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Kansas Corporation Commission
/S/ Susan K. Duffy

STATE CORPORATION COMMISSION

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 Docket
Room

**BEFORE THE
KANSAS CORPORATION COMMISSION**

**PREPARED DIRECT TESTIMONY OF
WILLIAM N. DOWLING
ON BEHALF OF
MIDWEST ENERGY, INC.**

DIRECT TESTIMONY OF WILLIAM N. DOWLING

Q: Please state your name and qualifications.

A: My name is William N. Dowling. I am the Vice President of Energy Management and Supply for Midwest Energy, Inc. (Midwest Energy, or the Company). Within my responsibilities are a wide variety of tasks related to the wholesale purchases and management of electric and natural gas energy supplies. This includes responsibilities for regulatory activities before the Federal Energy Regulatory Commission involving both natural gas and electric transmission and wholesale marketing activities. I also represent the Company at a variety of organizations, including the Southwest Power Pool (SPP) and the North American Electric Reliability Corporation (NERC). I have previously provided testimony to the Federal Energy Regulatory Commission in Docket No. ER95-590-000, in which our currently effective transmission rates were approved, along with the terms of Midwest Energy's Open Access Transmission Tariff (OATT). I have also coordinated and supervised the filing of written comments on behalf of Midwest Energy in a number of dockets before the Federal Energy Regulatory Commission related to transmission access, RTO development and wholesale markets. I provided testimony to this Commission in Docket No. 96-SEPE-680-CON and 03-MDWE-001-RTS. I have also coordinated and supervised the filing of comments on behalf of Midwest Energy in various proceedings on both natural gas and electric transmission and supply issues. Other areas of responsibilities

include our control center operations, energy supply contracting and purchasing, and communications, protection and control systems.

Q: Please describe your educational background and prior professional responsibilities.

A: I graduated from Kansas State University in 1979 with a Bachelor of Science in Electrical Engineering. In 1994 I received a Masters degree in Business Administration from Fort Hays State University. I also completed the Public Utility Executive Program at Michigan University in 1990. I am a licensed professional engineer in Kansas. After working for a consulting engineering firm for two years, I joined Midwest Energy in 1981 as a staff engineer in the Great Bend office. I was initially involved in distribution design, and later expanded into substation design. In 1985 I was transferred to the corporate offices at Hays, where I continued working in substation design and transmission design, and also acquired responsibilities for communications and supervisory control systems. At that time I also began to act as a consultant to the electric operations staff in the area of transmission system operations. In 1993 I assumed responsibility for the control center operations and power purchasing for the electric system. In 1994 the gas purchasing was also moved to our department. In 1998 the Energy Management and Supply department was separated from the Engineering and Operations department, and I assumed responsibility for this group as a Vice President. This department is responsible for the administration of transmission services for Midwest Energy.

Q: Please describe the jurisdictional relationship of both the Federal Energy Regulatory Commission and the Kansas Corporation Commission as to terms, conditions and rates for transmission services offered by Midwest Energy.

A: Prior to 1995 all transmission services offered by Midwest Energy were subject to the regulation of this Commission. When Midwest Energy paid off its loans from the Rural Utilities Service (RUS) and obtained funding from other sources Midwest Energy's sales for resale and interstate transmission services became subject to the jurisdiction of FERC pursuant to the Federal Power Act (FPA). The Company's rates, terms and conditions of retail service, including local distribution service, remained subject to the jurisdiction of this Commission. The Company's rates, terms and conditions of wholesale sales and unbundled transmission service remained within the jurisdiction of the FERC until October 25, 2005 when the FERC determined that Midwest Energy is no longer subject to the FERC's jurisdiction as a "public utility" under Part II of the FPA, based on the amended language in section 201(f) of the FPA. In a separate proceeding Midwest Energy will be filing a separate request with the Commission seeking acknowledgement of its jurisdiction over Midwest Energy's transmission facilities. As a member of the SPP, Midwest Energy has agreed to place its transmission facilities under the SPP-OATT for the administration of all sales of transmission service, and the Company's transmission rates are included in Attachment H of the SPP-OATT. All new transmission services are offered pursuant to the rates, terms and conditions of the SPP-OATT, while some remaining "grandfathered" transmission services that were in effect prior to Midwest Energy

placing its transmission facilities under the SPP-OATT remain in effect pursuant to the Company's own tariff until terminated. Because Midwest Energy has placed its transmission facilities under the SPP-OATT, the FERC has jurisdiction over all rates, terms and conditions in the SPP-OATT, including those pertaining to Midwest Energy. Accordingly, the facilities classified as transmission by Midwest Energy must ultimately meet the requirements established by this Commission, the FERC, and the SPP. At such time as Midwest Energy seeks and receives approval from this Commission to change its transmission service rates, such rates will be provided to the SPP for inclusion in Attachment H of the SPP-OATT. Such inclusion will require the approval of the FERC, and therefore the classification of assets upon which those rates are developed is also of interest to the FERC and SPP.

Q: What is the purpose of your testimony in this proceeding?

A: My purpose is to support and explain Midwest Energy's request (1) confirmation of the classification of certain assets as distribution facilities using criteria set forth by the Federal Energy Regulatory Commission in its Order No. 888 (FERC Docket Nos. RM95-8-000 and RM94-7-001), which was issued April 24, 1996, (2) Confirmation of the classification of certain assets as transmission facilities, as previously recognized in the Stipulation and Agreement in Docket No. 03-MDWE-001-RTS, and (3) re-classification of two specific 69kV and 115kV radial line segments as distribution.

Q: Why are you seeking the classification of certain assets as distribution in this proceeding?

A: There are two primary reasons for this request. First, the allocation methodology and factors used in the cost of service analysis underlying the rate application are based on the classification of certain assets as either transmission or distribution. In FERC Docket Nos. ER95-590-000 and OA96-155-000, wherein Midwest Energy sought approval of its OATT and associated transmission rates, certain assets were classified as transmission. Such classification, based upon various "standards" suggested by the FERC, was incorporated into the Stipulation and Agreement supported by FERC Staff that resolved all issues in that proceeding. The second reason such a determination is sought in the instant proceeding relates to the terms of the Order issued by the FERC in Docket No. ER02-1420-000, "Order Conditionally Accepting Proposed Tariff Revisions and Revised Agreement and Confirming Regional Transmission Organization Status", issued on May 31, 2002. In that Order, FERC reaffirmed its consistently stated position, beginning with Order No. 888, that it "will defer to state commission recommendations regarding certain transmission and local distribution matters that arise concerning the facilities that they regulate". (99 FERC ¶ 61,250 at 62,089 - 62095 (2002)). Subsequent to the issuance of that Order, the SPP filed an application at the FERC in Docket No. ER05-1285-000 seeking approval of a new definition of transmission facilities to be incorporated into the SPP regional Open Access Transmission Tariff (SPP-OATT) in Attachment AI thereto. As set forth in the compliance filing of Attachment AI to the SPP-OATT, "Transmission Facilities shall include all facilities that meet the following criteria:

1. All existing non-radial power lines, substations, and associated facilities, operated at 60kV or above, plus all radial lines and associated facilities operated at or above 60kV that serve two or more eligible customers not Affiliates of each other. Rate treatment for transmission upgrades completed after October 1, 2005 will be determined pursuant to Section 1.3(h) of this Tariff. For the purpose of the application of this criterion, "open loops" are radial lines. Additionally, at such time an existing radial is incorporated into a looped transmission circuit, that existing radial would be eligible for inclusion in rates on the same basis as the remainder of the facilities in the loop.
2. All facilities that are utilized for interconnecting the various internal zones to each other as well as those facilities that interconnect SPP with other surrounding entities.
3. Control equipment and facilities necessary to control and protect facilities qualifying as Transmission Facilities.
4. For substations connected to power lines qualifying as Transmission facilities, where power is transformed from a voltage higher than 60 kV to a voltage lower than 60 kV, facilities on the high voltage side of the transformer will be included with the exception of transformer isolation equipment.
5. The portion of the direct-current interconnections with areas outside of the SPP region (DC ties) that are owned by a Transmission Owner in the SPP region, including those portions of the DC tie that operate at a voltage lower than 60kV.
6. All facilities operated below 60kV that have been determined to be transmission pursuant to the seven (7) factor test set forth in FERC order No. 888, 61 Fed Reg. 21, 540, 21,620 (1996), or any applicable successor test.

Attachment AI further requires that

"Within three (3) years from the date of acceptance by FERC of this Attachment AI to the Tariff, each Transmission Owner shall file a request(s) based on this Attachment with its appropriate regulatory authority or authorities for a determination as to which of its facilities are Transmission Facilities.

This three-year time frame expires in September 2008. Midwest Energy seeks a determination, based on the foregoing criteria, as to which assets owned and operated by Midwest Energy should be classified as transmission facilities.

Q: Can you describe the distribution and transmission network of Midwest Energy?

A: Midwest Energy owns and operates a distribution network consisting of approximately 9,400 circuit miles of line predominately operating at 12.47kV. Midwest Energy owns and operates a transmission system comprised of approximately 1,668 miles of lines and substations operating at voltages ranging from 34kv to 230kV. Table 1 below breaks out the approximate miles of transmission line by voltage.

Table 1

Approximate Miles of Transmission Line by Operating Voltage

<u>Operating Voltage</u>	<u>Miles of Line</u>
34kV	826 mi.
69kV	262 mi.
115kV	452 mi.
<u>230kV</u>	<u>128 mi.</u>
Total	1,668 mi.

Exhibits Dowling-1 through Dowling-2 are maps of the transmission facilities owned and operated by Midwest Energy. In addition to showing the location of the transmission lines, these maps indicate the location of various substations, interconnections with other transmission systems, and the wholesale energy delivery points with other electric cooperatives and wholesale municipal customers. Exhibit Dowling-3 provides a legend for those interconnection and delivery points. Note on these maps that interconnections with other utilities and the wholesale delivery points to cooperatives and municipal customers are located on the 34kV transmission system

as well as the 69kV and 115kV systems. It is also worth noting that nearly all of the wholesale municipal customers operate their own generation, and in some cases sell energy to customers located beyond the area served by the municipal facilities. Such sales require that municipal customers obtain direct access to Midwest Energy's transmission system, regardless of the local voltage utilized.

Q: You referred previously to certain “standards” or criteria which FERC has suggested are appropriate for distinguishing between local distribution facilities and transmission facilities. Can you describe such “standards” or criteria?

A: Yes. In Order No. 888 the FERC adopted a seven-factor test to distinguish “local distribution” facilities from “transmission” facilities. As noted in the Order No. 888 Regulations Preambles, ¶31,036 at pg. 31,771:

“the NOPR proposed to apply a combination function-technical test that would take into account technical characteristics of the facilities used for the wheeling. The Commission proposed seven indicators of local distribution to be evaluated on a case-by-case basis:

- (1) Local distribution facilities are normally in close proximity to retail customers.
- (2) Local distribution facilities are primarily radial in character.
- (3) Power flows into local distribution systems; it rarely, if ever, flows out.
- (4) When power enters a local distribution system, it is not re-consigned or transported on to some other market.

- (5) Power entering a local distribution system is consumed in a comparatively restricted geographical area.
- (6) Meters are based at the transmission/local distribution interface to measure flows into the local distribution system.
- (7) Local distribution systems will be of reduced voltage.”¹

Q: Relative to the electric delivery facilities owned and operated by Midwest Energy, can you describe in general terms which facilities are proposed to be classified as distribution facilities, and which should be classified as transmission facilities?

A: Yes. Referring to Exhibits Dowling-1 through Dowling-3, these maps show all facilities operated at or above 34kV. As noted above, these facilities have been classified as transmission facilities since 1995 for purposes of developing an Open Access Transmission Tariff and rates in FERC Docket Nos. ER95-590-000 and OA96-155-000. The remaining 9,400 miles of lower voltage lines, described previously, operated at voltages of 12.47kV and below, are proposed to be classified as distribution. This classification is not based solely on the operating voltage, but rather on the functional-technical characteristics set forth in the so-called seven-factor test.

Q: Please describe how the proposed facilities are appropriately classified as distribution under this seven-factor test.

¹ FERC Statutes and Regulations ¶ 32,514 at p. 33,145.

A: Each of the seven factors is relevant to the facilities we propose to classify as distribution as follows:

FERC Factor No. (1): Local distribution facilities are normally in close proximity to retail customers.

On Midwest Energy's system the facilities located in close proximity to retail customers generally are operated at voltages no higher than 12.47kV. These 12.47kV (and lower voltage) facilities are the last link in providing for the delivery of electric energy to individual end-users. These are the lines that run down the alleys and streets in towns, down the roads and across fields in rural areas, and out to irrigation wells and oil wells throughout our system. These lines were intentionally designed to pass as close to the end-user as possible, thereby reducing the length of the low-voltage connection to the customer. In contrast, the facilities operated at 34kV and above, as a general rule, are routed through much less populous areas and are not used to deliver energy directly to an end-user except in a very few circumstances. In those cases, end-use delivery from 34KV and higher voltage systems is only incidental to the extent that lower voltage distribution systems are not nearby or are not suitable.

FERC Factor No. (2): Local distribution facilities are primarily radial in character.

Radial lines are designed and operated for power to flow in only one direction. The 12.47kV lines used to deliver energy to end-users on the

Midwest Energy system are nearly always radial in design and implementation. These lines start out at a distribution substation and move the energy progressively further out to the end-user. Midwest Energy does not operate any distribution facilities in a loop fashion, though in many areas it is possible to switch load from one distribution line to another to reduce outage times. As to the Company's transmission systems operated at or above 34kV, they are often designed to operate in a looped network. In particular, reference to Exhibits Dowling-1 and Dowling-2 show that the 34kV system is nearly entirely made up of a series of looped networks. The 69kV, 115kV and 230kV portions of the system are also part of a looped network, though in some cases portions of the loop are owned and operated by other utilities. The 115kV and 230kV segments are also part of a looped transmission network. The loop nature provides for additional reliability that is the hallmark of transmission facilities.

FERC Factor No. (3): Power flows into local distribution systems; it rarely, if ever, flows out.

After power flows into the Midwest Energy distribution network at 12.47kV or lower it rarely flows out. By comparison, the 34kV facilities in the Midwest Energy system have bi-directional power flows at various times and locations. This is even more likely at locations where municipal wholesale customers are located. For example, Midwest Energy currently

purchases firm capacity and energy under long-term contracts with the Cities of Sterling and Oakley. In addition, Midwest Energy has purchased non-firm energy from other cities in the past, including, most recently, the City of Larned. Other significant examples include those locations where the 34kV system is connected to the 34kV transmission facilities of other transmission owners such as Westar and Sunflower. At these locations power flow can be in either direction, again depending on system configuration, generation dispatch, etc. Similarly, facilities operating at 69kV and above have energy flowing either in or out, depending on network configuration, generation dispatch, load levels, etc. These portions of the Midwest Energy network are part of the larger regional interconnected transmission network, and are used in the regional transmission of energy to other entities outside of our system as well as for transmitting energy to the distribution portion of the Company's system.

FERC Factor No. (4): When power enters a local distribution system, it is not re-consigned or transported on to some other market.

The facilities operated at 12.47kV and below carry energy to end-users for their ultimate consumption. With rare exceptions, these facilities are not used to deliver energy on a consignment basis to another wholesale customer or to another market. There are two very minor exceptions, in that 12.47kV facilities are used to deliver energy to two wholesale customers in the Cities of Radium and Seward, Kansas. The loads at these

two customers are quite small, peaking at approximately 80kW and 270kW respectively. These loads clearly are not sufficient to justify the construction of transmission facilities in order to effect delivery of wholesale energy supplies. Even though these lower voltage lines are operated as distribution, the FERC exerts jurisdiction, in particular for services sold under the SPP-OATT, as to the transmission rates and terms and conditions of service to wholesale customers even when the delivery is completed using distribution facilities. In contrast, the transmission facilities operated at 34kV and above are used extensively to carry energy on a "consignment" basis to wholesale customers for eventual resale. The 34kV system provides delivery service to numerous wholesale "delivery points" where energy is received by Sunflower Electric Power Corp. and Kansas Electric Power Cooperative (KEPCo) and redelivered to their member cooperatives. These cooperatives in turn resell the energy to end-users. Similarly, Midwest Energy delivers wholesale energy supplies from the 34kV system to several municipal wholesale customers, including the Cities of Colby, Hill City, Ellinwood, Larned, Stafford, Sterling and St. John. Furthermore, energy is occasionally purchased from these wholesale municipalities, which they generate with their own facilities. The Company also serves the City of LaCrosse at 115kV and the City of Jetmore at 69kV. The 69kV, 115kV, and 230kV lines are all part of the interconnected transmission system of the region, and as such are carrying

energy for various wholesale scheduled transactions at any given time. Notwithstanding the previous discussion, there are a few instances where energy is delivered directly to an end-user through the transmission system without going through a lower-voltage distribution system. For example, Midwest Energy has a few large industrial loads that required delivery of significant amounts of capacity and energy from 69kV facilities (often at capacities of 1,000kW to 3,000 kW). Utilization of distribution-class facilities would not have been practical. In other isolated situations, end users have their energy delivered directly from a 34kV transmission line because of the proximity of the transmission line relative to the nearest 12.47kV distribution facility. This reduces the cost of providing service to the end user, and is therefore a benefit to all customers.

FERC Factor No. (5): Power entering a local distribution system is consumed in a comparatively restricted geographical area.

As indicated, 34kV and above facilities are used to transmit energy across rural areas of the system. Once power/energy enters the 12.47kV facilities, Midwest Energy's system is designed to minimize the distance it must travel to reach the end user. In the context of a town or city, a distribution feeder may only be a few blocks to a mile in length. In rural settings, the distribution feeders are longer because of the dispersed nature of the load, and yet such feeders are designed to serve load in a relatively small area (all or part of a township for example). Contrast this with

facilities rated 34kV and above, which deliver bulk energy across a wide geographic area, encompassing several counties in many instances. The amount of load served from a segment of a transmission system or a substation may cover an entire county or a town; the transmission network as a whole provides energy to areas often covering hundreds of square miles in a rural setting.

FERC Factor No. (6): Meters are based at the transmission/local distribution interface to measure flows into the local distribution system.

Throughout the Company's electric network, the "handoff" from the transmission system to the distribution system is measured by meters installed at substations where the voltage is stepped down from 34kV or above to 12.47kV or below. Following the flow of energy through the distribution system, the next meter encountered in the system is generally the meter at the end user's facility. In contrast, meters at the substation serve as the point of demarcation between the distribution and transmission facilities.

FERC Factor No. (7): Local distribution systems will be of reduced voltage.

As noted previously, the facilities proposed to be classified as distribution operate at or below 12.47kV. Conversely, the facilities classified as transmission operate at voltages of 34kV up to 230kV on the Midwest Energy system. While voltage alone may not be a satisfactory indicator of

functional classification, it certainly supports the classification as adopted in the preceding six criteria.

Q: Are there other facilities which should be classified as distribution?

A: Yes. The FERC criteria do not directly address certain facilities such as retail meters and secondary services to end users that are generally operated at voltages of 208 – 480 volts. Delivery of power to end-users has historically been considered a distribution function and local in nature. Retail meters, secondary services, and appurtenant equipment are associated with the distribution function and should be classified as distribution facilities, no matter what voltage is supplied at the delivery point.

Q: Please summarize your conclusions reached from applying the FERC criteria.

A: Application of the so-called seven-factor test leads to the conclusion that those lines operated by Midwest Energy at voltages of 12.47kV and below should be classified as distribution facilities. In addition, all retail meters and secondary services should be classified as distribution facilities, regardless of voltage. Conversely, those facilities operated at voltages of 34kV and above perform a transmission function, do not fit the functional-technical characteristics of a distribution system, and therefore should be classified as transmission.

Q: Is your proposed classification of distribution and transmission facilities previously discussed consistent with the definition of transmission included in Attachment AI of the SPP-OATT?

A: Yes. As noted above, the recently-approved definition of transmission facilities for inclusion in the regional SPP Open Access Transmission Tariff provides guidance to transmission owners and transmission customers as to which facilities should be properly included in the determination of transmission rates for transmission service sold pursuant to the SPP Open Access Transmission Tariff. The SPP definition was used to classify facilities as transmission in the instant proceeding.

Q. Please describe how the facilities you propose to classify as transmission conform to the SPP definition of transmission as found in the FERC compliance filing of Attachment AI of the SPP-OATT.

A. Referring to the Exhibits Dowling-1 through Dowling-3, the six parameters of this definition can be examined individually.

SPP Factor No. (1): All existing non-radial power lines, substations, and associated facilities, operated at 60kV or above, plus all radial lines and associated facilities operated at or above 60kV that serve two or more eligible customers not Affiliates of each other.

Consistent with this definition all Midwest Energy non-radial transmission lines, substations and associated facilities operated at 69kV, 115kV or 230kV are classified as transmission. Also consistent with this definition, the following radial lines are classified as transmission:

- The 115kV line from Saline River Switching Station to the Bemis substation is properly classified as transmission because it serves retail customers of Midwest Energy and also provides for a wholesale

delivery to a distribution cooperative member of Sunflower Electric Power Corp. at the Saline River delivery point. Reference Item 1-1 on Exhibit Dowling-1.

- The 115kV line from LaCrosse South Switching Station to the LaCrosse Substation is properly classified as transmission because it serves retail customers of Midwest Energy and also provides for a wholesale delivery to the City of LaCrosse. Reference Item 1-2 on Exhibit Dowling-2.
- The 69kV line from Hanston to Jetmore is properly classified as transmission, as the only customer on this line is the City of Jetmore, a wholesale municipal customer with generation. Reference Item 1-3 on Exhibit Dowling-2.
- The 115kV line from Edwards substation to the Pawnee Substation is properly classified as transmission because it serves retail customers of Midwest Energy and also provides for a wholesale delivery to the City of Larned. Reference Item 1-4 on Exhibit Dowling-2.
- The 115kV line from Edwards Substation to the North Kinsley Substation is properly classified as transmission because it serves not only retail customers of Midwest Energy but also provides for a wholesale delivery to the KEPCo. Reference Item 1-5 on Exhibit Dowling-2.

Finally, consistent with the SPP definition, the following radial lines are not classified as transmission:

- The 115kV line from South Hays to Gorham is not classified as transmission. The only customers served from this line are retail customers of Midwest Energy. Reference Item 1-6 on Exhibit Dowling-1.
- The 69kV line from Great Bend North to Susank, Bunker Hill and Hitschmann substations is not classified as transmission. The only customers served from this line are retail customers of Midwest Energy. Reference Item 1-7 on Exhibit Dowling-2.

SPP Factor No. (2): All facilities that are utilized for interconnecting the various internal zones to each other as well as those facilities that interconnect SPP with other surrounding entities.

All lines operated at 69kV, 115kV and 230kV are utilized for interconnecting Midwest Energy to other transmission zones within the SPP. Additionally, as shown on Exhibits Dowling-1 through Dowling-3, there are a number of interconnections to Westar Energy, and Sunflower Electric Power Corp. 34kV as well. This provides additional support for classification of the 34kV facilities as transmission.

SPP Factor No. (3): Control equipment and facilities necessary to control and protect facilities qualifying as Transmission Facilities.

All control equipment and facilities necessary to control and protect those facilities properly classified as transmission have been properly classified as transmission assets.

SPP Factor No. (4): For substations connected to power lines qualifying as Transmission facilities, where power is transformed from a voltage higher than 60 kV to a voltage lower than 60 kV, facilities on the high voltage side of the transformer will be included with the exception of transformer isolation equipment.

There are a variety of substations connected to transmission lines where power is transformed from a voltage higher than 60kV to a lower distribution-class (less than or equal to 12kV) voltage. There are also a number of substations where power is transformed from 34kV, properly classified as transmission, to a lower distribution-class voltage. In both these cases, facilities on the high voltage side of the transformer, with the exception of transformer isolation equipment, have been properly classified as transmission. Finally, there are several substations where power is transformed from a voltage higher than 60kV to a voltage of 34kV or higher. All facilities on both sides of the transformer, as well as the transformer itself, are properly classified as transmission since the systems on both sides of the transformer are properly classified as transmission.

SPP Factor No. (5): The portion of the direct-current interconnections with areas outside of the SPP region (DC ties) that are owned by a Transmission Owner in the SPP region, including those portions of the DC tie that operate at a voltage lower than 60kV.

Midwest Energy does not own or operate any direct-current transmission facilities.

SPP Factor No. (6): All facilities operated below 60kV that have been determined to be transmission pursuant to the seven (7) factor test set forth in FERC order No. 888, 61 Fed Reg. 21, 540, 21,620 (1996), or any applicable successor test.

As previously discussed, the 34kV facilities owned and operated by Midwest Energy should be classified as transmission. This is supported by application of the seven-factor test, as well as the SPP definition of transmission.

Q: Please summarize your testimony in this proceeding, as well as the specific relief sought from this Commission.

A: My testimony has shown that the facilities classified as transmission by Midwest Energy, including some that are radial in design and the 34kV transmission system, are properly classified as transmission. Such a conclusion is supported by application of the seven-factor test to determine which facilities should be classified as distribution, and therefore by extension and exclusion, those that should be classified as transmission. Application of the six components of the definition of transmission

facilities that may be properly included in the SPP-OATT further demonstrates this classification to be correct. Furthermore, the SPP-OATT definition of transmission requires that two line segments be re-classified as distribution assets. The specific relief sought by Midwest Energy in this regard includes the following:

- Affirm the Commission's Order in Docket No. 03-MDWE-001-RTS that facilities operated at voltages of 12.47 kV and below should be classified as distribution facilities.
- Affirm the Commission's Order in Docket No. 03-MDWE-001-RTS that all retail meters and secondary services should be classified as distribution facilities, regardless of voltage.
- Find that all facilities classified by Midwest Energy as transmission, including those facilities operated at voltages below 60kV, are properly classified as transmission in accordance with the principles set forth in the FERC seven-factor test.
- Find that Midwest Energy's proposed classification of transmission facilities is consistent with the requirements set forth in Attachment AI of the SPP-OATT.

Q: If the Commission fully grants Midwest Energy's requests regarding the classification of facilities, what will change from the existing Commission-approved classification of assets?

A: The following line segments will be transferred from a transmission classification to a distribution classification:

(1) The 115 kV line from South Hays to Gorham

(2) The 69 kV line from Great Bend North to Susank, Bunker Hill and Hitschmann

Q: Does this complete your testimony?

A: Yes.