

In the Matter of the Application of Kansas Power Pool for a	)	Docket No.
Certificate of Convenience and Authority to Transact the	)	18-KPPE-343-COC
Business of an Electric Public Utility in the State of Kansas	)	
for Transmission Rights Only in Cross Service Territory of	)	
Southern Pioneer Electric Company and Ninnescah Rural	)	
Electric Company.	)	

STAFF DIRECT TESTIMONY

PREPARED BY

LEO M. HAYNOS

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

July 9, 2018

**Direct Testimony of Leo M. Haynos**  
**Docket No. 18-KPPE-343-COC**

**Q. Would you please state your name and business address?**

**A.** My name is Leo M. Haynos. My business address is 1500 Southwest Arrowhead Road,  
Topeka Kansas, 66604.

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

**A.** I am employed by the Kansas Corporation Commission (Commission), Utilities Division  
as the Chief Engineer.

**Q. Please state your educational and employment background.**

**A.** I received a Bachelor of Science Degree in Petroleum Engineering from New Mexico  
Institute of Mining and Technology, Socorro, New Mexico. I have worked in various  
capacities as an engineer for the past 36 years, primarily in the oil and gas industry. I am  
licensed as a professional engineer in the State of Kansas. For the past 19 years, I have  
worked for the Kansas Corporation Commission where I have been responsible for  
several functions including managing the pipeline safety program and the administration  
and enforcement of the underground utility damage prevention program. Prior to  
working for the Commission, I worked three years as an engineer for the Kansas  
Department of Health and Environment Bureau of Air and Radiation and 13 years with  
Atlantic Richfield Corporation.

**SUMMARY OF TESTIMONY**

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

**A.** My testimony analyzes the Application submitted by the Kansas Power Pool (KPP) for a  
Transmission Rights Only (TRO) certificate. KPP has requested a TRO to build a  
substation and a 34.5 kV line that will be located in the certified service territory of two  
retail electric suppliers. The purpose of my testimony is to evaluate KPP's Application

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1 for compliance and satisfaction of TRO certificate factors. Specifically, my testimony  
2 evaluates the merits of KPP's Application with respect to the six public policy factors  
3 stated in the Retail Electric Suppliers Act (RESA).<sup>1</sup>

4 **Q. Why did you evaluate the merits of KPP's Application using RESA factors?**

5 A. Because of a recent change in Kansas law. Last legislative session, K.S.A. 12-8,111 was  
6 amended in part to require municipal energy agencies like KPP to file for a TRO  
7 certificate when building electric facilities through the certified territory of a retail  
8 electric supplier. K.S.A. 12-8,111 states, "In determining public convenience and  
9 necessity, the state corporation commission shall apply the provisions of K.S.A. 66-1,170  
10 et seq., and amendments thereto, to a municipal energy agency to the same extent it does  
11 to a retail electric supplier, as defined in K.S.A. 66-1,170, and amendments thereto."

12 **Q. What is your recommendation in this docket?**

13 A. After analyzing KPP's Application for compliance and satisfaction of RESA's factors, I  
14 recommend the Commission approve KPP's TRO certificate request. Staff witness Justin  
15 Grady provides a review of the economic analysis of KPP's project that accompanies its  
16 TRO certificate request.

17 **BACKGROUND**

18 **Q. Can you provide a quick summary regarding this docket's history?**

19 A. In September 2016, Southern Pioneer Electric Company (SPEC) filed a formal complaint  
20 against KPP alleging KPP was attempting to bypass SPEC's facilities which would  
21 burden SPEC's customers with increased rates and duplicative facilities. This matter was

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<sup>1</sup> K.S.A. 66-1,170 et seq.

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1 docketed in Docket No. 17-KPPE-092-COM (17-092 Docket). While the 17-092 Docket  
2 was open, the Kansas legislature amended K.S.A. 12-8,111. Staff's Report and  
3 Recommendation in the 17-092 Docket recommended, in part, the complaint proceeding  
4 be dismissed and SPEC seek intervention in the subject docket. Staff also recommended  
5 SPEC intervene in this docket for the purposes of demonstrating the economics of  
6 Southern Pioneer's solution to Kingman constraints compared to KPP's economic  
7 analysis. A Commission decision in this docket will determine whether KPP should be  
8 permitted to construct the KDC, and it also will help resolve issues raised in the 17-092  
9 Docket. To be clear the 17-092 Docket has concluded. The Commission granted a Joint  
10 Motion to Dismiss Complaint (Joint Motion) and the Complainants (i.e. SPEC) have  
11 intervened in the instant docket.

12 **Q. When the 17-092 Complaint was dismissed, was there any guidance for addressing**  
13 **the 17-092 Docket's issues in this proceeding?**

14 **A.** Yes. The Joint Motion from the 17-092 Docket details the legislative changes to K.S.A.  
15 12-8,111 and general considerations surrounding certificate requests. Particularly, the  
16 Joint Motion highlighted certain considerations to review when evaluating public  
17 convenience and necessity.<sup>2</sup> My testimony addresses the RESA factors and further  
18 evaluates how KPP's Application affects the public convenience and necessity.

19 **Q. Please provide an overview of this Docket.**

20 **A.** In this Docket, KPP is requesting a TRO certificate to build a substation in the retail  
21 certified territory of Ninnescah Electric Cooperative (Ninnescah). The Application also

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<sup>2</sup> Central Kansas Power Co. v. State Corporation Commission, 206 Kan. 670, 677, 482 P.2d 1 (1971).

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1 requests authority to build a five mile extension of an existing KPP 34.5kV transmission  
2 line through retail territory certified to Ninnescah and through retail territory certified to  
3 SPEC. This proposed five mile 34.5kV line would connect the existing KPP 34.5kV  
4 transmission line to the proposed new substation. The substation and five miles of  
5 34.5kV transmission line are referred to as the "Kingman Direct Connection" (KDC) in  
6 the Application.

7 **Q. What are the relevant provisions of RESA that would apply to KPP in this case?**

8 **A.** In my opinion, there are two paragraphs of RESA that establish the scope of this  
9 evaluation. They are as follows:

10 1. K.S.A. 66-1,173(a): Any retail electric supplier, with the approval of  
11 the commission, may extend distribution or transmission facilities through  
12 the certified territory of another retail electric supplier, if such extension is  
13 necessary for such supplier to connect with any of its facilities or those of  
14 others to serve consumers within its own certified territory; and  
15

16 2. K.S.A. 66-1,171: Declaration of public policy. It is hereby declared to  
17 be the public policy of this state to:

- 18 (a) Encourage the orderly development of retail electric service;  
19 (b) avoid wasteful duplication of facilities for the distribution of  
20 electricity;  
21 (c) avoid unnecessary encumbrance of the landscape of the state;  
22 (d) prevent waste of materials and natural resources;  
23 (e) facilitate the public convenience and necessity; and  
24 (f) minimize disputes between retail electric suppliers which may result  
25 in inconvenience, diminished efficiency and higher costs in serving the  
26 consumer.  
27

28 In pursuing such public policy, it is the purpose of this act to provide for  
29 the division of the state into territories within which retail electric  
30 suppliers are to provide the retail electric service as provided in this act.  
31

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1   **Q.    Please Continue.**

2   **A.**In the context of this Docket, K.S.A. 66-1,173(a) allows KPP to extend transmission  
3       facilities through the territory of a retail electric supplier, *if* the Commission finds such an  
4       extension is necessary in order for KPP to serve its members.

5   **Q.    How does the statute envision the Commission determine the necessity of the TRO?**

6   **A.**I believe the public policy statement of K.S.A. 66-1,171 provides the scope of such a  
7       determination. In my testimony, I provide an evaluation of the reasonableness of each of  
8       the six factors.

9   **Q.    Does KPP provide support for the public policy six factors listed in RESA?**

10   **A.**Yes. The Direct Testimony of Larry Holloway in support of the Application provides  
11       KPP's support for each factor.

12       **K.S.A. 66-1,171(a): Encourage the orderly development of retail electric service**

13   **Q.    Have you evaluated KPP's Application and whether it will encourage the orderly**  
14       **development of retail electric service?**

15   **A.**Yes.

16   **Q.    What did you determine?**

17   **A.**I determined the KDC will benefit the orderly development of both retail electric service  
18       and wholesale electric service.

19   **Q.    Can you expand on the orderly development of retail electric service?**

20   **A.**First, context is important. "Retail electric service" is not defined in RESA.  
21       Traditionally, retail electric service means electric service to the ultimate consumer of  
22       electricity – a retail sale. In this case, the purpose of the KDC is to provide additional  
23       transmission capacity to the City of Kingman (Kingman) which is a retail electric

1 supplier. As noted in the Application, Kingman is currently limited to 6MW of  
2 import/export capacity through its existing wholesale connection with SPEC.<sup>3</sup> Regarding  
3 retail sales, the KDC will benefit Kingman because the resulting increase in wholesale  
4 transmission capacity will allow Kingman to expand its own distribution facilities to  
5 accommodate customer or load growth.

6 **Q. How will the KDC encourage the development of wholesale sales of electric service?**

7 **A.** The KDC will provide benefits to both KPP and Kingman with respect to wholesale sales  
8 of electricity. The expanded capacity of electric transmission provided by the KDC will  
9 allow Kingman to import energy as needed and export available energy from the  
10 Kingman generators when requested by the Southwest Power Pool (SPP) Integrated  
11 Market. Similarly, the increased capacity of the transmission line for importing and  
12 exporting power will provide a revenue source to KPP and its members. In addition to  
13 these wholesale markets, Mr. Holloway asserts the KDC also has the potential to provide  
14 transmission service to two electric cooperatives that are traversed by the existing line.<sup>4</sup>

15 **Q. Do you believe the KDC will result in the *orderly* development of retail and**  
16 **wholesale sales of electricity?**

17 **A.** Yes. The additional transmission capacity supplied by the KDC will provide a source of  
18 excess power that can be used for future development. In my opinion, an available  
19 source of power with no supply constraints is a prerequisite to developing orderly growth  
20 of retail power supply. Based on the removal of the import/export limitation and the

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<sup>3</sup> See para. 2, Application.

<sup>4</sup> Page 23, lines 15-21, Direct Testimony of Larry Holloway.

1 above outlined upside potential, I believe the KDC meets the policy statement of K.S.A.  
2 66-1,171(a).

3 **K.S.A. 66-1,171(b): Avoid wasteful duplication of facilities for the distribution of**  
4 **electricity.**

5 **Q. What did you determine regarding wasteful duplication of facilities for the**  
6 **distribution of electricity?**

7 **A.** I believe the KDC will result in some duplication of electric transmission facilities in this  
8 area. In this case, however, the legislative policy seeks to avoid *wasteful* duplication of  
9 facilities.

10 **Q. How do you define wasteful?**

11 **A.** Personally, I would define a wasteful duplication as a duplicative facility whose costs  
12 outweigh the benefits of using/expanding existing facilities.

13 **Q. What is the electric supply constraint that KPP wishes to resolve by building the**  
14 **KDC?**

15 **A.** Under the present electric supply scenario, Kingman is partially supplied by a Pratt-  
16 Cunningham 34.5 kV line operated by SPEC with a limited capacity of 6MW. Kingman  
17 meets the remainder of its electricity needs by self-generation. By building the KDC,  
18 KPP proposes to remove the capacity limitation.

19 **Q. Are there other possible solutions to the export/import limitation?**

20 **A.** Yes. In the past, Mid-Kansas Electric Co. (MKEC) and its member SPEC have reviewed  
21 possible solutions to resolve the export/import limitation.<sup>5</sup> Based on MKEC's study, the

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<sup>5</sup> Attachment 1, Response to Staff Data Request 13.



1 lowest cost solution available to MKEC and SPEC is the expansion of the Semcrude  
2 substation and building three miles of 34.5kV transmission line to interconnect with the  
3 existing Kingman line.

4 **Q. Given there are two viable solutions, will the KDC result in a wasteful duplication of**  
5 **facilities when compared to the expansion of SPEC's semcrude substation?**

6 **A.** It is my understanding that SPEC could provide the desired service to KPP by expanding  
7 its Semcrude substation, which is approximately two circuit-miles downstream of the  
8 proposed KDC substation. For the sake of argument, if the SPEC substation expansion  
9 was completed then the KDC would duplicate approximately two miles of the  
10 transmission line, the majority of the Semcrude substation expansion costs, and operation  
11 and maintenance costs associated with these upgrades. However, this a purely  
12 hypothetical exercise. Neither of the projects (KDC or SPEC substation expansion)  
13 actually exist, so the test for duplicative facilities must compare the potential of each  
14 proposed solution. In my opinion, an evaluation of which option would be a "wasteful  
15 duplication" requires a cost/benefit analysis of each proposed solution.

16 **Q. What about the SPEC facilities currently serving a portion of Kingman's demand?**

17 **A.** The purpose of the KDC or the SPEC alternative is to find an economic means of  
18 meeting the transmission capacity needs of Kingman. The existing facilities are  
19 incapable of meeting the stated capacity needs. Therefore, I conclude The KDC cannot  
20 duplicate something that does not exist or was not built for the purpose of serving  
21 Kingman.

1   **Q.    What are the major economic factors that should be considered when comparing**  
2       **the KDC to the SPEC alternative?**

3   **A.**The major economic factors of the KDC can be described as the construction investment  
4       and operation costs of the project. For the SPEC alternative, the major economic factors  
5       are the expansion of the Semcrude substation, construction of three miles of 34.5kV  
6       transmission line, and Local Access Delivery Charge (LADS) costs for operating under  
7       the SPEC tariff.

8   **Q.    Do you consider the duplicated KDC facilities to be wasteful?**

9   **A.**No. The economic analysis presented in Mr. Holloway's testimony clearly shows that  
10      when the costs of the Semcrude substation expansion are combined with the ongoing  
11      costs of KPP paying the SPEC LADS, the option to use SPEC as an intermediary  
12      provider of transmission service is uneconomic.<sup>6</sup>

13   **Q.    Did Staff review the economic calculations of KPP presented in Mr. Holloway's**  
14      **testimony?**

15   **A.**Yes. Staff witness Justin Grady reviewed Mr. Holloway's economic model and  
16      determined the assumptions provided by Mr. Holloway appeared reasonable for  
17      cost/benefit comparison purposes. Mr. Grady did make minor modifications to Mr.  
18      Holloway's assumptions but these modifications did not alter the overall conclusion that  
19      the KDC is a more cost effective option than the Semcrude substation expansion.

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<sup>6</sup> Page 21, lines 5-14, Direct Testimony of Larry Holloway.

1   **Q.     Did SPEC provide an economic analysis of the SPEC alternative?**

2   **A.     No. Although the 17-092 Joint Motion to Dismiss notes that Staff recommended SPEC**  
3           **intervene in this docket and provide an economic analysis of the SPEC alternative<sup>7</sup>, an**  
4           **economic analysis similar to Mr. Holloway's model was not available for my review**  
5           **prior to the filing date of my testimony.**

6   **Q.     Did SPEC provide any feedback in support of its alternative?**

7   **A.     Yes, as noted earlier, MKEC and SPEC have studied several alternatives to alleviating**  
8           **Kingman's transmission constraints. In response to Staff Data Request 14, SPEC also**  
9           **provided feedback on the accuracy of the cost estimates used by Mr. Holloway in his**  
10          **model but did not provide an economic analysis comparing the two alternatives.**

11  **Q.     What is your conclusion regarding the public policy factor found in K.S.A. 66-**  
12          **1,171(b)?**

13  **A.     I conclude the KDC would not be wastefully duplicative of existing facilities. Of the two**  
14          **proposed solutions, I conclude the KDC also would prevent economic waste when**  
15          **compared to the SPEC alternative to expand the Semcrude substation.**

16          **K.S.A. 66-1,171(c): Avoid unnecessary encumbrance of the landscape of the state.**  
17  **Have you evaluated whether the KDC will unnecessarily encumber the landscape of the**  
18          **state?**

19  **A.     Yes.**  
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<sup>7</sup> Para. 4, Joint Motion to Dismiss Complaint, Docket 17-KPPE-092-COM.

1 **Q. Will the KDC avoid the unnecessary encumbrance of the state's landscape?**

2 **A.** The KDC proposes to build a substation and five miles of 34.5 kV transmission line  
3 which will be visible across the landscape. As proposed, building the KDC will result in  
4 two substations within one mile of each other and an additional power line crossing of the  
5 south fork of the Ninnescah River. Building a section of transmission line directly  
6 adjacent to the SPEC Semcrude substation will also result in congestion of power lines  
7 along a county road. However, Staff notes much of the transmission facilities causing  
8 potential congestion would need to be constructed *regardless* of whether the KDC or the  
9 SPEC alternative is the ultimate solution that is used to meet Kingman's capacity needs.  
10 Either solution would encumber the landscape to a degree.

11 **Q. What is your conclusion regarding the public policy factor found in K.S.A. 66-**  
12 **1,171(c)?**

13 **A.** Considering Kingman's need for additional electric transmission capacity and the  
14 economic viability of the KDC, I believe it is reasonable to conclude the KDC will not  
15 provide *unnecessary* encumbrance to the state's landscape. Moreover, any upgrades  
16 necessary to increase capacity to Kingman (KDC or SPEC alternative) will necessarily  
17 result in new transmission facilities or significant upgrades to existing facilities.

18 **K.S.A. 66-1,171(d): Prevent waste of materials and natural resources.**

19 **Have you evaluated whether the KDC will prevent waste of materials and natural**  
20 **resources?**

21 **A.** Yes.  
22  
23

1    **Q.    Will the KDC prevent waste of materials and natural resources?**

2    **A.**Yes. I believe the KDC meets this public policy factor. By removing the 6MW import  
3           capacity for Kingman, the KDC will allow KPP to purchase and transport electric energy  
4           more cheaply than Kingman can generate its power needs. In turn, this ability should  
5           reduce the operations costs and wear on the Kingman generators. On the other hand,  
6           should it be economic to place the Kingman generation on the Integrated Market,  
7           removal of the 6 MW export capacity may provide Kingman the ability to fully use its  
8           generation fleet as an economic resource.

9    **Q.    Will the KDC result in a resource being wasted?**

10   **A.**If the KDC is built, the 6MW of capacity currently supplied by SPEC to KPP for  
11           Kingman deliveries will be idled, but I would not consider it to be wasted.

12   **Q.    Why would you not consider the SPEC capacity to be wasted?**

13   **A.**Because the SPEC capacity was never built to serve Kingman in the first place. Kingman  
14           and SPEC simply took advantage of available capacity on an existing line. In 2005,  
15           Kingman built 26 miles of 34.5kV line to interconnect with facilities that were built to  
16           serve the City of Cunningham. These facilities were later purchased by SPEC. Other  
17           than the initial purchase price of the Cunningham facilities and routine maintenance,  
18           SPEC has made no investment to provide the 6MW of service. If KPP ceases to purchase  
19           the limited transportation service provided by the SPEC Cunningham interconnect, the  
20           6MW of capacity will become idle as it was for the 45 years prior to Kingman building  
21           the transmission interconnect.<sup>8</sup>

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<sup>8</sup> Paragraph 64, Answer to Complaint, Docket 17-KPPE-092-COM.

1           **K.S.A. 66-1,171(e): facilitate the public convenience and necessity.**

2   **Q.   What is your interpretation of this public policy factor?**

3   **A.**   Although the statute lists this factor as only one of six factors to consider, in my opinion,  
4       the phrase “public convenience and necessity” is a synopsis of this entire docket. The  
5       phrase is also reiterated in the recent amendments to K.S.A. 12-8,111. Additional insight  
6       into the term can be gained from the Kansas Supreme Court case in *Central Kansas*  
7       *Power Co. v. State Corp. Commission*,<sup>9</sup> which is referenced in the Joint Motion filed in  
8       the 17-092 Docket.<sup>10</sup> As noted in the Joint Motion, the Court defined necessity as “a  
9       public need without which the public is inconvenienced to the extent of being  
10      handicapped.” In my view, the evaluation of this abstract concept can be summarized as  
11     analyzing the benefits and detriments that a proposed project would have on the public  
12     generally. In this case, however, the consideration of the concept of “public convenience  
13     and necessity” must be kept in context with the fact that KPP is a municipal energy  
14     agency. As such, Staff has only considered those issues affecting KPP that are within the  
15     Commission’s jurisdiction.

16 **Q.   With respect to public convenience and necessity, what will be the impact of the**  
17 **KDC?**

18 **A.**   The proposed KDC will have both a positive impact on KPP and its members along with  
19       a negative impact on SPEC and its customers.  
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<sup>9</sup> Central Kan. Power Co. v. State Corp. Comm’n, 206 Kan. 670 (1971).

<sup>10</sup> Paras. 6-8, Joint Motion to Dismiss Complaint, Docket 17-KPPE-092-COM.

1 **Q. With respect to promoting the public convenience and necessity, what aspects of the**  
2 **KDC do you believe are a positive impact on KPP and its members?**

3 **A.** In general, the previous discussion in my testimony demonstrate the KDC will be  
4 beneficial to KPP, Kingman, and the other KPP members. The KDC appears to present  
5 the lowest cost solution to KPP in providing electric transmission capacity to the city of  
6 Kingman. As a wholesale customer, Kingman is not bound to take service only from  
7 SPEC. Kingman is free to seek out other opportunities and lower cost alternatives  
8 provided its transmission provider (KPP) follows applicable Kansas statutes. In addition,  
9 the project will assist Kingman and KPP in maximizing the use of the Kingman generator  
10 fleet.

11 **Q. Is Kingman currently receiving sufficient wholesale electric service?**

12 **A.** Kingman's current electric service provided by SPEC is sufficient in that, when  
13 combined with Kingman's own internal power supplies, Kingman can supply electricity  
14 to its residents. The existing service provided by SPEC is not sufficient to meet all of  
15 Kingman's need as the SPEC facilities used to supply Kingman were never designed for  
16 that purpose. In fact, one could argue the import/export limitations affecting Kingman  
17 are handicapping its ability to maximize the use of its own generators or import cheaper  
18 electricity when economical to do so.

19 **Q. Please discuss the negative impact the KDC would have on SPEC and its customers.**

20 **A.** SPEC has served Kingman through Kingman's interconnection with SPEC's  
21 Cunningham substation since September of 2013 when SPEC received its certificate to

1 operate as a public utility in Kansas.<sup>11</sup> If the KDC is completed, SPEC will lose KPP as a  
2 transmission customer. SPEC estimates this loss will decrease its revenues by \$324,000  
3 per year. Consequently, SPEC's remaining wholesale customers would see a LADS  
4 tariff rate increase of approximately 8% from \$4.19/kW to \$4.53/kW.<sup>12</sup>

5 **Q. Will the KDC strand any SPEC investment?**

6 **A.** As I noted earlier, the KDC will idle the 6MW of capacity that SPEC currently uses to  
7 serve Kingman. But I do not believe SPEC has made any significant investment to  
8 provide that service. It is important to note that Kingman built the interconnect to what is  
9 now the SPEC Cunningham substation. In that respect, the KDC is simply an extension  
10 of the transmission build project Kingman began in 2005.

11 **Q. Are there examples of other transmission operators switching suppliers that have**  
12 **resulted in a drop in a supplier's revenue and subsequent cost increase to its**  
13 **remaining customers?**

14 **A.** Although not the same circumstances, I believe the recent expiration of a purchased  
15 power agreement (PPA) between Westar Energy and Mid-Kansas Electric Company  
16 demonstrates the reality of the wholesale power market. In that case, the expiration of a  
17 PPA between Westar as a supplier and MKEC as a purchaser led to a significant  
18 reduction in Westar's wholesale power revenue, which is reflected as an increase in the  
19 revenue requirement of Westar's most recent rate case.<sup>13</sup>

<sup>11</sup> See Docket 13-MKEE-447-MIS.

<sup>12</sup> Para. 45, Complaint filing in Docket 17-KPPE-092-COM.

<sup>13</sup> Pages 32-33, Direct Testimony of John T. Bridson, Docket 18-WSEE-328-RTS.



1 **Q. Regarding the Westar/MKEC PPA, did Westar invest in facilities specifically to**  
2 **provide service to MKEC?**

3 **A.** No. But as I have noted earlier, SPEC has made no specific investment in order to  
4 provide service to Kingman at the Cunningham interconnect. In that sense, the  
5 comparison of the loss of a PPA to the loss of KPP as a LADS customer of SPEC are  
6 similar.

7 **Q. Will the KDC impact retail competition in the region?**

8 **A.** Not necessarily. The KDC is designed to serve the City of Kingman, which is its own  
9 retail electric supplier. The KDC should have no impact on SPEC or any other retail  
10 electric supplier's service to customers within their certified service territories.

11 **Q. What is your understanding of the Commission's jurisdiction in deciding the impact**  
12 **of public convenience and necessity as it pertains to a municipal energy agency such**  
13 **as KPP?**

14 **A.** Recently, in Docket 18-KPPE-527-DRC, the Commission affirmed that KPP is exempt  
15 from the jurisdiction, regulation, supervision and control of the Commission as allowed  
16 by K.S.A. 12-8,111(c) with limited exceptions. The areas over which the Commission  
17 maintains jurisdiction are as follows<sup>14</sup>:

- 18 • service territory;
- 19 • charges, fees or tariffs for transmission services, other than charges, fees or tariffs
- 20 to its own members;
- 21 • charges, fees or tariffs for transmission services, other than charges, fees or tariffs
- 22 for transmission services that are recovered through an open access transmission
- 23 tariff of a regional transmission organization which has its rates approved by the
- 24 federal energy regulatory commission;
- 25 • sales of power for resale, other than sales to its own members; and

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<sup>14</sup> See K.S.A. 12-8,111 (g).

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- wire stringing, transmission line siting and the extension of electric facilities used to transmit electricity pursuant to K.S.A. 66-131, 66-183, 66-1, 170 et seq. or 66-1, 177 et seq

In my opinion, the Commission's jurisdiction in this case is limited to a decision on KPP's application for a TRO which includes the RESA factors. Any other issues that affect public convenience and necessity that are outside the Commission's jurisdiction were not considered in Staff's analysis and recommendation.

**Q. Are there other areas in which the KDC could negatively impact the public convenience and necessity of Kansans?**

**A.** In both the 17-092 Complaint and in this docket, there has been one recurring concern brought to Staff's attention regarding the KDC. That is the potential that KPP could request the KDC and existing Cunningham-Kingman transmission facilities to be considered as part of the SPP integrated network. If SPP would approve such a request, then KPP would be allowed to recover the costs of the project along with a rate of return on its investment from the SPP local pricing zone even though the other operators in the pricing zone would have little if any benefit from the KDC. If this occurred, the socialized cost recovery of the KDC and Kingman transmission line would have a negative impact on other Kansas transmission operators.<sup>15</sup>

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<sup>15</sup> Impacted Kansas transmission operators in SPP's Mid Kansas pricing zone are Kansas Electric Power Cooperatives (KEPCo), Sunflower, Westar, Kansas Municipal Energy Agency (KMEA), KPP and Mid-Kansas native load. See response to Staff Data Request 16.

1   **Q.     With respect to the KDC, did you consider the impact of this scenario on the public**  
2       **convenience and necessity when making your recommendation?**

3   **A.**    No. As noted above, K.S.A. 12-8,111(g) specifically excludes matters related to SPP's  
4       Open Access Transmission Tariff from the Commission's jurisdiction over municipal  
5       energy agencies. The decision to include the KDC in the Mid-Kansas pricing zone of  
6       SPP is entirely a matter for SPP with an ultimate decision from FERC.

7   **Q.     If the Commission considered a roll up to SPP to not be in the public interest, could**  
8       **the Commission protest such a decision at FERC?**

9   **A.**    Yes. K.S.A. 66-144 allows the Commission to seek relief from FERC if it finds an  
10       initiative within FERC's jurisdiction to be unreasonable.

11 **Q.     Does the proposed KDC project facilitate the public convenience and necessity?**

12 **A.**    On balance, I believe it does. As proposed, the KDC is the lowest cost solution to  
13       meeting Kingman's electric transmission needs. The loss of LADS revenue will have a  
14       negative impact on SPEC customers, however, such an outcome is an unfortunate result  
15       of the limitations of SPEC's system and the KDC being the lowest cost solution for  
16       improving wholesale transmission service to Kingman.

17       **K.S.A. 66-1,171(e): minimize disputes between retail electric suppliers which may**  
18       **result in inconvenience, diminished efficiency and higher costs in serving the**  
19       **consumer.**

20 **Q.     Does the proposed TRO serve to minimize disputes between electric transmission**  
21       **service providers?**

22 **A.**    I believe a decision in this Docket based on the lowest cost solution for electric  
23       transmission will provide clarification to the parties regarding service to Kingman. If the

**Direct Testimony of Leo M. Haynos**  
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1 principle of lowest cost solution is adopted as a basis for making this decision, that  
2 concept should serve as a means of minimizing future disputes of this nature.

3 **Q. Do you have a recommendation regarding this Docket?**

4 **A.** Yes. Because the proposed KDC meets or exceeds the six policy factors listed in RESA,  
5 I recommend the Commission approve the TRO certificate request.


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

7 **A.** Yes.

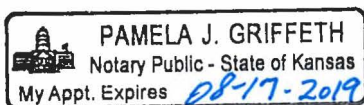
STATE OF KANSAS                     )  
  ) ss.  
COUNTY OF SHAWNEE             )

**VERIFICATION**

Leo M. Haynos, being duly sworn upon his oath deposes and says that he is the Pipeline Safety Chief Engineer in the Utilities Division of the Kansas Corporation Commission, that he has read and is familiar with the foregoing *Direct Testimony* and that the statements contained therein are true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Leo M. Haynos  
Chief Engineer, Utilities Division  
Kansas Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 9th day of July, 2018.



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

My Appointment Expires: August 17, 2019

## CERTIFICATE OF SERVICE

18-KPPE-343-COC

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Direct Testimony Prepared by Leo M. Haynos was served by electronic service on this 9th day of July, 2018, to the following:

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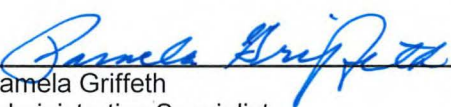
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