

Kansas Electric Transmission Authority

2013 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 13, 2014

*Earnie Lehman,
Chairman*

The Honorable Sam Brownback, Governor
Senator Susan Wagle, President of the Senate
Representative Ray Merrick, Speaker of the House

*Senator Pat Apple,
Vice-chairman*

Dear Governor, President, and Speaker:

*Tim McKee,
Secretary*

The Board of the Kansas Electric Transmission Authority (KETA) submits this report of the Authority's eighth full year of activities.

Les Evans

In 2013, the Authority welcomed two new *ex officio* members, Senator Marci Francisco and Representative Dennis Hedke. In addition, the Authority elected Earnie Lehman as Chairman, only the second person to hold that position since KETA's inception in 2005. Other continuing members of KETA include Senator Pat Apple, Vice-chairman; Tim McKee, Secretary; Les Evans; and Representative Annie Kuether.

*Senator Marci
Francisco*

*Representative
Dennis Hedke*

*Representative
Annie Kuether*

Last year's Annual Report highlighted all the significant developments in new high-voltage transmission in Kansas since KETA's creation. Prior to 2005, there had been no significant new construction of high-voltage transmission lines in the state for 22 years. Three major projects remain in process:

- The Y-Plan, a dual 345 kV transmission line across southern Kansas, is scheduled for completion at the end of 2014. The line will run from Spearville, Kansas to Wichita, Kansas, with a connection south from Medicine Lodge, Kansas, to Oklahoma. The line is being jointly constructed by ITC Great Plains and Prairie Wind Transmission (a joint venture between Westar Energy and Electric Transmission America, LLC). The project is scheduled for completion by the end of 2014, at an estimated cost of \$525.2 million. The Y-Plan will enhance electric reliability in Kansas and support expansion and export of the state's wind energy resources. KETA members worked tirelessly in preceding years to ensure this project was included in the Southwest Power Pool's (SPP) Priority Projects, a group of only six high-voltage projects approved for immediate construction.

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- A siting permit was issued in August 2013 for the Summit to Elm Creek Project, a single circuit 345 kV transmission line from the Summit substation near Salina, Kansas, to the Elm Creek substation near Concordia, Kansas. ITC Great Plains and Westar Energy are each building half of the 60-mile line, which is proposed to be completed by the end of 2016 at an estimated cost of \$104 million. This line was evaluated as part of a cost-benefit study funded by KETA and five partners in 2011.
- A siting permit was issued in November 2013 for the Grain Belt Express, a project of Clean Line Energy Partners, which would be the first high-voltage, direct current (HVDC) transmission line in Kansas. The line will gather wind-generated electricity from the area around Spearville, Kansas, and transport it to the energy markets of the central U.S., with a planned terminus in western Indiana. The Grain Belt Express is a \$2 billion project in all, with expenditures for the portion of the line in Kansas estimated at approximately \$950 million. A condition of the siting permit requires Clean Line to obtain transmission line siting approvals from the Missouri, Illinois, and Indiana state utility commissions before beginning construction of the Kansas portion of the project.

In light of the significant growth in new transmission, the Authority began a process of review in 2013. Members posed such questions as “How much more transmission is likely to be needed in the coming years,” “If KETA were to be created anew, how might its mission change,” “Should the requirements for or membership of the Board be changed,” and “Are there other types of projects KETA should be considering?”

The Authority solicited comments on these and related questions from a broad group including representatives of industry, state agencies, advocacy groups, interested members of the public, and the Board itself. In response to comments and after extensive discussion, the Authority agreed to the following changes, which will require legislative action:

- Modify the statutory purpose of KETA to read as follows: “The purpose for which the Kansas Electric Transmission Authority is created is to further ensure planning and reliable operation of the integrated electrical transmission system, diversify and expand the Kansas economy, and facilitate the delivery and utilization of Kansas energy through improvements in the state’s electric transmission infrastructure and related policy initiatives.”
- Increase the size of the Board of Directors of the Authority from seven to nine. The two additional members would be appointed by the Governor. The experience requirement for gubernatorial appointees would be modified to include development of energy infrastructure as qualifying experience.

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- Authorize the Board to create a Transmission Advisory Council, to include representatives from renewable energy interests, transmission-owning utilities, transmission-dependent utilities, the Department of Commerce, the Department of Transportation, and the Department of Wildlife, Parks and Tourism. Members would serve at the pleasure of the Board.

KETA minutes are posted on the Authority's website for public access. Key activities of the Authority are highlighted at the end of this report.

KETA continued to operate frugally during 2013 with financing from the Public Service Regulation Fund. KETA expended only \$17,686 during FY 2013. The Authority contracts with Stevens & Brand, LLP, to provide legal services, and since FY 2012 has approved payment to the Kansas Legislative Research Department for administrative support services. The Kansas Corporation Commission provides accounting services, and the Office of the Revisor of Statutes assists with legal support. KETA strives to be a good steward of public funds. When the Authority determined it was necessary to commission a cost-benefit study of several potential transmission lines in Kansas, the Board actively and successfully sought partners in the industry to share in this costly venture. One of the lines evaluated in the cost-benefit study (Summit – Elm Creek) subsequently was approved by the SPP for base plan funding and, currently, is under construction by two Kansas utilities.

Because the Authority has been both frugal and successful in leveraging its expenses, KETA's ending balances have risen steadily and now exceed anticipated near-term need. In response, the Board voted in November to return \$200,000 of the Authority's previously appropriated funds to the Public Service Regulation Fund. The Executive Director of the KCC has been requested to make an administrative transfer of the money, since both the KETA Administrative Fund and the Public Service Regulation Fund are under the control of the KCC and such transfers are authorized by statute. The Authority's FY 2015 budget request of \$100,000 was included in the two-year budget adopted by the 2013 Legislature.

KETA appreciated the state's support during 2013 and looks forward to an equally productive year in 2014.

Respectfully,



Earnest A. Lehman, Chairman
Kansas Electric Transmission Authority

Overview of KETA Activities -- 2013

Minutes of the Authority's business meetings and prior annual reports are posted on the KETA website at <http://accesskansas.org/keta>. The meetings held during 2013 are briefly summarized below.

March 2013

The Authority welcomed new members Senator Marci Francisco and Representative Dennis Hedke, and conducted the annual election of officers. Earnie Lehman was elected Chairman, Senator Pat Apple was elected Vice-chairman, and Tim McKee was elected Secretary.

The Authority discussed revisions to the KETA business plan outline, and agreed that, in 2013, KETA should examine the statutory composition of the Board (currently four legislators *ex-officio* and three gubernatorial appointees); monitor power demands related to new drilling in the Mississippian Lime Formation and the Marmaton Formation, which could lead to demand for new transmission; and broaden existing goals to emphasize that KETA may want to look at all types of energy being developed in the state and determine whether Kansas has adequate transmission to serve that development. In addition, the Authority should continue to monitor transmission projects under development in Kansas and maintain contact with infrastructure authorities in other states.

June 2013

Utility representatives provided status updates on the Y-Plan, the Summit - Elm Creek project, and the Grain Belt Express. A representative of the Southwest Power Pool (SPP) presented information on improvements to the Aggregate Study process for transmission service requests, improvements to the Generator Interconnect Study process, and SPP's response to the Federal Energy Regulatory Commission's (FERC) Order 1000 – specifically the parts dealing with Right of First Refusal. Upcoming SPP meetings were reviewed.

Authority members began discussion of KETA's role in the future and how the roles and perspectives of KETA members who are gubernatorial appointees may differ from those who are *ex officio*. Members discussed the need to consider what KETA might look like if it were being created in 2013, including an assessment of how much additional advocacy for transmission is needed. The Authority will seek input from the industry and the public on these issues as it moves forward.

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September 2013

The Authority welcomed the new Executive Director of the Kansas Corporation Commission (KCC), Kim Christiansen. The Authority discussed its 2015 budget request (already approved due to the Legislature's transition to a two-year budget), and directed staff to report back on options for returning a portion of KETA's previously appropriated funds. The Authority received a map of Kansas transmission lines KETA has been involved with, courtesy of SWCA Environmental Consultants.

Utility representatives provided updates on the Y-Plan, the Summit - Elm Creek project, and the Grain Belt Express. Staff of the KCC provided information on the KCC's statutory role in the transmission line siting process as well as KCC's activities in the SPP. The Authority heard testimony from five organizations regarding their views on the role of KETA in the future. Members agreed to hold the record open for public comment until October 15, 2013. A subcommittee was appointed to review all comments received and generate a plan or options for consideration.

November 2013

The Authority heard a presentation from Chairman Lehman on the Midwest Governor's Association meeting *Electrifying the Economy: Utilizing the Grid to Strengthen the Midwest's Competitive Advantage*. In light of the size of KETA's ending balances, members agreed to request administrative transfer of \$200,000 from the KETA Administrative Fund to the Public Service Regulation Fund. Following presentation of options from the subcommittee that considered the comments on the future of KETA and extensive discussion, the members supported statutory changes that included modifications to the wording of KETA's purpose, expansion of the Board from seven to nine members, and authorization for KETA to create a Transmission Advisory Council.

KETA Budget

The Authority's budget requests for FY 2014 and FY 2015 are displayed in the following table. Due to the creation of the KETA Administrative Fund within the KCC, balances remaining at the end of a fiscal year carry over to the next year.

Kansas Electric Transmission Authority Budget Request

	FY 2014 Request	FY 2015 Request
Operations		
Salaries & Wages	\$ 8,300	\$ 8,300
Travel & Subsistence	35,970	35,970
Contractual - Professional Services	54,730	54,730
Miscellaneous Expenses	500	500
Official Hospitality	500	500
Total Expenditures	\$ 100,000	\$ 100,000
KETA Development Fund	\$ 0	\$ 0