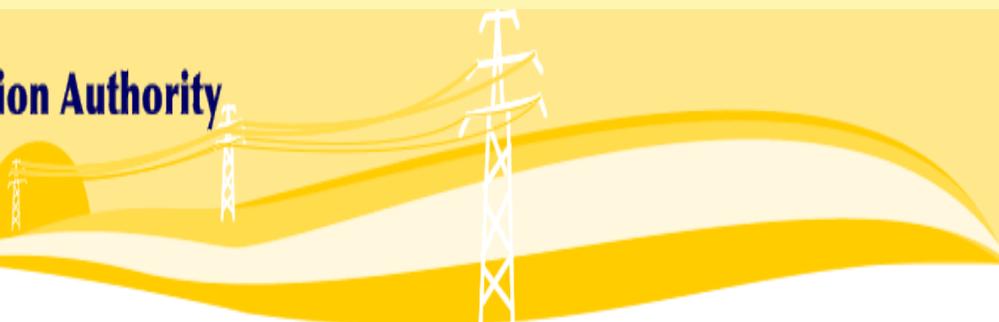


# Kansas Electric Transmission Authority

2015 Annual Report  
To the Governor  
And the Legislature

**KS Electric  
Transmission Authority**

**KETA**



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

January 11, 2016

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

*Earnie Lehman,*  
*Chairman*

Governor, President, and Speaker:

*Representative*  
*Dennis Hedke,*  
*Vice-chairman*

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

*Tim McKee,*  
*Secretary*

Prior to KETA's creation in 2005, there had been no significant new construction of high-voltage transmission lines in the state for 22 years. By the beginning of 2015, more than 400 miles of 345kV transmission line had been completed: the 174-mile KETA Line, running from Spearville, Kansas to the Nebraska border in Smith County, and the 230-mile V Plan, which runs from Spearville, Kansas to Wichita, Kansas, with a connection south from Medicine Lodge, Kansas, to Oklahoma. These projects, completed on time and on budget, enhance electric reliability in Kansas and support expansion and export of the state's wind energy resources. Constructed at a total cost of approximately \$618.5 million, the projects contributed significantly to the Kansas economy.

*Les Evans*

*Senator Marci*  
*Francisco*

*Representative*  
*Annie Kuether*

*Senator Rob Olson*

Ongoing transmission projects include the following:

- 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 is under construction and is scheduled to be completed by the end of 2016. ITC Great Plains and Westar Energy are each building half of the 60-mile line. This line was evaluated as part of a cost-benefit study funded by KETA and five partners in 2011.
- A siting permit was issued by the KCC 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

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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. Regulatory approvals have been obtained for Illinois and Indiana. The Missouri Public Services Commission denied Clean Line's application for a Certificate of Public Necessity and Convenience in 2015, as well as the company's subsequent request for a rehearing on the decision, but Clean Line continues to evaluate its options for moving the project forward in Missouri.

With major new transmission lines completed or under construction, KETA has focused attention on activities and issues that may affect the operation of transmission in Kansas. These include the SPP's new Integrated Marketplace, the Federal Energy Regulatory Commission's (FERC) Order 1000 which increases competition in construction of transmission by eliminating the right of first refusal of incumbent utilities to construct transmission in their service territories, and the EPA's Clean Power Plan (CPP). Key activities of the Authority are highlighted at the end of this report.

KETA welcomed Senator Rob Olson to the Board during 2015. As Chairperson of the Senate Utilities Committee he is an *ex officio* member of the Board. KETA looks forward to the appointment of two new members to be appointed by the Governor. Legislation enacted in 2014 increased the size of the Board of Directors from seven members to nine members.

KETA continued to operate frugally during 2015 with financing from the Public Service Regulation Fund. KETA had direct expenditures of only \$17,588 during FY 2015. KETA strives to be a good steward of public funds, and leverages its resources when possible. The Authority contracts with Stevens & Brand, LLP, for 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 appreciated the state's support during 2015 and looks forward to a productive year in 2016.

Respectfully,



Earnest A. Lehman, Chairman  
Kansas Electric Transmission Authority

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## Overview of KETA Activities -- 2015

Minutes of the Authority's business meetings and prior annual reports are posted on the KETA website at <http://www.kansas.gov/keta/>. The meetings held during 2015 are briefly summarized below.

### March 2015

The Board conducted the annual election of officers. Earnie Lehman was elected Chairman, Representative Dennis Hedke was elected Vice-chairman, and Tim McKee was elected Secretary. Senator Rob Olson, Chairperson of the Senate Utilities Committee, was welcomed as the newest member of KETA.

The Board voted to adopt changes to the Bylaws consistent with the statutory changes enacted by the 2014 Legislature that increased the size of the Board and modified quorum requirements. Board members discussed the status of new appointments.

### June 2015

The Board received an update on the status of infrastructure authorities in nearby states from Mr. McKee. The contract with Stevens & Brand, LLP for legal services was renewed for the coming year with no change in rates, as was the agreement with the Kansas Legislative Research Department for administrative services.

The first year of the Southwest Power Pool's (SPP) Integrated Marketplace was reviewed from several perspectives. SPP representatives Paul Suskie, Executive Vice President, Regulatory Policy and General Counsel and Bruce Rew, Vice President of Engineering and Operations noted the project finished on time and on budget, and operated very well during its first 12 months. Justin Grady, Chief of Accounting and Financial Analysis, Kansas Corporation Commission discussed the level of monitoring involved and stated the results to date have been promising. Grant Wilkerson, Director of Marketing Structure and Compliance, Westar Energy, said there have been some difficulties but overall the Marketplace is saving money for customers and will continue to mature and improve over time.

Mr. Suskie provided an overview of the FERC Order 1000 competitive bidding process and Brett Hooten, Interregional Coordinator III, SPP presented information on the SPP-MISO joint study, which evaluated transmission projects that might provide benefits to both regional transmission organizations.

Written transmission updates were provided by Westar Energy and ITC Great Plains. Mark Lawlor, Director of Development, Clean Line Energy was present to provide an update on the status of the Grain Belt Express.

The Board also received comments from the public regarding two possible new transmission projects: a line north from Elm Creek into Nebraska and a direct current (DC) tie from northwest Kansas to Colorado.

### **September 2015**

During this meeting held by teleconference, the Board voted to submit a budget request of \$75,000 per year for fiscal years 2017 and 2018 and adopted a Travel Approval Policy that formalized existing practices and clarified staff may be reimbursed for approved travel. Approval was granted for attendance at upcoming meetings of the Southwest Power Pool.

### **December 2015**

Written transmission updates were provided by Westar Energy, ITC Great Plains, and Clean Line Energy. The Board received public comment on how FERC Order 1000 has impacted or will impact Kansas. The first project nationwide to be approved under Order 1000 is in Sunflower Electric Power Corporation's territory. Sunflower is concerned the project is not needed near-term due to changed oil and gas development projections, and will result in excessive costs for Sunflower's members if the project goes forward. Representatives of ITC Great Plains and Westar Energy provided perspectives on Order 1000 as well. Following discussion, the Board approved KETA's 2015 Annual Report for submission to the Governor and the Legislature subject to changes by the Chair. Board members discussed the October SPP meetings and the legislative tour of SPP, as well as attendance at the January SPP meetings.

**Kansas Electric Transmission Authority**

**KETA Budget**

The Authority's budget requests for FY 2017 and FY 2018 are displayed in the following table.

**Kansas Electric Transmission Authority Budget Request**

	FY 2017 Request	FY 2018 Request
<b>Operations</b>		
Salaries & Wages	\$ 10,000	\$ 10,000
Travel & Subsistence	35,000	35,000
Contractual - Professional Services	29,000	29,000
Miscellaneous Expenses	500	500
Official Hospitality	500	500
<b>Total Expenditures</b>	<b>\$ 75,000</b>	<b>\$ 75,000</b>

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