

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Dwight D. Keen

In the Matter of the Application of Sunflower)
Electric Power Corporation for a Transmission)
Rights Only Certificate of Convenience and) Docket No. 19-SEPE-058-COC
Authority to Transact the Business of an)
Electric Public Utility in the State of Kansas)

**ORDER GRANTING CERTIFICATE OF CONVENIENCE AND AUTHORITY FOR
TRANSMISSION RIGHTS ONLY**

This matter comes before the State Corporation Commission of the State of Kansas
(Commission) for consideration and decision. Having reviewed the files and records, and being
duly advised, the Commission finds and concludes as follows:

I. BACKGROUND

1. On August 6, 2018, Sunflower Electric Power Corporation (Sunflower) filed an
Application requesting a Certificate of Convenience and Authority for Transmission Rights Only
to construct a new 24 mile, 115kV electric transmission line from the Sunflower-owned Santa Fe
Substation northerly to the new Wheatland Electric Cooperative, Inc.-owned Charleston
Substation, and then continuing north to the new Lane-Scott Electric Cooperative, Inc.-owned
Twin Springs Substation.

2. Specifically, Sunflower's transmission rights only project will be routed through
the following real estate all in Finney and Gray Counties, Kansas:

- o Sections 17, 20, 29, and 32, all in Township 23 South, Range 30 West of the 6th
P.M.;

- Sections 2, 3, 4, 5, 8, 9, 10, 11, 15, 22, 26, 27, 34, and 35, all in Township 24 South, Range 30 West of the 6th P.M.;
- Sections 3, 10, 14, 15, 23, 25, 26, 27, 34, and 36, all in Township 25 South, Range 30 West of the 6th P.M.;
- Sections 28, 29, 30, and 33, all in Township 25 South, Range 29 West of the 6th P.M.; and
- Sections 4 and 5, all in Township 26 South, Range 29 West of the 6th P.M.

3. The proposed transmission line will traverse the certificated retail service territories of the following electric utilities:

- The Victory Electric Cooperative Association, Inc., 3230 N. 14th Avenue, Dodge City, Kansas 67801 (“Victory”);
- Wheatland Electric Cooperative, Inc., 101 Main Street, Scott City, Kansas 67871 (“Wheatland”); and
- Lane-Scott Electric Cooperative, Inc., 410 S. High Street, Dighton, Kansas 67839 (“Lane-Scott”).

4. On October 5, 2018, Commission Staff (Staff) submitted its Report and Recommendation, dated September 27, 2018, attached hereto and incorporated via reference, recommending the Commission grant Sunflower’s Application and issue the company a Certificate for Transmission Rights Only to transact the business of an electric public utility in the territories described in paragraph 2 above.

II. LEGAL STANDARDS AND DISCUSSION

5. Pursuant to K.S.A. 2017 Supp. 66-131, the Commission has jurisdiction to grant a Certificate to any public utility seeking to transact business in the State of Kansas. K.S.A. 66-

1,170 et seq., the Retail Electric Suppliers Act (RESA), requires the State of Kansas to be divided into electric service territories in which only one retail electric supplier is established for a given territory. Notwithstanding the mandated single electric provider service territories, RESA also provides that retail electric suppliers may enter into agreements to amend boundaries between their facilities. The agreements are subject to Commission approval, and if so approved, the Commission shall issue a certificate accordingly.

6. According to Staff, the proposed project is part of a multi-year plan to reinforce the 115kV transmission backbone in portions of the service territories of Victory, Wheatland, and Lane-Scott electric cooperatives which are members of the Sunflower cooperative. Sunflower states the project will strengthen transmission reliability and capacity in the area for three Sunflower members and will offset the need for upgrades to three members' 34.5kV sub-transmission facilities.¹ In response to Staff data requests, Sunflower provided information from its members documenting that the members had requested the proposed facilities in order to meet anticipated load growth and improve overall system reliability. Regarding reliability improvements, Sunflower notes the project will also provide voltage loss savings and offset the need to rebuild portions of the 34.5kV system. The proposed route will be located in the retail territory belonging to the three members of Sunflower that have requested the project. Wheatland depends on nearly 30 miles of 34.5kV that will need replaced in the future. Victory relies on 115kV that has no backup in case of an outage, and Lane-Scott's nearest 115kV source is 30 miles north.

7. In its Application, Sunflower provided its rationale for six policy considerations that are relevant to the Commission's review of a Transmission Rights Only application.² After

¹ Staff's Report and Recommendation, pg. 2 [September 27, 2018].

² Sunflower Application, paragraphs 9-23 [August 6, 2018].

reviewing Sunflower's comments in this regard and reviewing the scope of the proposed project, Staff agrees the subject project will promote the public convenience and necessity. Staff has reviewed Sunflower's Application and has confirmed the legal description included in the Application is accurately depicted on a map attached to the Application. Staff has confirmed the legal description is not in conflict with the Commission's Certificate records. The legal description is included as Attachment A to Staff's Report and Recommendation. Ultimately, Staff recommends the Commission find that public convenience will be promoted by the granting of Sunflower's Application.

III. FINDINGS AND CONCLUSIONS

8. The Commission adopts Staff's analysis and recommendation of September 27, 2018, as stated in its Report and Recommendation and finds that Sunflower's Application should be granted, and that public convenience and necessity will be promoted by issuing Sunflower the requested Certificate for transmission rights only.

IT IS, THEREFORE, BY THE COMMISSION CONSIDERED AND CERTIFIED:

A. The Application filed by Sunflower Electric Power Corporation is granted and a Certificate of Convenience and Authority for Transmission Rights Only is hereby issued to Sunflower for the transmission of business as an electric public utility in the territories and to the extent described in paragraph 2 above.

B. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 2017 Supp. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler Commissioner; Keen, Commissioner

Dated: 10/11/2018



Lynn M. Retz
Secretary to the Commission

PZA

STATE OF KANSAS



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REPORT AND RECOMMENDATION UTILITIES DIVISION

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Dwight D. Keen

FROM: Jason Kerr, Electric Utility Engineering Technician
Leo Haynos, Chief Engineer
Jeff McClanahan, Director of Utilities

DATE: September 27, 2018

SUBJECT: 19-SEPE-058-COC
In the Matter of the Application of Sunflower Electric Power Corporation for a Transmission Rights Only Certificate of Convenience and Authority to Transact the Business of an Electric Public Utility in the State of Kansas.

EXECUTIVE SUMMARY:

In Docket 19-SEPE-058-COC, Sunflower Electric Power Corporation (Sunflower) is seeking Transmission Rights Only (TRO) to construct a new 115kV transmission line which is approximately 24 miles in length.

Staff recommends that the Commission grant this Application for TRO and find that public convenience will be promoted by this transaction.

BACKGROUND:

Sunflower is a non-profit, member-owned corporation operated as a cooperative and has been granted a general Certificate of Convenience from the Kansas Corporation Commission.

Sunflower is requesting a TRO Certificate of Convenience and Necessity to construct, own and operate an approximately 24 mile 115kV transmission line from the new Sunflower-owned Santa Fe Substation northerly to the new Wheatland-owned Charleston Substation and continuing north to the new Lane-Scott owned Twin Springs Substations.

Lane-Scott Electric Cooperative, Inc. (Lane-Scott); The Victory Electric Cooperative Association, Inc. (Victory); and Wheatland Electric Cooperative, Inc. (Wheatland) are three members of the Sunflower cooperative. Each of these members anticipates load growth due to oil and gas development in this area. Partly in response to the expected load growth, Sunflower is proposing this transmission line project.

K.S.A. 66-1,170 et seq., the Retail Electric Suppliers Act (RESA) requires the state of Kansas to be divided into electric service territories in which only one retail electric supplier is established for a given territory. If a retail electric supplier receives Commission approval, RESA allows it to extend distribution or transmission facilities through the territory of another supplier provided the supplier building through the territory only uses the proposed line to serve its own certificated customers.

The Commission has authority to grant a Certificate of Convenience and Necessity to any public utility seeking to transact business in the State of Kansas.¹

The statutory standard of review in this matter is whether the public convenience will be promoted by the transaction of the proposed project and by permitting the applicants to transact the business of a common carrier or public utility.²

ANALYSIS:

This project is part of a multi-year plan to reinforce the 115kV transmission backbone in portions of the service territories of Victory, Wheatland, and Lane-Scott electric cooperatives which are members of the Sunflower cooperative. Sunflower states the project will strengthen transmission reliability and capacity in the area for three Sunflower members and will offset the need for upgrades to the three members' 34.5kV sub-transmission facilities.

In response to Staff data requests, Sunflower provided information from its members documenting that the members had requested the proposed facilities in order to meet anticipated load growth and improve overall system reliability. Anticipated load growth in the area is related to oil and gas development. Regarding reliability improvements, Sunflower notes the project will also provide voltage loss savings and offset the need to rebuild portions of the 34.5kV system.³ The project is estimated to cost \$16 million. If the anticipated load growth occurs, Sunflower estimates the project would offset \$17.1 million of power losses on the 34.5kV system if the existing 34.5kV system was required to serve the new growth. Even without the anticipated growth, the proposed expansion will result in \$9 million in savings by reducing the power losses on the existing 34.5kV system.⁴

The proposed route will be located in the retail territory belonging to the three members of Sunflower that have requested the project. Wheatland depends on nearly 30 miles of 34.5kV that will need replaced in the future. Victory relies on 115kV that has no backup in case of an outage. Lane-Scott's nearest 115kV source is 30 miles north near Dighton, Kansas.

¹ K.S.A. 66-131.

² K.S.A. 66-131.

³ Response to Staff Data Request 1.

⁴ Response to Staff Data Requests 5 and 6.

In its Application, Sunflower provided its rationale for six policy considerations that are relevant to the Commission's review of a TRO.⁵ After reviewing Sunflower's comments in this regard and reviewing the scope of the proposed project, Staff agrees the subject project will promote the public convenience and necessity.

Staff has reviewed Sunflower's Application and has confirmed the legal description included in the Application is accurately depicted on the map attached to the Application. Staff has confirmed the legal description is not in conflict with the Commission's Certificate records. The legal description is included as Attachment A to this Report and Recommendation.

Staff recommends that the Commission find that public convenience will be promoted by the granting of this Application.

The Commission action date is February 1, 2019.

RECOMMENDATION:

Staff is recommending Sunflower's Application for Certificate in 19-SEPE-058-COC be granted for Transmission Rights Only.

⁵ Paras. 9-23, Sunflower Application.

ATTACHMENT A
Legal Description of Proposed Transmission Line Route
19-SEPE-058-COC

FINNEY and GRAY COUNTY, KANSAS

TRANSMISSION RIGHTS ONLY:

Subject to minor changes due to routing negotiations with landowners:

- a. Sections 17, 20, 29, and 32, all in Township 23 South, Range 30 West of the 6th P.M.;
- b. Sections 2, 3, 4, 5, 8, 9, 10, 11, 15, 22, 26, 27, 34, and 35, all in Township 24 South, Range 30 West of the 6th P.M.;
- c. Sections 3, 10, 14, 15, 23, 25, 26, 27, 34, and 36, all in Township 25 South, Range 30 West of the 6th P.M.;
- d. Sections 28, 29, 30, and 33, all in Township 25 South, Range 29 West of the 6th P.M.;
- e. Sections 4 and 5, all in Township 26 South, Range 29 West of the 6th P.M.

CERTIFICATE OF SERVICE

19-SEPE-058-COC

I, the undersigned, certify that the true copy of the attached Order has been served to the following parties by means of first class mail and electronic service on 10/12/2018.

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/S/ DeeAnn Shupe

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