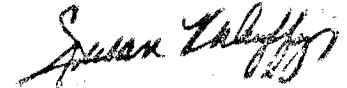


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STATE CORPORATION COMMISSION

MAR 14 2011



DIRECT TESTIMONY

11-ITCE-644-MUS

OF

CARL A. HUSLIG

ON BEHALF OF ITC GREAT PLAINS, LLC

1 I. INTRODUCTION

2 Q. Please state your name and business address.

3 A. Carl A. Huslig. My business address is 1100 SW Wanamaker Road, Suite 103,
4 Topeka, Kansas, 66604.

5 Q. By whom and in what capacity are you employed?

6 A. I am President of ITC Great Plains LLC (“ITC Great Plains”), a wholly-owned
7 subsidiary of ITC Grid Development, LLC, which, in turn, is a wholly-owned
8 subsidiary of ITC Holdings Corp. (“ITC”).

9 Q. How long have you held that position?

10 A. I have served as President since July 2006.

11 Q. Please describe your educational background and previous work experience.

12 A. I hold a Bachelor of Science degree in electrical engineering from Kansas State
13 University. I have worked in the utility industry for over 19 years. In 1991, I began
14 working at Aquila, Inc., and worked in many capacities on the transmission side of
15 the company. Immediately before I moved to ITC Great Plains, I served as Vice
16 President of Aquila’s Transmission Operations, where I was responsible for day-to-
17 day activities such as planning, system operation, capital and maintenance budgets,
18 as well as working with regulatory and legislative affairs on transmission-related
19 matters.

20 Q. Have you provided testimony in prior regulatory proceedings?

21 A. Yes, I have. I have testified before the Kansas Corporation Commission (“KCC”)
22 and the Federal Energy Regulatory Commission (“FERC”) on behalf of Aquila.
23 Specifically, I appeared before the KCC in Docket No. 04-AQLE-1065-RTS,

1 testifying on transmission matters. I have also testified before the KCC and FERC
2 on behalf of ITC Great Plains, LLC. I appeared before the KCC in Docket No. 09-
3 ITCE-729-MIS, Docket Nos. 08-ITCE-936, 937 and 938-COC, and Docket No. 10-
4 ITCE-557-MIS, testifying on transmission policy. I appeared before the FERC in
5 ITC Great Plains' formula rate case, Docket No. ER09-548-000, filed January 15,
6 2009, 126 FERC ¶ 61,223.

7 I have also testified before the Oklahoma Corporation Commission,
8 specifically regarding ITC Great Plains' application to operate as a public utility in
9 Oklahoma.

10 **Q. What is the purpose of your direct testimony?**

11 A. The purpose of my testimony is to provide an overview of the filing.

12 **II. OVERVIEW OF FILING**

13 **Q. What is the purpose of this filing?**

14 A. The purpose of this filing is for ITC Great Plains to obtain siting authority to build
15 its portion of the V-Plan transmission line, described more fully below.

16 This filing establishes the need for the V-Plan and details the extensive
17 process that was used to select a proposed route for the line. This filing also
18 includes testimony and exhibits that: (1) describe the proposed route for the line,
19 (2) list all affected land owners whose land would be crossed by the proposed route
20 or whose land lies within 1,000 feet of the center line of the proposed route, (3)
21 summarize the environmental characteristics of the area studied for starting the line,
22 and (4) explain the benefits of the proposed line to Kansas electric customers,
23 electric customers in the region and economic development within Kansas.

1 **III. DESCRIPTION AND BACKGROUND OF THE PROJECT**

2 **Q. Please describe the V-Plan Project that ITC Great Plains is planning to build.**

3 The V-Plan is an extra high voltage double-circuit 345-kV line designed to connect
4 eastern and western Kansas to improve electric reliability and enable energy
5 developers to tap into the transmission grid, further establishing a competitive
6 energy market in the state. In turn, this will contribute to a stronger transmission
7 grid that will benefit the entire region. As a result, Kansans will enjoy a robust grid
8 that will increase reliability. The V-Plan runs from the Spearville Substation south
9 to a new substation in Clark County (the “Clark County Substation”), then east to a
10 new substation near Medicine Lodge in Barber County (the “Thistle Substation”).
11 The line continues from the Thistle Substation to a termination point outside of
12 Wichita. ITC Great Plains’ portion of the line, which will extend approximately
13 120 miles in length, is from the Spearville Substation to the Thistle Substation. A
14 map of the route proposed for ITC Great Plains’ segment of the line is attached as
15 **Exhibit 1** to my testimony. In the Commission’s Order Granting Joint Motion to
16 Approve Stipulation and Agreement and Denying CURB’s Objection dated October
17 5, 2009, ITC Great Plains was initially granted certificate authority to construct its
18 portion of the V-Plan in the 936, 937 and 938 dockets referenced above.¹

19 ITC Great Plains’ V-Plan certificate dockets were considered concurrently
20 with an application to build a similar line filed by Prairie Wind Transmission, LLC
21 (“Prairie Wind”) in Docket No. 08-PWTE-1022-COC. In its October 5, 2009
22 Order, the Commission also initially granted Prairie Wind’s request for a certificate

¹ During the course of the certificate proceeding, the 936, 937 and 938 dockets were consolidated by the Commission into the 936 docket (“936 docket”).

1 of convenience to construct its portion of the V-Plan project. Prairie Wind is
2 responsible for the segment of the line from the Thistle Substation to a new
3 substation at or near the existing Wichita Substation. Prairie Wind is also
4 responsible for the design, construction and operation of a double-circuit 345-kV
5 line from the Thistle Substation to interconnect at the Kansas/Oklahoma border
6 with the Oklahoma 345-kV Project consistent with the Southwest Power Pool's
7 ("SPP") Notifications to Construct ("NTC") and the Commission's transmission
8 routing determination.

9 On June 30, 2010, a Second Stipulation and Agreement was filed in Docket
10 Nos. 08-ITCE-936-COC and 08-PWTE-1022-COC to reflect the Southwest Power
11 Pool, Inc.'s ("SPP") decision to approve construction of the V-Plan line at 345 kV
12 and not 765 kV, as contemplated in the initial June 1, 2009 Stipulation and
13 Agreement. The Second Stipulation and Agreement allocated responsibility for
14 construction of the V-Plan project at the lower voltage. The Commission approved
15 the Second Stipulation and Agreement in its July 29, 2010 Order Granting Joint
16 Motion to Approve Second Stipulation and Agreement. ITC Great Plains'
17 Application reflects the terms and conditions of the Second Stipulations and
18 Agreement.

19 **Q. How was the V-Plan project developed?**

20 A. While the development of the V-Plan is described more completely in the 936
21 docket, I will provide some background here. On July 16, 2007, ITC Great Plains
22 advised SPP that it intended to fund, construct, own and operate the Kansas portion
23 or northern half of the transmission project commonly known at that time as the X-

1 Plan, which had been identified as an economic upgrade to the transmission
2 systems of south central Kansas and north central Oklahoma. ITC Great Plains
3 referred to the northern half of Kansas portion of the X-Plan as the V-Plan.

4 As initially conceived, the V-Plan project called for the installation of a
5 transmission line commencing at the Spearville Substation located northeast of
6 Dodge City in Ford County, and running southeast through Kiowa, Clark and
7 Comanche Counties to a new switchyard to be located in either western Comanche
8 County or eastern Clark County. The V-Plan also called for a transmission line to
9 be constructed from the new switchyard northeast through Clark, Comanche and
10 Barber Counties to another new substation to be located in the Medicine Lodge
11 area. The final segment of the V-Plan called for the transmission line to continue
12 from a new substation in the Medicine Lodge area through Barber, Harper,
13 Kingman and Sumner Counties into Sedgwick County near Wichita.

14 On September 26, 2007, SPP advised ITC Great Plains that it would include
15 the X-Plan project (including the V-Plan portions) in the SPP planning process.
16 The X-Plan had been identified as an economic project in the ongoing SPP
17 Transmission Expansion Plan. On October 30, 2007, the SPP Board of Directors
18 approved the inclusion of the X-Plan project in the ten-year SPP Transmission
19 Expansion Plan as an economic project.

20 **Q. Has the V-Plan been included as a Priority Project by SPP ?**

21 A. Yes. In April 2010, SPP approved the V-Plan as one of its Priority Projects
22 designed to relieve grid congestion, improve the delivery of power to customers,
23 facilitate the addition of new renewable and non-renewable generation to the

1 electric grid, make more efficient use of the transmission system and maintain
2 electric reliability.

3 **Q. Has SPP provided cost allocation for the V-Plan under the SPP Open Access**
4 **Transmission Tariff (“OATT”)?**

5 A. Yes. Following extensive study and analysis by the SPP staff and stakeholders, the
6 SPP Board approved the V-Plan for double-circuit 345-kV construction as one of its
7 Priority Projects, which means that the recently-approved “Highway/Byway” cost
8 allocation methodology applies to the facility. Because the project is being
9 constructed at 345 kV, it qualifies as a “Highway” project, meaning the vast
10 majority of the project costs will be recovered on a regional basis (100% allocated
11 to the Base Plan Region-wide Annual Transmission Revenue Requirement). ITC
12 Great Plains anticipates that the costs for a new 345/138-kV transformer at the new
13 Thistle Substation may be allocated according to its low-side voltage with 1/3 of the
14 costs shared by the SPP region and 2/3 allocated to the Mid-Kansas Electric
15 Company, LLC (“Mid-Kansas”) pricing zone. The Highway/Byway cost allocation
16 methodology was incorporated into Attachment J of the SPP OATT as a
17 modification to Base Plan Funding methodology.

18 **Q. Has SPP issued Notifications to Construct the V-Plan?**

19 A. Yes. SPP issued its NTCs to both Sunflower Electric Power Corporation
20 (“Sunflower”) and to Mid-Kansas on June 30, 2010.

21 **Q. Have Sunflower and Mid-Kansas designated ITC Great Plains to build their**
22 **respective portions of the V-Plan?**

1 A. Yes. On September 3, 2010, Sunflower sent a letter to SPP accepting the
2 Notification to Construct pertaining to the V-Plan, and providing notice to SPP that
3 Sunflower was designating ITC Great Plains to build its portion of the V-Plan under
4 Attachment O of the SPP OATT. Similarly, on September 3, 2010, Mid-Kansas
5 sent a letter to SPP accepting the Notification to Construct pertaining to the V-Plan,
6 and providing notice to SPP that Mid-Kansas was designating ITC Great Plains to
7 build its portion of the V-Plan under Attachment O of the SPP OATT.

8 **Q. When do you anticipate that the V-Plan will be completed?**

9 A. The current SPP Notifications to Construct issued on June 30, 2010 require that the
10 V-Plan will be completed no later than December 31, 2014.

11 **Q. Is the V-Plan in the public interest?**

12 A. Yes. As shown in the testimony of Alan K. Myers, the V-Plan is designed to
13 connect eastern and western Kansas to improve electric reliability and enable
14 energy developers to tap into the transmission grid, further establishing a
15 competitive energy market in the state. This will contribute to a stronger
16 transmission grid that will benefit the entire region. Kansans will enjoy a robust
17 grid that will increase reliability. The V-Plan will facilitate the development and
18 export of wind generation from central and western Kansas while providing access
19 to reliable and diverse sources of energy across the state and region. It will also
20 ease congestion across the transmission network, addressing the lack of high-
21 voltage transmission lines in central and western Kansas which causes
22 inefficiencies in the grid and does not allow power to flow in the most efficient
23 manner.

1 **Q. How much will it cost to construct the V-Plan?**

2 A. ITC Great Plains currently estimates the line will cost approximately \$300.2
3 million. This is an estimate that is subject to change as we move forward to the
4 final design of the line. Factors that could materially affect the final cost will be
5 commodity, equipment and labor cost fluctuations, as well as costs to procure
6 rights-of-way, among others.

7 **IV. DESCRIPTION OF ITC GREAT PLAINS**

8 **Q. Please explain ITC Great Plains' corporate structure.**

9 A. ITC Great Plains is a wholly owned subsidiary of ITC Grid Development, LLC
10 ("ITC Grid Development"), a Michigan limited liability company. ITC Grid
11 Development, in turn, is wholly owned by ITC Holdings Corp. ("ITC Holdings"), a
12 publicly traded, Michigan-based corporation.

13 ITC Holdings also wholly owns three operating independent transmission
14 companies. ITC Holdings' subsidiary ITC Midwest, LLC owns high voltage
15 electric transmission facilities in Iowa, Minnesota, Illinois and Missouri. In
16 addition, ITC Holdings' subsidiaries *ITC Transmission* and Michigan Electric
17 Transmission Company, LLC together own the high voltage electric transmission
18 facilities covering substantially all of Michigan's lower peninsula. ITC Holdings'
19 regulated operating companies currently operate, maintain and improve
20 approximately 15,000 miles of high voltage transmission lines and have a total
21 system peak load of 25,000 MW.

22 **Q. Can you provide some background information regarding ITC Great Plains'**
23 **business plan and vision for transmission expansion in Kansas?**

1 A. The purpose of ITC Great Plains is to serve as a transmission builder, owner and
2 operator in the state of Kansas and the surrounding region. This area has been
3 identified by the SPP and the U.S. Department of Energy as lacking the
4 transmission infrastructure necessary to support economic regional transfers of
5 electricity. ITC Great Plains plans to construct SPP-identified projects in Kansas
6 that increase transmission system reliability, reduce congestion and provide open,
7 non-discriminatory access to energy resources, including renewable resources. By
8 improving the reliability of Kansas' transmission system, ITC Great Plains will be
9 working to provide consumers in Kansas with equal access to competitively priced
10 electricity and to improve the reliability of the state's transmission system.

11 **Q. Is ITC Great Plains a member of the SPP?**

12 A. Yes. Shortly after it commenced operation, ITC Great Plains became a member of
13 SPP, and in 2009, ITC Great Plains executed the SPP membership agreement as a
14 transmission owner.

15 **Q. Does ITC Great Plains maintain an office in Kansas?**

16 A. Yes. ITC Great Plains has maintained an office in Topeka since its formation in
17 2006 and expects to do so as long as its efforts to bring needed transmission
18 investment to Kansas can result in the construction of projects.

19 **Q. What is ITC Great Plains' long-term perspective with respect to the**
20 **transmission facilities it will own in Kansas?**

21 A. ITC Great Plains will be focused on the ownership, operation and maintenance of
22 transmission assets in Kansas and the SPP region, making investments to support
23 and expand the SPP system. Since transmission assets are long-lived assets, ITC

1 Great Plains has a long-term commitment to meet the needs of Kansas and SPP
2 transmission customers.

3 **V. ENVIRONMENTAL CONSIDERATIONS**

4 **Q. Summarize the environmental conditions that were evaluated and considered**
5 **for development of the V-Plan route.**

6 A. ITC Great Plains considered numerous environmental concerns while developing
7 potential routes, including locations of water bodies, intact grassland habitats,
8 known habitats of threatened or endangered species, other sensitive wildlife species,
9 important wildlife habitats and protected areas (parks, etc.). This topic is discussed
10 in more detail in the Routing Study provided as Exhibit 1 to the Direct Testimony
11 of Salvatore Falcone.

12 **Q. Were environmental agencies and stakeholders consulted during development**
13 **of the route?**

14 A. Yes. ITC sent letters to multiple federal and state agencies, more fully described in
15 the Direct Testimony of Salvatore Falcone. ITC also consulted with other
16 environmental stakeholders including The Nature Conservancy (“TNC”), Westar’s
17 Biology and Conservation Programs, and the G.M. Sutton Avian Research Center.
18 ITC corresponded and held in-person meetings with federal and state agencies and
19 environmental stakeholders. In-person meetings were conducted with various
20 agencies and stakeholders periodically during 2010 and early 2011.

21 **Q. What primary concerns were raised by federal and state agencies and other**
22 **environmental stakeholders?**

1 A. The primary concern we heard was routing the plan through the Red Hills region of
2 Kansas because of its high ecological value resulting from intact grassland habitats,
3 habitat for the federal candidate species lesser prairie chicken, and significant areas
4 used by hibernating bats. Concerns were raised regarding the potential impact of
5 the proposed transmission line on the lesser prairie chicken due to its sensitivity to
6 transmission lines and other disturbances by people.

7 **Q. What adjustments were made to the route to reduce environmental impacts?**

8 A. ITC originally evaluated routing the transmission line along the existing Highway
9 160 corridor which bisects the Red Hills region. The route was shifted north to
10 avoid the Red Hills as suggested by environmental agencies and stakeholders. A
11 proposed substation under consideration in either eastern Clark or western
12 Comanche Counties was ultimately sited to a location near the Clark County/Ford
13 County line to reduce environmental impacts brought forth by the agencies and
14 stakeholders.

15 **Q. What mitigation is being performed for environmental impacts resulting from
16 the proposed V-Plan?**

17 A. Mitigation for the V-Plan project is currently undergoing internal discussions and
18 will be discussed with the Kansas Department of Wildlife and Parks (“KDWP”) in
19 the coming months. Significant impacts to sensitive environmental resources have
20 been avoided, or minimized through consultation with agencies and environmental
21 stakeholders where reasonable and appropriate while also balancing other
22 considerations (economics, setbacks, landowner concerns, etc.). As indicated, the
23 V-Plan route and a substation have been shifted north to reduce environmental

1 impacts. Shifting the route and substation constitute significant mitigation for the
2 V-Plan project. It should be noted that mitigation is being performed in cooperation
3 with the KDWP for another ITC Great Plains construction project – the KETA
4 Project – and such mitigation is currently ongoing. As indicated in a letter issued to
5 the KCC dated June 28, 2010, the mitigation plan collaboratively prepared by the
6 KDWP and ITC is deemed satisfactory mitigation by the KDWP for wildlife
7 impacts resulting from the KETA line.

8 **Q. Did SPP’s change in the V-Plan project description influence the decision to**
9 **evaluate additional routes and substation locations in northern Clark County?**

10 A. Yes. On October 26, 2010, the SPP Board approved a modification to an EHV
11 transmission line that had originally been planned from a new Comanche County
12 substation to a substation near Woodward, Oklahoma. The project was changed by
13 SPP to commence from a new substation in Barber County, near Medicine Lodge,
14 Kansas, to a substation near Woodward, Oklahoma. An amended Notification to
15 Construct was issued by SPP on November 22, 2010. The decision of SPP, the
16 independent transmission planning organization for the region, to route the line to
17 Woodward, Oklahoma, from Medicine Lodge, rather than Comanche County,
18 prompted ITC Great Plains to consider and evaluate different locations for its
19 proposed line route and its new substation. Given SPP’s significant alteration to the
20 project, ITC Great Plains made the determination that the route filed in this
21 proceeding would be reasonable. In addition, the new substation location and line
22 route will avoid environmental issues and provide interconnection access in an area
23 with significant potential for future wind development.

1 **VI. CONCLUSION**

2 **Q. Do you have any concluding comments?**

3 A. Yes. The Commission should grant ITC Great Plains a siting permit to build its
4 portion of the V-Plan. ITC Great Plains' analysis demonstrates that:

- 5 1. The V-Plan as a whole is needed and ITC Great Plains' portion contributes
6 to the significant project benefits.
- 7 2. The line will provide substantial economic benefits to Kansas customers and
8 the SPP region, and will support economic development in Kansas.
- 9 3. SPP supports construction of the line; and
- 10 4. The siting process ITC Great Plains used and the route it proposes is
11 reasonable and appropriate.

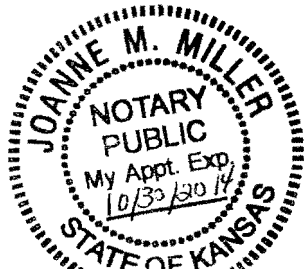
12 **Q. Does this conclude your testimony?**

13 A. Yes.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

I, Carl A. Huslig, of lawful age, being duly sworn upon my oath state that I am the President of ITC Great Plains, that I have read the above and foregoing Testimony and, upon information and belief, state that the matters therein appearing are true and correct.



Carl A Huslig
Carl A. Huslig

SUBSCRIBED AND SWORN to before me on this 14th day of March, 2011.

Joanne M Miller
Notary Public

My commission expires: 10/30/2014

STATE CORPORATION COMMISSION

MAR 14 2011

Susan Kelly

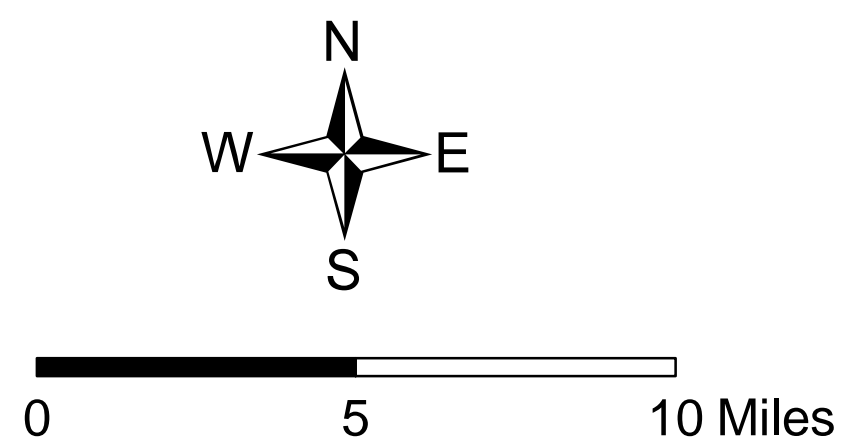
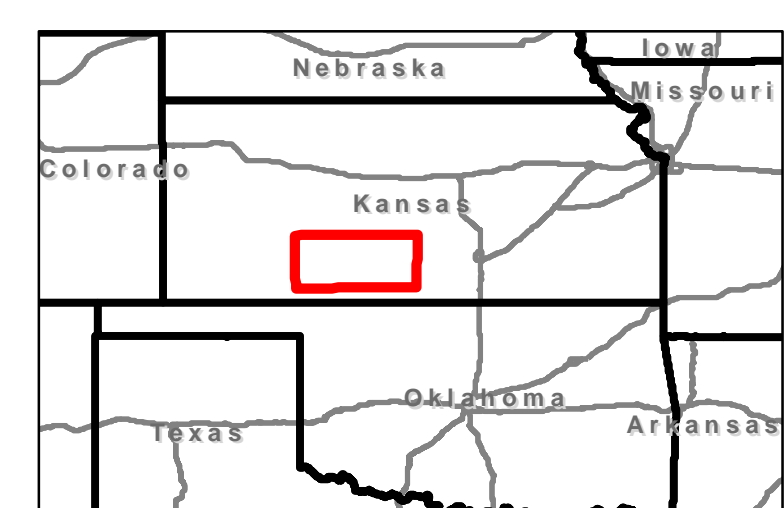
Exhibit 1

Direct Testimony of Carl A. Huslig
ITC Great Plains, LLC

Map of Proposed Route



- Legend**
- ★ Spearville Substation
 - ★ Clark County Substation
 - ★ Thistle Substation
 - Existing Transmission Line
 - V-Plan Preferred Route



**V-Plan Project
Preferred Route**
March 8, 2011