

**BEFORE THE
STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Before Commissioners:

Dwight D. Keen, Chairman
Shari Feist Albrecht
Jay Scott Emler

In the Matter of a General Investigation for)
the Purpose of Investigating Whether Annual)
or Periodic Cost/Benefit Reporting by SPP) Docket No. 17-SPPE-117-GIE
and Kansas Electric Utilities that Participate)
in SPP is in the Public Interest.)

JOINT COMMENTS

COME NOW, Southwest Power Pool, Inc. (“SPP”), along with Kansas City Power & Light Company, Westar Energy, Inc., Kansas Municipal Energy Agency, Kansas Electric Power Cooperative, Inc., Kansas Power Pool, Sunflower Electric Power Corporation, Mid-Kansas Electric Company, Inc., Midwest Energy, Inc. (“Midwest”), ITC Great Plains, LLC, and The Empire District Electric Company (collectively, the “Joint Commenters”), and respectfully provide the following Joint Comments to the State Corporation Commission of the State of Kansas (“Commission”) March 19, 2019, Order in Docket No. 17-SPPE-117-GIA (“Order”):

I. INTRODUCTION

On March 19, 2019, the Commission requested the parties provide certain documentation relating to the costs and benefits of Kansas utility participation in the SPP by May 24, 2019. Specifically, “the Commission request[ed] the parties comment on possible methods or approaches whereby Kansas utilities and/or SPP can provide a back-cast or historical evaluation of *future* cost/benefit studies (not limited solely to “[Regional Cost Allocation Review (“RCAR”)]”

studies).¹ The Commission requested “comment on methods or approaches that will allow for the procurement of empirical data, so that the Commission can assess any projections on which such future studies might be based, to validate whether or not the projected cost savings actually came to fruition.” The Commission also requested the parties make comments regarding whether they believed that the approach proposed by Midwest in its Reply Comments filed in this docket was possible.² Lastly, the Order requested SPP file with the Commission the Kansas-specific portion, by individual Kansas member utility, for each of the most recently created SPP reports evaluating the costs and benefits of the Kansas utilities’ participation in SPP by June 14, 2019.³

On June 14, 2019, the parties in the docket requested a sixty-day extension from the deadlines established in the Order.⁴ The Commission granted the extension request stating that all the filings requested in the Order would be due Tuesday, August 13, 2019.⁵

The Joint Commenters provide these Comments to the Commission to satisfy the requests outlined in the Order and to provide other additional information to aid the Commission in its determinations in this docket.

II. COST/BENEFIT STUDIES CREATED BY SPP

¹ *Order On General Investigation as to Whether Annual or Periodic Reporting by SPP, and Kansas Utilities that Participate in SPP, is in the Public Interest*, at ¶59, Kansas Corporation Commission, Docket No. 17-SPPE-117-GIE (May 19, 2017).

² *Id.* (citing to Midwest Reply Comments, p. 4).

³ Order at ¶6.1

⁴ *Joint Motion for Extension of Time*, Kansas Corporation Commission, Docket No. 17-SPPE-117-GIE (May 16, 2019).

⁵ *Order Granting Joint Motion for Extension of Time*, Kansas Corporation Commission, Docket No. 17-SPPE-117-GIE (May 14, 2019).

Since SPP was approved by the Federal Energy Regulatory Commission (“FERC”) as a Regional Transmission Organization (“RTO”) in 2004,⁶ SPP performed or commissioned a number of studies that demonstrate the costs and benefits resulting from the various services or functions provided by the RTO.⁷ These studies calculate only the costs and benefits for a specific service(s) provided by SPP and do not necessarily calculate every benefit provided by membership in SPP. Some of the studies performed by SPP are backward-looking and use actual data to analyze the cost and benefits,⁸ while other studies are forward-looking and use projections to evaluate the future.⁹ The following is a list of some of the studies that SPP has performed or commissioned:

- A. Value of Transmission (“VOT”) Study
- B. Regional Cost Allocation Review (“RCAR”)
- C. SPP Independent Market Monitor’s Study of Energy Imbalance Market
- D. Integrated Marketplace Benefits
- E. 2018 Annual State of the Market Report
- F. Member Value Study

⁶ *Sw. Power Pool, Inc.*, 109 FERC ¶ 61,009 (2004), *order on reh’g*, 110 FERC ¶ 61,137 (2005). A RTO is an electric power transmission system operator that coordinates, controls, and monitors a multi-state electric grid. As an RTO, SPP, oversees the bulk electric grid and wholesale power market in the central United States on behalf of a diverse group of utilities and transmission companies in 14 states. We ensure the reliable supply of power, adequate transmission infrastructure, and competitive wholesale electricity prices for a 546,000-square-mile region including more than 60,000 miles of high-voltage transmission lines.

⁷ The following are some of the services provided by SPP to its members: Reliability Coordination; Tariff Administration; Regional Scheduling; Transmission Expansion Planning; Market Operations; Training, and Contract Services.

⁸ See *Infra* Section II.A. (*Value of Transmission Report*); Section II.C. (*Energy Imbalance Study*); Section II.D. (*Integrated Marketplace*); Section II. E. (*SPP’s Independent Market Monitors Annual State of the Market Report*); and Section II. F. (*Member Value Statement*).

⁹ See *Infra* Section II.G. (*Integrated Transmission Planning Process*); and Section II.B. (*Regional Cost Allocation Review*).

G. Integrated Transmission Planning Process (“ITP”)

These studies are described in greater detail below.

A. Value of Transmission (“VOT”) Study¹⁰

SPP has approved the construction of significant transmission expansion since becoming an RTO in 2004. In the VOT study, SPP attempted to quantify the value of those transmission expansion projects placed in service from 2012 through 2014. A portion of the value quantified in the VOT report is based on an analysis of the first year of operation of the Integrated Marketplace (“IM”), which began March 1, 2014. While many large projects installed in 2012-2014 were not yet in service at the launch of the IM, the value of those projects in the mid-to-late portion of 2014 is partially captured in this assessment for the period of time those projects were actually in-service.

Traditional planning studies have previously estimated projected economic benefits of future transmission expansion projects. The VOT study, however, quantified the benefits of major projects in SPP by using actual market data to estimate the value of those transmission upgrades approved during different FERC-approved planning studies and processes.

From 2012 to 2014, SPP directed the construction of almost \$3.4 billion of transmission expansion projects. These SPP-directed projects include the major Extra High Voltage (“EHV”)¹¹ backbone projects approved from SPP’s Balanced Portfolio and Priority Projects studies. The actual cost to install EHV backbone facilities is roughly one-third the total cost of projects being built and installed by all other transmission system operators during the same time period.

¹⁰ *The Value of Transmission Report* (January 26, 2016).
(<https://www.spp.org/documents/35297/the%20value%20of%20transmission%20report.pdf>)

¹¹ Voltage at or above 345kV.

The VOT study, using actual operational information, determined production cost benefits realized from transmission expansion projects placed into service between 2012 and 2014. These production cost benefits were derived from operational models reflecting a subset of actual system conditions from March 2014 through February 2015. The estimated benefits from production cost savings are significant and greater than planning model projections. Based on actual experience during the IM's first year, Adjusted Production Cost ("APC")¹² savings were calculated at more than \$660,000 per day or \$240M per year.¹³ The net present value ("NPV") of these APC benefits is expected to exceed \$10 billion over the next 40 years, while the NPV of the projects' costs is expected to be less than \$5 billion over the same period.

In addition to APC savings, the VOT study also quantified benefits associated with reliability and resource adequacy, generation capacity cost savings, reduced transmission losses, increased wheeling revenues, and public policy benefits associated with optimal wind development. Additionally, there are some sources of value that were either only partially captured or that were not quantified at all.¹⁴

Overall, the NPV of all quantified benefits for the evaluated projects, including production cost savings, is expected to exceed \$16.6 billion over the 40-year period, which results in a benefit-to-cost ratio of 3.5 to 1. This benefit-to-cost ratio quantified by the VOT study only evaluated a subset of all transmission expansion approved by SPP.

¹² APC is a measure of the impact on Production Cost savings, by zone, accounting for purchases and sales of economic energy interchange.

¹³ These calculated APC savings do not include the full benefits of economically efficient interchange with neighbors. Had these benefits been included, the calculated savings would have been even greater.

¹⁴ These non-quantified benefits include environmental benefits, employment and economic development benefits, and other metrics like storm hardening and reduction in the costs of future transmission needs.

B. Regional Cost Allocation Review (“RCAR”)

In 2010, FERC accepted SPP’s proposed Highway/Byway cost allocation methodology, which amended SPP’s base plan funding methodology. The Highway/Byway cost allocation methodology moved away from allocating the costs of building new transmission facilities on a zonal basis and, instead, allocated the costs of facilities 300 kV or greater on a broader, region-wide basis.¹⁵ The revisions to the SPP Open Access Transmission Tariff (“Tariff”) that implemented the Highway/Byway cost allocation methodology also modified the unintended consequences review process, which was renamed the RCAR process. The RCAR process is dictated by Attachment J, Section III.D of SPP’s Tariff, and in general:

- required review of the Highway/Byway methodology and allocation factors at least every three years;¹⁶
- authorized the Regional State Committee (“RSC”)¹⁷ to recommend adjustments to cost allocations if a review showed an imbalanced cost allocation to one or more zones;
- required the RSC and SPP’s Market and Operations Policy Committee (“MOPC”) to define the analytical methods to be used during the review¹⁸; and

¹⁵ The Highway/Byway methodology allocates costs of future transmission facilities based on their voltage level, with the cost of EHV facilities (operating at or above 300kV) allocated 100 percent to the regional rate; the cost of mid-tier facilities (operating above 100 kV and below 300 kV) allocated on a one-third-regional/two-thirds-zonal basis; and the cost of low voltage facilities (operating at or below 100 kV) allocated entirely to the zone. By allocating costs in this manner the Highway/Byway methodology provides a tariff mechanism that appropriately allocates the costs of projects developed in a comprehensive regional planning process and ensures a correlation between the costs and benefits of the enhancements. ¹⁶ This has now changed to at least every six (6) years.

¹⁶ This has now changed to at least every six (6) years.

¹⁷ Southwest Power Pool, Inc., Bylaws, First Revised Volume No. 4, Section 7.2. The RSC has primary responsibility for determining regional proposals and the transition process in the following areas: (1) Cost allocation; (2) Financial transmission rights (also known specifically in SPP as transmission congestion rights, or TCRs); (3) Planning for remote resources; and (4) Regional resource adequacy

¹⁸ The Regional Allocation Review Task Force (“RARTF”), reports to the MOPC and is responsible for defining “the analytical methods to be used” to “review the reasonableness of the regional allocation methodology and factors (X% and Y%) and the zonal allocation methodology.” There are two state

- beginning in 2015, enabled member companies that think they have been allocated an imbalanced portion of costs to seek relief from the MOPC.

The first RCAR analysis (“RCAR I”) was completed in 2013¹⁹. The results of the RCAR I analysis showed a 1.39 to 1 benefit-to-cost ratio for projects issued a notification to construct (“NTC”) since June 2010 (i.e., Highway/Byway projects). While the overall benefit-to-cost ratio was positive at 1.39 to 1, six zones were below the 0.80 benefit-to-cost ratio threshold established by the RARTF; and five additional zones were greater than the 0.80 to 1 ratio threshold but below a 1.0 to 1 ratio.

The second RCAR analysis (“RCAR II”) was completed in 2016²⁰. The RCAR II Report demonstrated a 2.46 to 1 overall benefit-to-cost ratio to the SPP region for projects approved for construction since June 2010 under the Highway/Byway cost allocation methodology. This analysis illustrated a strong increase in region-wide benefits compared to RCAR I. In addition, only one zone was below the 0.80 to 1 benefit-to-cost ratio threshold established by the RARTF and only two additional zones were greater than the 0.80 to 1 ratio threshold but below 1.0 ratio.

C. SPP Independent Market Monitor’s Study of Energy Imbalance Market²¹

After SPP became an RTO in 2004, SPP began the process of creating a real-time balancing market. Before FERC approved SPP’s proposed real-time balancing market, which would become

Commissioners from the RSC that are included as voting members on the RARTF. Currently, Commissioner Albrecht from the Kansas Corporation Commission serves on the RARTF.

¹⁹ RCAR I Report (October 8, 2013).

<https://www.spp.org/documents/37781/rcar%20report%20final%20clean.pdf>

²⁰ RCAR II Report (July 11, 2016).

<https://www.spp.org/documents/46235/rcar%20%20report%20final.pdf>

²¹ SPP Independent Market Monitor’s Study of Energy Imbalance Market (found on pages 157-159 of the Board of Director’s Meeting Minutes on April 22, 2008).

<https://www.spp.org/documents/7621/bod042208.pdf>.

known as the Energy Imbalance Market (“EIM”), a study was produced by Charles River Associates (“CRA”) that estimated the net benefits of the first year of the EIM to be \$83 million.

After the EIM went into operation, the SPP Board of Directors (“Board”) requested the SPP Independent Market Monitor to provide an estimate of the net trade benefits resulting from the first 12 months of the EIM. Importantly, the Board asked that the estimates be based on actual EIM results rather than on simulation models. The study estimated the net trade benefits within the initial 12 months of the EIM to be \$103 million. This value is about 20% higher than estimated with the 2005 CRA cost/benefit study. This difference is primarily attributed to higher actual natural gas prices than the price forecast for 2007 in the CRA study.

D. Integrated Marketplace Benefits²²

On April 7, 2009, Ventyx, a third party engaged by SPP to conduct a cost-benefit analysis related to the IM,²³ issued its report entitled “Cost Benefit Study for Market Design”. The report stated that the benefits (net of the costs) of the IM to both SPP and its Market Participants would average approximately \$100 million per year. These benefits reflect projected reductions in total energy costs through the use of centralized unit commitment, pooling, and co-optimization of Energy and Operating Reserve. The model that Ventyx used was based on a number of assumptions, particularly those regarding future fuel prices, US environmental policy, and the amount of new wind capacity built in SPP.

²² SPP Press Release, Feb. 28, 2019, (<https://www.spp.org/newsroom/press-releases/as-it-turns-five-southwest-power-pool-s-integrated-marketplace-is-saving-billions-and-enabling-big-changes-in-energy-dispatch/>)

²³ The Integrated Marketplace launched in 2014 and includes a Day-Ahead Market with Transmission Congestion Rights, a Reliability Unit Commitment process, a Real-Time Balancing Market replacing the EIS Market and the incorporation of price-based Operating Reserve procurement. The Integrated Marketplace also consolidated the SPP footprint's sixteen legacy Balancing Authorities into the SPP Balancing Authority.

Yearly, SPP produces a new study, using a different methodology than the Ventyx model, to calculate the annual benefits of the IM. This study essentially measures the benefits produced by lowered production costs, reductions to excess capacity requirements, and other efficiencies facilitated by SPP's robust market processes.²⁴

E. 2018 Annual State of the Market Report²⁵

SPP's Independent Market Monitor's Annual State of the Market report for 2018 presents an overview of market design and market outcomes, assesses market performance, and provides recommendations for improvements to the market. The purpose of this report is to provide SPP market participants with reliable and useful analysis and information to use in making market-related decisions. SPP's Independent Market Monitor emphasizes that economics and reliability are inseparable and that an efficient wholesale electricity market provides the greatest benefit to the end user both presently and in the years to come. Throughout this report, SPP's Independent Market Monitor gives details on specific costs and benefits produced by the markets in the prior year.

F. Member Value Study ("MVS")²⁶

Yearly, SPP produces a MVS to calculate the value produced by services provided by SPP as compared to the expenses paid by SPP members. As shown in the most recent MVS, transmission planning, market administration, reliability coordination, and other professional

²⁴ The latest study estimated the Integrated Marketplace produces an average annual savings of \$570 million to SPP market participants.

²⁵ SPP's Market Monitory Unit's Annual State of the Market report for 2018. (<https://www.spp.org/documents/59861/2018%20annual%20state%20of%20the%20market%20report.pdf>).

²⁶ *14-1 The Value of Trust* (2019). (<https://www.spp.org/documents/58916/14-to-1%20value%20of%20trust%2020190524%20web.pdf>).

services provide net benefits to SPP’s members in excess of \$2.239 billion and the annual costs (Net Revenue Requirement) were \$153.9 million, which is a 14.55 to 1 benefit-to-cost ratio. This study does not break down the benefits or costs by member, pricing zone, or state, nor does this study provide any information related to cost savings resulting from transmission in Kansas.

G. Integrated Transmission Planning Process (“ITP”)²⁷

The ITP process is Southwest Power Pool’s iterative study process that includes 20-Year, 10-Year and Near-Term Assessments. The 20-Year Assessment identifies transmission projects, generally above 300 kV, needed to provide a grid flexible enough to provide benefits to the region across multiple scenarios. The 10-Year Assessment (“ITP10”) focuses on facilities 100 kV and above to meet system needs over a 10-year horizon.

The Near-Term Assessment is performed annually and assesses system upgrades, at all applicable voltage levels, required in the near-term planning horizon to address reliability needs. Along with the Highway/Byway cost allocation methodology, the ITP process promotes transmission investments that will meet reliability, economic, and public policy needs intended to create a cost-effective, flexible, and robust transmission network that will improve access to the region’s diverse generating resources.

In each ITP10, SPP proposes a portfolio of projects to address the reliability needs of the SPP region. The ITP10 estimates the engineering and construction costs if the proposed portfolio of projects are completed and put into service. The ITP10 also includes benefit metrics, based on a number of future assumptions, to measure the value and economic impacts of the portfolio of

²⁷ For example, see ITP10, *2017 Integrated Transmission Plan 10-Year Assessment Report* (January 20, 2015).
(https://www.spp.org/documents/51179/2017_itp10_report_board%20approved_april2017_final.pdf).

projects. The benefits to cost ratios for the portfolio of projects are calculated for each zone within SPP.

III. COMMENTS

A. CAN SPP OR THE KANSAS UTILITIES PROVIDE THE COMMISSION WITH A METHOD BY WHICH THE COMMISSION CAN BACK-CAST OR HISTORICALLY EVALUATE WHETHER PROJECTED COSTS AND BENEFITS WERE ACHIEVED?

The Commission has requested the parties in this docket comment on whether there is a possible approach or method that would allow the Commission to assess any projection on which such future studies might be based, to validate whether or not the projected cost savings actually came to fruition.²⁸ The Commission made it clear in its Order that it was not looking for an approach or method that is a historical look from the present moment back to 2010 or to any particular date in the past.²⁹ The Commission stated they were looking for a method or approach to provide the Commission with measurable data, not mere projections, by which to assess the veracity of the purported cost savings stemming from SPP membership.³⁰

The Joint Commenters appreciate the Commission's desire to create a method or approach that would provide the Commission with an analysis to quantify whether certain benefits and costs projected by a study actually came to fruition. If possible, this type of approach could provide validation regarding whether the projections from a past study were valid. Unfortunately, the Joint Commenters are not aware of a method or approach that would allow the Commission to measure, accurately or with any degree of mathematical certainty, whether the benefits projected by a particular study came to fruition.

²⁸ Order at ¶59.

²⁹ *Id.* at ¶58.

³⁰ *Id.* at 57.

All studies produced by SPP include a vast number of underlying and interdependent assumptions in modeling that result in an ultimate determination of costs and benefits. A change in any assumption without changes to the multitude of other interdependent assumptions will result in an invalid or impractical set of assumptions. Any attempt to rerun a past study using actual data instead of projected data will result in an invalid comparison, because the changes in one or more assumptions will create an entirely new scenario. Further, the Kansas utilities are not aware of SPP's capability, or the resulting cost to the SPP membership, to rerun models with alternate assumption.

For an example, the costs for the economic projects for the 2012 Integrated Transmission Plan 10-Year Assessment Report ("2012 ITP10")³¹ were estimated to be \$206 million in engineering and construction costs. These same projects were expected to provide net benefits of approximately \$596 million over the life of the projects, which results in a 2.8 to 1 benefit-to-cost ratio. These costs and benefits were based on the entire portfolio of economic projects being built and put into service. Since all of these transmission projects were not constructed, there is no way to verify that the exact benefits projected from the 2012 ITP10 came to fruition. Actual construction costs and market results are always known after they happen, but without the construction of all transmission projects in the 2012 ITP10, the use of actual data to validate the benefits of the prior study is problematic. Other assumptions used in the 2012 ITP10 also changed, such as wind generation, gas prices, and load, which would also render any back-casting of the 2012 IPT10 impossible.

³¹ 2012 Integrated Transmission Plan 10-Year Assessment Report (January 31, 2012). (<https://www.spp.org/documents/16691/20120131%202012%20itp10%20report.pdf>).

Another example of the impossibility of verifying whether projected costs from a particular study came to fruition is the study done by Ventyx relating to the benefits projected for the Integrated Marketplace. As stated above,³² Ventyx projected that both SPP and its Market Participants would average approximately \$100 million per year in savings due to implementation of the Integrated Marketplace. Ventyx made a number of assumptions in the study relating to future fuel prices, US environmental policy, and the amount of new wind capacity built in SPP. An attempt to verify Ventyx's study results today, using actual data, would result in invalid results. In 2009, SPP did not anticipate the amount of wind generation that would be added to SPP's generation portfolio. If the 2009 Ventyx study was rerun by changing the wind generation assumption to the actual wind generation dispatched, the study could not be replicated, because a number of other assumptions would also change, causing, in turn, other assumptions to change. This cascading effect of invalidation of past assumptions renders the updated study useless. The Ventyx benefit-to-cost ratio projected is only valid when based on the assumptions used at that time the study was completed.

Although the Joint Commenters are not aware of any method to back-cast or historically evaluate whether a study's projected benefits actually came to fruition, there could be value in creating a new study to evaluate specific benefits that occurred in the past. The new study's results could then be used to verify the reasonableness of any past study evaluating the same benefits. As stated above, SPP has previously created studies to evaluate the benefits created by the implementation of the EIM and the IM.³³ Both of these new studies were used to validate the benefits accumulated from the first year of the EIM and the IM, and both studies were also used

³² See Section II.D.

³³ See Section II.C. and II.D.

evaluate the reasonableness of the projected benefits from past studies that quantified the same benefits.

Although a new study that uses actual historical data may provide value to the Commission in quantifying certain benefits, a new study created to quantify each specific benefit exclusively relating to Kansas utilities membership in SPP would be very expensive for Kansas ratepayers. An estimated cost to complete each new study would be from \$500,000 to \$1,000,000. The information that the Commission will receive from such a study might not be cost effective, especially since there are other studies that are already completed by SPP that could provide the Commission with comparable information.

B. DO THE JOINT COMMENTERS BELIEVE IT IS POSSIBLE TO CAPTURE BENEFITS USING OPERATIONAL DATA FROM THE INTEGRATED MARKETPLACE AS PROPOSED BY MIDWEST IN ITS REPLY COMMENTS?

Midwest proposed on page 4 of its Reply Comments filed in this docket, “A possible new approach would capture benefits utilizing operational data from the Integrated Marketplace for the time up to the actual study date. This approach would include re-running the market engine both with the inclusion of the new transmission and then without. The differences in production costs would be captured and provide a historical benefit of the transmission based on the differences in production costs between the market runs. The future benefits could then be predicted in a similar or same way that that RCAR has been completed in the past. By combining these two methodologies it would be possible to generate RCAR results that show actual historical results and prospective future results and not results based solely on a on a prospective modeled approach.”

The Joint Commenters believe this proposal by Midwest is possible. The RARTF, of which Commissioner Albrecht is currently a voting member, is proceeding toward recommending this

type of approach to use in RCAR III, but the RARTF has not officially voted to adopt this process.³⁴ After final approval of this process from the RARTF, there will be some lag time between the approval of the new RCAR approach and when SPP can start re-running the market engine both with the inclusion of the new transmission and then without, because there will be personnel and IT additions necessary. Once the market engine is re-run, this data can be provided for the Commission's review. It should be noted again that the RCAR process only evaluates the cost/benefit of projects approved under the Highway/Byway cost allocation methodology and, not all costs and benefits of participation in SPP.

C. CAN SPP PROVIDE THE COMMISSION THE KANSAS-SPECIFIC PORTION, BY KANSAS MEMBER UTILITY, FOR EACH OF THE MOST RECENTLY CREATED SPP REPORTS THAT EVALUATE THE COST/BENEFIT OF KANSAS UTILITY PARTICIPATION IN SPP?

SPP does not currently produce any studies or reports that evaluate the costs and benefits of Kansas utility participation in SPP specific to Kansas member utilities or specific to any other individual state or utility. However, SPP does a number of studies that project costs and benefits to the entire footprint (or by zone for the RCAR studies) from the many services provided by the RTO.³⁵ Although SPP does not break any of its study cost/benefit analyses down to the state level, SPP could approximate the costs and benefits to each of the Kansas utilities using the load ratio share of each of these utilities as it relates to their SPP load in Kansas ("Load Ratio Share Approximation Methodology"). The Load Ratio Share Approximation Methodology allows the Commission to see at a high-level what benefits and costs would accrue to each individual Kansas utility based on that specific utility's load they serve in SPP's Kansas footprint.

³⁴ All meeting materials of the RARTF that discuss this proposal can be found at this link: <https://www.spp.org/spp-documents-filings/?id=20900>.

³⁵ See Section II.

The concern with using the Load Ratio Share Approximation Methodology is that this approach is not based on any of the specific assumptions or methodologies that were used in the previous study. The benefit and cost estimates resulting from the Load Ratio Share Approximation Methodology should only be used as a rough calculation by the Commission to see the benefits and costs, at a high level, for each Kansas Utility. The Joint Commenters request that the results of the Load Ratio Share Approximation Methodology not be used for any other purpose outside those used by the Commission in this docket or other related Commission dockets.

Below on Table 1, provides the representation of the load ratio share of the Kansas utilities. Also below, in Tables 2-3, provides the benefits and costs, using the Load Ratio Share Approximation Methodology, that each of the Kansas Utilities accrued because of its membership in SPP. Lastly, in Table 4 below, is the annual savings generated by the Integrated Marketplace for each Kansas Utility using the Load Ratio Share Approximation Methodology. The following studies were used to produce the results shown Tables 2-4: Value of Transmission, , RCAR II, Integrated Marketplace Benefits.³⁶

³⁶ Attached to the Comments, for the ease of the Commission, is a hard copy of these studies.. A digital link to these studies is provided above in Section II footnotes.

Table 1: Load Ratio Share of Kansas's Utilities' Load in SPP's Kansas Footprint.⁴⁰

NAME OF THE UTILITY³⁷	LOAD RATIO SHARE IN SPP'S KANSAS FOOTPRINT
Empire District Electric ³⁸	0.12%
Kansas City Power & Light Company ³⁹	3.40%
Midwest Energy, Inc.	0.75%
Mid-Kansas Electric Company, Inc.	1.25%
Sunflower Electric Cooperative, Inc.	0.93%
Westar Energy	10.07%
Total Load Ratio Share of Kansas Utilities in Southwest Power Pool	16.52%

³⁷ Joint Commenters Kansas Municipal Energy Agency, Kansas Electric Power Cooperative, and Kansas Power Pool are Transmission Using Members of SPP, as defined under SPP's Bylaws, and their load is included into the utilities load listed on this Table.

³⁸ The Kansas load for EDE in the EDE zone is approximately 5% of the total load in the EDE zone..

³⁹ The Kansas load for KCP&L, KMEA, & KEPCo in the KCP&L zone is approximately 45% of the total load in the KCP&L zone..

⁴⁰ The Load Ratio Share percentages come from the July 2019 Revenue Requirements and Rates ("RRR") File posted to the SPP website on July 12, 2019.

Table 2: Value of Transmission: Costs and Benefits for each Kansas Utility⁴¹

NAME OF THE UTILITY	BENEFITS 40-YR NPV (\$ MILLIONS)	COST 40-YR NPV (\$ MILLIONS)	BENEFIT-TO-COST RATIO
Empire District Electric	\$19.7	\$5.6	3.49
Kansas City Power & Light Company	\$564.3	\$161.5	3.49
Midwest Energy, Inc.	\$124.8	\$35.7	3.49
Mid-Kansas Electric Company, Inc.	\$207.9	\$59.5	3.49
Sunflower Electric Cooperative, Inc.	\$153.7	\$44.0	3.49
Westar Energy	\$1,671.9	\$478.2	3.49
Total Kansas Benefits and Costs	\$2,741.6	\$784.5	3.49

⁴¹ The Value of Transmission Study estimated that for the entire SPP footprint that the net present value (NPV) of benefits over a forty-year timeframe was \$16.603 billion and the costs were \$4.751 billion, which is a 3.49 to 1 ratio.

Table 3: RCAR II: Costs and Benefits for each Kansas Utility⁴²

NAME OF THE UTILITY	BENEFITS 40-YR NPV (\$ MILLIONS)	COST 40-YR NPV (\$ MILLIONS)	BENEFIT-TO-COST RATIO
Empire District Electric	\$4.8	\$5.9	0.81
Kansas City Power & Light Company	\$504.9	\$170.1	2.97
Midwest Energy, Inc.	\$190.0	\$66.0	2.89
Mid-Kansas Electric Company, Inc.	\$306.0	\$239.0	1.28
Sunflower Electric Cooperative, Inc.	\$283.0	\$76.0	3.73
Westar Energy	\$2,011.0	\$930.0	2.16
Total Kansas Benefits and Costs	\$3,299.7	\$1,487.0	2.22

⁴² RCAR II estimated that for the entire SPP footprint that the 40- year NPV benefits were \$17.599 billion and the costs were \$7.180 billion, which is a 2.45 to 1 benefit/cost ratio.

Table 4: Integrated Marketplace: Costs and Benefits for each Kansas Utility⁴³

NAME OF THE UTILITY	ANNUAL SAVINGS (\$ MILLIONS)
Empire District Electric	\$0.7
Kansas City Power & Light Company	\$19.4
Midwest Energy, Inc.	\$4.3
Mid-Kansas Electric Company, Inc.	\$7.1
Sunflower Electric Cooperative, Inc.	\$5.3
Westar Energy	\$57.4
Total Kansas Annual Savings	\$94.1

⁴³ The Integrated Marketplace study estimated that SPP members average \$570 million in annual savings.

WHEREFORE, the Joint Commenters respectfully request that Commission consider these Comments in this matter.

Respectfully submitted,

/s/ Thomas E. Wright

Thomas E. Wright, S.Ct. #06115

MORRIS, LAING, EVANS, BROCK & KENNEDY, CHTD.

800 SW Jackson, Suite 1310

Topeka, KS 66612-1216

(785) 232-2662 Fax: 232-9983

twright@morrislaing.com

and

Tessie Kentner AR # 2007240

Managing Attorney

Justin A. Hinton AR # 2010025

Attorney

Southwest Power Pool, Inc.

201 Worthen Drive

Little Rock, Arkansas 72223

Telephone: (501) 688-1782

Facsimile: (501) 482-2022

Email: tkentner@spp.org

jhinton@spp.org

Attorneys for Southwest Power Pool, Inc.

VERIFICATION
K.S.A. 53-601

STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

I verify under penalty of perjury that the foregoing is true and correct.

/s/ Thomas E. Wright
Thomas E. Wright

Executed on August 13, 2019.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above pleading was sent via email, this 13th day of August, 2019, to the following:

W. ROBERT ALDERSON, JR., ATTORNEY
ALDERSON ALDERSON WEILER CONKLIN BURGHART & CROW LLC
2101 SW 21ST STREET (66604)
TOPEKA, KS 66604
BOBA@ALDERSONLAW.COM

JAMES G. FLAHERTY, ATTORNEY
ANDERSON & BYRD, L.L.P.
216 S HICKORY
PO BOX 17
OTTAWA, KS 66067
jflaherty@andersonbyrd.com

THOMAS J. CONNORS, Attorney at Law
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
tj.connors@curb.kansas.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
t.love@curb.kansas.gov

DAVID W. NICKEL, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
D.NICKEL@CURB.KANSAS.GOV

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
d.smith@curb.kansas.gov

SHONDA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
sd.smith@curb.kansas.gov

BRENT BAKER
EMPIRE DISTRICT ELECTRIC COMPANY
602 S JOPLIN AVE (64801)
PO BOX 127
JOPLIN, MO 64802
BBaker@empiredistrict.com

ANGELA CLOVEN
EMPIRE DISTRICT ELECTRIC COMPANY
PO BOX 127
602 S JOPLIN AVENUE
JOPLIN, MO 64802-0127
acloven@empiredistrict.com

AARON DOLL
EMPIRE DISTRICT ELECTRIC COMPANY
602 S JOPLIN AVE (64801)
PO BOX 127
JOPLIN, MO 64802
ADoll@empiredistrict.com

SHERI RICHARD
EMPIRE DISTRICT ELECTRIC COMPANY
602 S JOPLIN AVE (64801)
PO BOX 127
JOPLIN, MO 64802
sheri.richard@empiredistrict.com

DOUGLAS L. HEALY, ATTORNEY AT LAW
HEALY LAW OFFICES, LLC
3010 E BATTLEFIELD STE A
SPRINGFIELD, MO 65804
doug@healylawoffices.com

TERRY M. JARRETT, Attorney at Law
HEALY LAW OFFICES, LLC
514 East High Street
Suite 22
Jefferson City, MO 65101
terry@healylawoffices.com

HEATHER H STARNES, ATTORNEY
HEATHER H STARNES
12 PERDIDO CIRCLE
LITTLE ROCK, AR 72211
heather@healylawoffices.com

JAMES W. BIXBY, ATTORNEY - REGULATORY & LEGISLATIVE
ITC GREAT PLAINS, LLC
601 THIRTEENTH STREET NW
STE 710S
WASHINGTON, DC 20010
jbixby@itctransco.com

HOLLY FISHER, ATTORNEY-CAP. PROJECTS & MAINTENANCE
ITC GREAT PLAINS, LLC
3500 SW FAIRLAWN RD STE 101
TOPEKA, KS 66614-3979
hfisher@itctransco.com

DENISE M. BUFFINGTON, CORPORATE COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)

PO BOX 418679
KANSAS CITY, MO 64141-9679
DENISE.BUFFINGTON@KCPL.COM

ROBERT J. HACK, LEAD REGULATORY COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
ROB.HACK@KCPL.COM

ROGER W. STEINER, CORPORATE COUNSEL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
roger.steiner@kcpl.com

MARY TURNER, MANAGER REGULATORY AFFAIRS
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL 1200 MAIN ST (64105)
PO BOX 418679
KANSAS CITY , MO 64141-9679
MARY.TURNER@KCPL.COM

ANTHONY WESTENKIRCHNER, SENIOR PARALEGAL
KANSAS CITY POWER & LIGHT COMPANY
ONE KANSAS CITY PL, 1200 MAIN ST 19th FLOOR (64105)
PO BOX 418679
KANSAS CITY, MO 64141-9679
anthony.westenkirchner@kcpl.com

MICHAEL DUENES, ASSISTANT GENERAL COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
m.duenes@kcc.ks.gov

ANDREW FRENCH, SENIOR LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
a.french@kcc.ks.gov

STEPHAN SKEPNEK, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
s.skepnek@kcc.ks.gov

PAUL MAHLBERG, GENERAL MANAGER
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
MAHLBERG@KMEA.COM

SAM MILLS, DIRECTOR PROJECT AND ASSETS MANAGEMENT
KANSAS MUNICIPAL ENERGY AGENCY
6300 W 95TH ST
OVERLAND PARK, KS 66212-1431
MILLS@KMEA.COM

MARK CHESNEY, CEO & GENERAL MANAGER
KANSAS POWER POOL
100 N BROADWAY STE L110
WICHITA, KS 67202
mchesney@kansaspowerpool.org

JAMES GING, DIRECTOR ENGINEERING SERVICES
KANSAS POWER POOL
100 N BROADWAY STE L110
WICHITA, KS 67202
jging@kansaspowerpool.org

LARRY HOLLOWAY, ASST GEN MGR OPERATIONS
KANSAS POWER POOL
100 N BROADWAY STE L110
WICHITA, KS 67202
lholloway@kansaspowerpool.org

CURTIS M. IRBY, GENERAL COUNSEL
KANSAS POWER POOL
LAW OFFICES OF CURTIS M. IRBY
200 EAST FIRST ST, STE. 415
WICHITA, KS 67202
CMIRBY@SBCGLOBAL.NET

WILLIAM DOWLING, VP ENGINEERING & ENERGY SUPPLY
MIDWEST ENERGY, INC.
1330 CANTERBURY ROAD
PO BOX 898
HAYS, KS 67601-0898
BDOWLING@MWENERGY.COM

ANNE E. CALLENBACH, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
acallenbach@polsinelli.com

FRANK A. CARO, ATTORNEY
POLSINELLI PC
900 W 48TH PLACE STE 900
KANSAS CITY, MO 64112
fcaro@polsinelli.com

KANDI HUGHES, ATTORNEY
SOUTHWEST POWER POOL, INC.
201 WORTHEN DR
LITTLE ROCK, AR 72223
khughes@spp.org

TESSIE KENTNER, ATTORNEY
SOUTHWEST POWER POOL, INC.
201 WORTHEN DR
LITTLE ROCK, AR 72223
tkentner@spp.org

PAUL SUSKIE, Executive Vice-President Regulatory and Legal
SOUTHWEST POWER POOL, INC.
201 WORTHEN DR
LITTLE ROCK, AR 72223
psuskie@spp.org

AMY FELLOWS CLINE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
amycline@twgfirm.com

TIMOTHY E. MCKEE, ATTORNEY
TRIPLETT, WOOLF & GARRETSON, LLC
2959 N ROCK RD STE 300
WICHITA, KS 67226
TEMCKEE@TWGFIRM.COM

MARK D. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
MCALCARA@WCRF.COM

TAYLOR P. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN ST STE 300
PO DRAWER 1110
GREAT BEND, KS 67530
TCALCARA@WCRF.COM

MO AWAD, DIRECTOR, REGULATORY COMPLIANCE
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
mo.awad@westarenergy.com

CATHRYN J. DINGES, SENIOR CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
cathy.dinges@westarenergy.com

JEFFREY L. MARTIN, VICE PRESIDENT, REGULATORY AFFAIRS
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889

TOPEKA, KS 66601-0889
JEFF.MARTIN@WESTARENERGY.COM

PATRICK T. SMITH, CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
PATRICK.SMITH@WESTARENERGY.COM

/s/ Thomas E. Wright
Thomas E. Wright