southwest Power Pool to augment the efforts of Kansas utilities and the Corporation Commission to ensure that the State's economic and energy needs are factored into regional transmission system planning;
- Sharing information, planning techniques and implementation strategies, and engaging in joint efforts with our counterparts in other states; and
- Exploring the need for "collector" transmission lines to facilitate movement of wind-generated electricity to customers.

KETA appreciates your support during 2009 and looks forward to an equally productive year in 2010.

Respectfully,

/Carl Dean Holmes/

Representative Carl Holmes, Chairperson  
Kansas Electric Transmission Authority

## Overview of KETA Activities -- 2009

Minutes of the Board's business meetings and prior annual reports are posted on the KETA website at <http://accesskansas.org/keta>. Board meetings held during 2009 are briefly summarized below.

### *January 2009*

The Board decided to intervene in the KCC Dockets regarding the potential transmission line from Wichita to Spearville. This was the first such action by KETA in furtherance of its statutory mission of facilitating reliable operation of the state's transmission system.

Mr. McKee represented KETA at a meeting in Denver of other states' transmission/infrastructure authorities.

### *February 2009*

The Board continued monitoring of the SPP process to develop a cost allocation method that will equitably address the transmission needs in Kansas and throughout the SPP footprint. KETA communicated with SPP encouraging inclusion of the Spearville to Axtel project in the SPP Balanced Portfolio. KETA also continued its involvement with other states' infrastructure/transmission by participating in a multi-state meeting in Colorado.

### *March 2009*

The Board received a briefing on the development of the SPP Balance Portfolio and the rationale for separating the Balanced Portfolio from the Extra High Voltage (EVH) Overlay. At least a portion of the benefits expected from the projects included in the Balanced Portfolio would be realized if wind is held constant and with increased wind power generation, the benefits would increase. The Board discussed with representatives of SPP the merits of KETA providing "backstop funding" that would enable a portion of the KETA project to be built at 765 kV.

### *May 2009*

Two meetings were held in May. At the first meeting, the Board agreed to provide an article for the June special edition of the League of Kansas Municipalities'

monthly magazine. The special issue will be devoted wind power generation. The Board submitted a letter to Congress regarding pending energy legislation. At the second meeting in May, the Board received a report from members who attended a public hearing on the siting of the KETA project.

### ***June 2009***

The Board received a briefing on the new SPP process for Integrated Transmission Planning (ITP). The new process was recommended the Synergistic Planning Project Team which also recommended a cost allocation methodology that would spread more transmission costs across the SPP region. Members of the Board were designated to attend various SPP meetings scheduled for July in Kansas City.

In addition to the regular briefings from utilities on progress toward completion of transmission projects, the Board received information from a variety of utilities and other entities regarding transmission needs. Among the presenters were: Kansas Power Pool, Sunflower Electric Corporation, Westar Energy, Tradewind Energy, Horizon Wind Energy, and Chermac Energy Corporation.

### ***July 2009***

The Board received a request from Cloud Count Development Corporation to facilitate construction of a 345 kV transmission line from Salina to Cloud County to the Kansas-Nebraska border. The Board also received reports from members who had attended SPP recent meetings and made plans for representation at the October SPP meetings in Tulsa.

### ***October 2009***

The Board approved its budget request for FY 2011 and agreed to co-sponsor with the KCC, a seminar conducted by Scott Hempling of the National Regulatory Research Institute (NRRI). Members were designated to make presentations about KETA at the KCC's Renewable Energy Conference, at the League of Municipalities Annual meeting and at an energy conference in Washington, D.C.

### ***November 2009***

The Board met twice in November in order to discuss developments in the SPP process of identifying priority projects for development and regional cost recovery. The Board communicated to the Governor and legislative leaders encouraging cooperation in the quest to obtain approval for a high capacity transmission line from Spearville to

Wichita. The Board encouraged all stakeholders in Kansas to work together in the effort to achieve that approval.

### ***December 2009***

The December meeting was held immediately after the NRRI seminar co-sponsored by KETA and the KCC. The Board approved its annual report for 2009 and continued its discussion of representation at upcoming SPP meetings.

**KETA Budget**

The Authority's revised budget for FY 2010 and the amount requested as a loan from the State General Fund for FY 2011 are displayed in the following table. The revised amount for FY 2010 includes a two percent reduction of the amount approved for the current fiscal year and the balance from FY 2009 authorized for expenditure this year. For FY 2011, the Authority has requested the ability to expend any balance remaining at the close of FY 2010.

**Kansas Electric Transmission Authority FY 2010 - FY 2011 Budget Request**

	FY 2010 Revised Request*	FY 2011 Request
<b>Operations</b>		
Salaries & Wages	\$ 15,701	\$ 8,300
Travel & Subsistence	13,720	35,970
Contractual - Professional Services	117,600	54,730
Miscellaneous Expenses	588	500
Official Hospitality	1,000	500
<b>Total Expenditures</b>	<b>\$ 148,609</b>	<b>\$ 100,000</b>
		Plus unexpended FY 2010 balance, if any.

\* Including reappropriation and 2% reduction