

STATE CORPORATION COMMISSION

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

JUN 16 2008

In the Matter of the Application of ITC )  
Great Plains, LLC for a Limited Certificate )  
of Public Convenience to Transact the )  
Business of an Electric Public Utility in the )  
State of Kansas )

Docket Nos. 08-ITCE-936-COC ✓  
08-ITCE-937-COC  
08-ITCE-938-COC

 Docket Room

**REPLY OF WESTAR ENERGY, INC. AND  
KANSAS GAS AND ELECTRIC COMPANY  
TO JUNE 2, 2008 RESPONSES OF ITC GREAT PLAINS, INC.**

COME NOW Westar Energy, Inc. and Kansas Gas and Electric Company (collectively “Westar”) and reply to the Responses of ITC Great Plains, Inc. (ITC) filed on June 2, 2008 in the above dockets. In support of its Reply, Westar states:

**I. Introduction**

1. On June 2, 2008, ITC filed responses to Westar’s May 19, 2008 Replies to ITC’s responses to Westar’s motions to intervene, consolidate and dismiss in these dockets. Westar is reluctant to continue the back and forth in this matter and, ordinarily, would not reply to a response. However, in light of the vituperative tone of ITC’s filing and the numerous *ad hominem* attacks made on Westar in the filing, Westar will address a few of the more egregious statements in ITC’s Responses. The most egregious of ITC’s claims is that Westar has twisted the ITC Stipulation and Agreement to create obligations and rights that are not provided in that document. As will be shown – and as Westar has demonstrated in prior pleadings – Westar’s interpretation of the Stipulation is correct. ITC, however, has manipulated its applications and changed its characterization of the V-Plan in an attempt to avoid the obligations it accepted voluntarily under the Stipulation.

**II. The V-Plan – according to ITC’s own documents – is a single project.**

2. At the outset, Westar would note – as it has before – that ITC’s claims (1) that its applications should remain separate and (2) that Westar has no interest in any filing except in Docket No. 08-ITCE-938-COC is based on ITC’s assertion that the V-Plan consists of three separate projects. ITC’s current position conveniently supports the separation of the V-Plan into three separate compartments and was apparently concocted by ITC for just that purpose. However, ITC’s **current** position is inconsistent with ITC’s description of the V-Plan in its own documents. Thus, in Carl Huslig’s letter to Carl Monroe – provided by ITC as Attachment B to its Response – ITC made “an official request to include **the project described below** in the Southwest Power Pool Transmission Expansion Plan . . . .” (Emphasis added.) That project – singular – was described as “a 345 kV transmission line” running from Spearville, Kansas to Wichita. *Id.*

3. Also, as Westar has previously pointed out, in numerous public announcements concerning the V-Plan, ITC has referred to it as a single project. Thus, in its February 6, 2008 press release, ITC referred to the V-Plan as a 180 mile transmission line and one of two proposed ITC projects in Kansas. *See* Attachment 1, at 2. In its October 31, 2007 press release, the V-Plan was referred to as a “proposed 180-mile long transmission project” and “a 180-mile long high-voltage transmission line.” *See* Attachment 2. Also, in its July 19, 2007 release, ITC referred to the V-Plan as a “180-mile long transmission project.” *See* Attachment 3, at 1.

4. The V-Plan is a single project. Consequently, ITC’s applications should be consolidated and, consistent with the clear language of the ITC Stipulation, the Commission should recognize that Westar’s right of first refusal applies to the entire V-Plan.

**III. Westar has repeatedly expressed to ITC and SPP Westar's interest in building all or a portion of the "V-Plan."**

5. ITC claims that Westar refused to indicate whether it had an interest in constructing a portion of the V-Plan. That simply is not true.

6. As the affidavit of Thomas Stuchlik indicates, on a number of occasions, Westar has indicated to SPP and ITC that it is interested in participating in the construction of all or a portion of the V-Plan. At the July 25, 2007, Kansas Electric Transmission Authority (KETA) meeting, when ITC presented its plan to construct a 345 kV line that would extend from Wichita, Kansas to Spearville, Kansas through Comanche County, Westar also indicated its interest in constructing all or a portion of the line. At no time has Westar indicated to ITC or SPP that it has no interest in participating in construction of the line. Affidavit of Thomas R. Stuchlik, at 1-2.

**IV. SPP has not authorized ITC to construct the V-Plan or any portion of it.**

7. ITC puts great emphasis on the inclusion of the V-Plan in the SPP STEP and asserts that SPP has identified ITC as a project sponsor. As indicated by the affidavit of Thomas Stuchlik, that the V-Plan is in the STEP is of little significance to this proceeding and the assertion that SPP has identified ITC as a project sponsor is simply untrue.

8. The inclusion of the V-Plan in the SPP STEP signifies only that SPP views the proposal as a line that would facilitate some transactions and would not harm grid operations. *Id.* at 2. However, inclusion of the project in the STEP does not require its construction, *id.* at 2, or authorize ITC to build it. *Id.* In fact, only when a party comes forward with a letter of credit sufficient to support the project will SPP authorize construction. *Id.* SPP has not endorsed ITC as a "sponsor" of the project, *id.*, and even if it had, such an endorsement would not authorize ITC to construct the line. *Id.* A sponsor is merely an investor. *Id.* Once a sponsor is identified for an

economic project, SPP will begin the process of trying to find a party to construct the line starting by asking incumbent utilities whether they have an interest in participating. *Id.* If no incumbent expresses an interest, SPP would then approach non-incumbents – such as ITC – to determine their interest. *Id.*

## V. Conclusion

9. ITC's statements in its Response are misleading and largely irrelevant to this proceeding. For the reasons stated in Westar's previous pleadings, the applications in these dockets should be dismissed.

WHEREFORE, Westar requests that the Commission issue its order granting Westar's application to intervene in this matter, to consolidate the ITC Applications and to Dismiss and for such other and further relief as may be appropriate.

Respectfully submitted,




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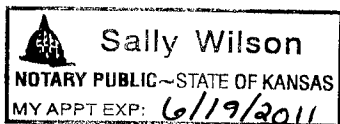
VERIFICATION

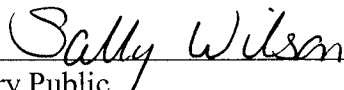
STATE OF KANSAS )  
 )  
COUNTY OF SHAWNEE ) ss:

Martin J. Bregman, being duly sworn upon his oath deposes and says that he is one of the attorneys for Westar Energy, Inc. and Kansas Gas and Electric Company; that he is familiar with the **Reply of Westar Energy, Inc. and Kansas Gas and Electric Company to June 2, 2008 Responses of ITC Great Plains, Inc.** and that the statements therein are true and correct to the best of his knowledge and belief.

  
\_\_\_\_\_  
Martin J. Bregman

SUBSCRIBED AND SWORN to before me this 16<sup>th</sup> day of June, 2008.



  
\_\_\_\_\_  
Notary Public

My Appointment Expires:

6/19/2011

CERTIFICATE OF SERVICE

I hereby certify that on this 18<sup>th</sup> day of June, 2008, the original and eight copies of the **Reply of Westar Energy, Inc. and Kansas Gas and Electric Company to June 2, 2008 Responses of ITC Great Plains, Inc.** were hand-delivered to:

Susan K. Duffy  
Executive Director  
KANSAS CORPORATION COMMISSION  
1500 SW Arrowhead Road  
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and that one copy was mailed, postage prepaid, addressed to each of the parties or counsel of record on the attached list.

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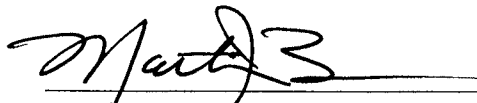
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## Critical Transmission Grid Expansion Plans Advance

### New cost recovery mechanism, expansion plan created

TOPEKA, Kan., Feb 06, 2008 /PRNewswire-FirstCall via COMTEX News Network/ -- ITC Great Plains' plans to invest in transmission infrastructure improvements in Kansas are one step closer to reality because of two important industry decisions rendered last week that prioritize the state's electric projects and more equitably address cost recovery associated with these projects. ITC Great Plains is a subsidiary of ITC Holdings Corp. (NYSE: ITC).

By the action of its Regional State Committee, Southwest Power Pool, Inc. (SPP), the organization overseeing regional transmission planning in several states including Kansas, has approved developing a new rate structure for qualifying capital projects that apportions the costs of the projects over a broader geographic area, commonly referred to in the industry as a "postage stamp rate". SPP also approved its 2008-2017 Transmission Expansion Plan (STEP) document, which includes two high-voltage transmission projects sponsored by ITC Great Plains.

Both SPP actions will have a positive impact on ITC's push to improve electric reliability, facilitate renewable resources and support ongoing economic growth in Kansas.

"We are pleased that the SPP Regional State Committee has voted to create a progressive cost recovery system that will ensure transmission investment can remain ahead of the curve and meet current and future demands on the transmission grid while spurring regional economic growth," said Carl Huslig, president of ITC Great Plains. "We look forward to collaborating with SPP on projects that will strengthen the high-voltage grid in Kansas and help address the state's energy challenges."

ITC Great Plains announced last year that it would pursue the approvals needed to build two new transmission projects: a 180-mile high voltage line running between Spearville, Kan., and Axtell, Nebraska that has been awarded to ITC Great Plains by the Kansas Electric Transmission Authority (KETA); and the Kansas V plan, another 180-mile line connecting Spearville to Wichita.

ITC Great Plains is working through the process to qualify both projects for the balanced portfolio of projects for which the postage stamp rate is applicable. The company also will continue to pursue regulatory approvals with the Kansas Corporation Commission and the Federal Energy Regulatory Commission (FERC).

The postage stamp rate is SPP's first cost allocation mechanism for transmission infrastructure projects it designates as "economic." The effect of this postage stamp rate will be to spread the costs of these needed transmission projects across a broader customer base, thereby rendering financially viable projects that anticipate future transmission needs.

About ITC Holdings Corp.

ITC Holdings Corp. (NYSE: ITC) invests in the electricity transmission grid to improve electric reliability, improve access to markets, and lower the overall cost of delivered energy. ITC is the largest independent electricity transmission company in the country. Through its subsidiaries, ITC Transmission, Michigan Electric Transmission Company, LLC (METC) and ITC Midwest LLC, ITC operates regulated, high-voltage transmission systems in Michigan's Lower Peninsula and portions of Iowa, Minnesota, Illinois and Missouri serving a combined peak load in excess of 25,000 megawatts. ITC is also focused on new areas where significant transmission system improvements are needed through subsidiaries ITC Grid Development, ITC Great Plains and ITC Panhandle Transmission. For more information, please visit: <http://www.itc-holdings.com>. (itc-ITC)

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ITC Holdings: Critical Transmission Grid Expansion Plans Advance

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SOURCE ITC Holdings Corp.

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## **ITC Great Plains Expansion in Kansas Approved**

### **Critical infrastructure expansion approved by SPP Board of Directors**

TOPEKA, Kan., Oct 31, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- Officials from ITC Great Plains LLC, a subsidiary of ITC Holdings Corp. (NYSE: ITC), were pleased to learn that the Southwest Power Pool's (SPP) Board of Directors approved ITC Great Plains' proposed 180-mile long transmission project (the Kansas V-plan) in the SPP Transmission Expansion Plan (STEP) yesterday during its scheduled quarterly planning meeting.

"Yesterday's action by the Southwest Power Pool Board of Directors is a significant milestone and is a key first step in moving the Kansas V-plan ahead. ITC Great Plains looks forward to continuing our work with the Governor, the Kansas Corporation Commission, the Kansas Electric Transmission Authority; the Kansas Legislature, Southwest Power Pool and the Federal Energy Regulatory Commission as well as environmental and other community stakeholder groups to bring the Kansas V-plan and other much-needed, critical infrastructure to fruition in Kansas," stated Carl Huslig, president of ITC Great Plains.

SPP is responsible for regional transmission planning and coordination in a multi-state area that includes all of Kansas. STEP is the regional planning process by which SPP plans and manages expansion of electric infrastructure.

"ITC Great Plains is committed to creating a robust regional electric transmission grid that will help balance electricity rates across the state by providing access to lower-cost or alternative generation resources to all Kansans," stated Huslig.

On July 19, 2007, ITC Great Plains announced its intent to construct, own, operate and maintain a 180-mile long high-voltage transmission line commencing in Spearville, Kansas, running southeast to Comanche County, Kansas where ITC Great Plains will construct a new switchyard before heading northeast to terminate just outside of Wichita, Kansas. The project is part of the Southwest Power Pool's X-Plan -- labeled as such because it will form an "X" across southern Kansas, northern Oklahoma, and the panhandle of Texas.

"This is incredibly good news for our state -- especially for Western and Central Kansas," said Governor Kathleen Sebelius. "These new transmission lines will help our state harness wind potential and provide short and long-term investment in our communities."

"ITC Great Plains believes additional high-powered transmission lines in Kansas supports the Governor's and the Kansas Electric Transmission Authority's vision for a robust transmission grid, advances the development of renewable energy, further ensures a reliable and secure transmission grid and will help spur economic development in Kansas," Huslig further stated.

About ITC Holdings Corp.

ITC Holdings Corp. (NYSE: ITC) invests in the electricity transmission grid to improve electric reliability, improve access to markets, and lower the overall cost of delivered energy. ITC is the largest independent electricity transmission company in the country. Through its subsidiaries, ITC Transmission and Michigan Electric Transmission Company, LLC (METC), ITC operates contiguous, regulated, high-voltage transmission systems in Michigan's Lower Peninsula serving a combined peak load in excess of 22,000 megawatts. ITC is also focused on new areas where significant transmission system improvements are needed through subsidiaries ITC Midwest, ITC Grid Development, ITC Great Plains and ITC Panhandle Transmission. For more information, please visit: <http://www.itc-holdings.com>. (itc-ITC)

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## ITC Great Plains to Build the North Half of X Plan Transmission Grid in Kansas

### Project is a critical economic development initiative for the state

TOPEKA, Kan., July 19, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- ITC Great Plains LLC, a subsidiary of ITC Holdings Corp. (NYSE: ITC), has advised Southwest Power Pool, Inc. (SPP) of its commitment to construct, own, operate and maintain the northern portion of SPP's "X Plan." The 180-mile long transmission project calls for the installation of a transmission line commencing at the Spearville substation located northeast of Dodge City, Kan. and running southeast to Comanche County, Kan. where ITC Great Plains will construct a new switchyard. The line will then run from the Comanche County switchyard northeast toward Wichita, Kan.

SPP is responsible for regional transmission planning and coordination in a multi-state area that includes Kansas.

The line will help spur economic development in Kansas, facilitate wind energy, and improve the reliability of the state's electricity grid. ITC Great Plains anticipates the project will be in service by late 2010 subject to timely receipt of regulatory approvals.

"We believe that this project supports a number of important initiatives in the state, including Governor Kathleen Sebelius' vision for greater access to the grid for renewable resources as well as the Kansas Electric Transmission Authority's vision for a robust transmission grid," said Carl Huslig, president of ITC Great Plains.

#### About ITC Holdings Corp.

ITC Holdings Corp. (NYSE: ITC) is in the business of electricity transmission infrastructure improvements as a means to improve electric reliability, reduce congestion and lower the overall cost of delivered energy. Through our operating subsidiaries, International Transmission Company (ITC Transmission) and Michigan Electric Transmission Company, LLC (METC), we are the only publicly traded company engaged exclusively in the transmission of electricity in the United States. We are also the largest independent electric transmission company and the eighth largest electric transmission company in the country based on electric sales. Our business strategy is to operate, maintain and invest in our transmission infrastructure in order to enhance system integrity and reliability and to reduce transmission constraints. By pursuing this strategy, we seek to reduce the overall cost of delivered energy for end-use consumers by providing them with access to electricity from the lowest cost generation sources. ITC Transmission and METC operate contiguous, fully-regulated, high-voltage systems in Michigan's Lower Peninsula, an area with a population of approximately 9.8 million people, that transmit electricity to local electricity distribution facilities from generating stations throughout Michigan and surrounding areas. Subsidiary ITC Grid Development, LLC expects to focus on partnering with local entities and utilities in regions where significant transmission improvements are needed. The first region in which ITC Grid Development, LLC expects to focus its efforts is the Great Plains region, specifically in Kansas, through the formation of its subsidiary ITC Great Plains. For more information on ITC Holdings Corp., please visit <http://www.itc-holdings.com>. (itc-ITC)

#### Safe Harbor Statement

This press release contains certain statements that describe our management's beliefs concerning future business conditions and prospects, growth opportunities and the outlook for our business and the electricity transmission industry based upon information currently available. Such statements are "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Wherever possible, we have identified these forward-looking statements by words such as "anticipates", "believes", "intends", "estimates", "expects", "projects" and similar phrases. These forward-looking statements are based upon assumptions our management believes are reasonable. Such forward looking statements are subject to risks and uncertainties which could cause our actual results, performance and achievements to differ materially from those expressed in, or implied by, these statements, including, among other things the risks and uncertainties disclosed in our annual report on Form 10-K and our quarterly reports on Form 10-Q filed with the Securities and Exchange Commission from time to time.

Because our forward-looking statements are based on estimates and assumptions that are subject to significant business, economic and competitive uncertainties, many of which are beyond our control or are subject to change, actual results could be materially different and any or all of our forward-looking statements may turn out to be wrong. They speak only as of the date made and can be affected by assumptions we might make or by known or unknown risks and uncertainties. Many factors mentioned in our discussion in this release and in our annual and quarterly reports will be important in determining future results. Consequently, we cannot assure you that our expectations or forecasts expressed in such forward-looking statements

will be achieved. Actual future results may vary materially. Except as required by law, we undertake no obligation to publicly update any of our forward-looking or other statements, whether as a result of new information, future events, or otherwise, unless required by law.

SOURCE ITC Holdings Corp.

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Business of an Electric Public Utility in the	)	08-ITCE-938-COC
State of Kansas	)	

**AFFIDAVIT OF THOMAS R. STUCHLIK**

Thomas R. Stuchlik, being first duly sworn, deposes and says:

1. I am employed by Westar Energy, Inc. (Westar) as Executive Director, Transmission Operations. In that capacity, I am responsible for Transmission System Planning, Transmission System Operations, Transmission Services and Transmission Customer Service. I also participate extensively in the Southwest Power Pool (SPP) stakeholder process on behalf of Westar through various task forces, working groups and committees. I have been a member of the SPP Operating Reliability Working Group (ORWG), a member of the Market Working Group (MWG), and a Transmission Owner Representative on the SPP Members Committee. I currently am a member of the SPP Market and Operations Policy Committee (MOPC). I am also an Investor Owned Utility member representative on the NERC Operating Committee.

2. In the course of my employment by Westar and as representative to various SPP task forces, working groups and committees, I have been present during numerous discussions of potential SPP transmission projects.

3. Westar has on a number of occasions indicated to SPP and ITC that it is interested in participating in the construction of all or a portion of the V-Plan. At the July 25, 2007, Kansas Electric Transmission Authority (KETA) meeting, when ITC presented its plan to construct a 345 kV line that would extend from Wichita, Kansas to Spearville, Kansas through Comanche

County, Westar also indicated its interest in constructing all or a portion of the line. At no time has Westar indicated to ITC or SPP that it has no interest in participating in construction of the line.


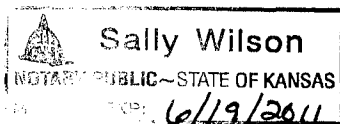
4. As ITC has discussed, the V-Plan has been included by the SPP in its STEP plan. However, the inclusion of the V-Plan in the SPP STEP signifies only that SPP views the proposal as a line that would facilitate some transactions and would not harm grid operations. However, inclusion of the project in the STEP does not require its construction or authorize ITC to build it. In fact, only when a party comes forward with a letter of credit sufficient to support the project will SPP authorize construction.

5. SPP has not endorsed ITC as a “sponsor” of the project and even if it had, such an endorsement would not authorize ITC to construct the line. A sponsor is merely an investor. Once a sponsor is identified for an economic project, SPP will begin the process of trying to find a party to construct the line starting by asking incumbent utilities whether they have an interest in participating. If no incumbent expresses an interest, SPP would then approach non-incumbents – such as ITC – to determine their interest.



Thomas R. Stuchlik

SUBSCRIBED AND SWORN to before me this 16 day of June, 2008.

  
Notary Public

My Appointment Expires: 6/19/2011