

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

IN THE MATTER OF THE APPLICATION ]  
OF NEXTERA ENERGY TRANSMISSION ]  
SOUTHWEST, LLC FOR ITS CERTIFICATE ] KCC DOCKET NO. 22-NETE-419-COC  
OF CONVENIENCE AND NECESSITY TO ]  
CONSTRUCT TRANSMISSION FACILITIES ]  
IN THE STATE OF KANSAS ]

TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENT

JOSH FRANTZ

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

JUNE 7, 2022

1 **Q. Please state your name and business address.**

2 A. My name is Joshua (Josh) P. Frantz. My business address is 1500 SW Arrowhead Road,  
3 Topeka, Kansas 66604.

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

5 A. I am employed by the Citizens' Utility Ratepayer Board (CURB) as a Senior Regulatory  
6 Analyst.

7 **Q. Please describe your educational and professional background.**

8 A. I earned a Bachelor of Business Administration degree from Washburn University in  
9 Topeka, Kansas. My undergraduate majors were finance, marketing, and management.  
10 Additionally, I earned a Master of Business Administration degree, also from Washburn  
11 University.

12 I have served in my current position as Senior Regulatory Analyst with CURB since  
13 April 2019.

14 From August 2015 through April 2019, I was employed by the Kansas Corporation  
15 Commission (KCC or "Commission"). I began my employment with the KCC in the  
16 Utilities division as a Senior Research Economist and was ultimately promoted to  
17 Managing Rate Analyst.

18 **Q. Have you previously testified before the Commission?**

19 A. Yes. I filed Cross Answering Testimony in this docket on May 27, 2022. I also testified  
20 in Docket Nos. 19-ATMG-525-RTS, 21-WCNE-103-GIE, 21-BHCG-334-GIG, 21-  
21 KGSG-332-GIG, and 21-ATMG-333-GIG on behalf of CURB. During my prior  
22 employment as a member of KCC Staff, I offered testimony in seven proceedings before  
23 the Commission as well as over thirty Report and Recommendations for the Commission's

1 consideration. A list of those filings is available, upon request.

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

3 A. My testimony supports the *Nonunanimous Settlement Agreement* (“Agreement”) filed  
4 within the *Joint Motion for Approval of Nonunanimous Settlement Agreement* (“Joint  
5 Motion”) in this docket on June 6, 2022, regarding NextEra Energy Transmission  
6 Southwest’s (“NEET-SW”) application for a Certificate of Public Convenience and  
7 Necessity (“CCN”) to transact the business of a transmission-only public utility in Kansas.

8 **Q. Please provide a brief background of this proceeding.**

9 A. Kansas law, under K.S.A. 66-131 and K.S.A. 66-136, requires any entity building an  
10 electric transmission line to obtain approval and certification from the Commission to  
11 operate as a public utility, as set forth in K.S.A. 66-104.

12 Through the Southwest Power Pool’s (SPP) competitive Transmission Owner  
13 Solicitation Process, an independent Industry Expert Panel (IEP) evaluated project bids  
14 and recommended NEET-SW as the Designated Transmission Owner for the Wolf Creek  
15 to Blackberry 345 kV Transmission Project (“WC-BB Project” or “Project”). The WC-  
16 BB Project calls for a 94 mile long, single circuit 345 kV transmission line connecting the  
17 existing Wolf Creek substation in Coffey County, Kansas with the Blackberry substation  
18 in Jasper County, Missouri. The SPP Board of Directors accepted and approved the IEP’s  
19 recommendation.

20 On February 28, 2022, NEET-SW — an indirect wholly-owned subsidiary of  
21 NextEra Energy, Inc., the largest public utility by market capitalization in the nation —  
22 filed a CCN application in order to transact the business of a transmission-only public

1 utility in Kansas. NEET-SW is requesting permission to construct, own, operate, and  
2 maintain 85 miles of bulk electric transmission facilities located within Kansas.

3 NEET-SW's WC-BB Project proposal contains the following key features: a  
4 preliminary, direct route between the Wolf Creek and Blackberry substations; a proposed  
5 cost of \$85.2 million in 2021 dollars (significantly below SPP's estimated costs of \$142.6  
6 million) with cost-containment guarantees; and an in-service date of approximately  
7 January 1, 2025 (a year sooner than SPP's need by date).

8 **Q. Has a settlement agreement been reached regarding the Company's Financial Plan?**

9 A. Yes. On June 1–2, 2022, parties to the docket held a settlement conference. A non-  
10 unanimous settlement was negotiated and the terms of that agreement were filed on June  
11 6, 2022.

12 **Q. Which parties are signatories to the Agreement?**

13 A. The signatories to the Agreement (collectively, "Signatories") are: NEET-SW, KCC Staff;  
14 CURB; Evergy Kansas Central and Evergy Kansas Metro (collectively, "Evergy");  
15 Southwest Power Pool (SPP); Kansas Electric Power Cooperative (KEPCo); and  
16 Sunflower Electric Power Corporation ("Sunflower").

17 **Q. What criteria does the Commission generally consider when reviewing non-**  
18 **unanimous settlement agreements?**

19 A. The Commission may accept a non-unanimous settlement agreement if the following five  
20 criteria are met: 1) the agreement conforms with applicable law; 2) there was an  
21 opportunity for opposing parties to be heard on their reasons for opposition to the  
22 agreement; 3) the agreement is supported by substantial competent evidence; 4) the

1 agreement results in just and reasonable rates or charges; and 5) the results of the agreement  
2 are in the public interest.<sup>1</sup> I will now discuss these criteria, in detail.

3 **Q. Does the Agreement conform to applicable law?**

4 A. I have been advised by CURB's attorneys that the Agreement conforms to applicable law.  
5 However, since I am not an attorney, I defer further discussion of this criterion to CURB's  
6 Post-Hearing Brief.

7 **Q. Was there an opportunity for opposing parties to be heard on their reasons for**  
8 **opposition to the Agreement?**

9 A. Yes, there have been and will be opportunities for the opposing parties to be heard. All  
10 parties could file Direct Testimony in response to the Application, followed by Cross  
11 Answering Testimony addressing issues raised by other parties. All parties participated in  
12 a settlement conference held June 1–2, 2022, at the KCC Office in Topeka, with virtual  
13 participation optional. The procedural schedule allows for the filing of testimony in  
14 support of or opposition to the Agreement. A Commission Hearing and Post-Hearing Brief  
15 are also scheduled.

16 As a condition of the Agreement, NEET-SW has agreed it will not file a line siting  
17 application for the Project in Kansas until after the KCC issues a CCN for the Project. This  
18 should assuage any concern that the process may move forward before the opposing  
19 parties' positions regarding the CCN Application can be fully heard.

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<sup>1</sup> See *Order Approving Contested Settlement Agreement*, ¶11, Docket No. 08-ATMG-280-RTS (May 12, 2012).

1 **Q. Is the Agreement supported by substantial competent evidence?**

2 A. Yes, the Agreement is supported by substantial competent evidence in the record. The  
3 initial Application was supported by the direct testimony of several witnesses on behalf of  
4 NEET-SW, supplemented with data from SPP. There was extensive vetting of these  
5 matters through a multitude of data requests and information sharing ahead of the  
6 settlement discussions. The Agreement is supported by my testimony and, I expect, will  
7 be supported by the testimony of other Signatories.

8 SPP is a regional transmission organization (RTO): a *nonprofit* corporation  
9 mandated by the Federal Energy Regulatory Commission (FERC) to ensure reliable  
10 supplies of power, adequate transmission infrastructure and competitive wholesale  
11 electricity prices on behalf of its members.<sup>2</sup> Preceding NEET-SW's CCN Application, the  
12 WC-BB Project was developed and approved by SPP based upon substantial evidence and  
13 competent review. Then, SPP awarded the Project to NEET-SW based upon substantial  
14 evidence and competent review of the project bids it received.

15 **Q. Will the Agreement result in just and reasonable rates/charges?**

16 A. In preface, there are two points to consider. First, the Settlement Agreement does not  
17 directly establish rates: NEET-SW's costs of the Project will be recovered through NEET-  
18 SW's FERC-approved formula rate and associated customer review and challenge  
19 protocols. The prudence of NEET-SW's Project expenditures and the applicability of  
20 NEET-SW's cost containment commitments to such expenditures will be subject to FERC

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<sup>2</sup> <https://www.spp.org/about-us/> [emphasis added], accessed Jun. 3, 2022.

1 review and oversight. Second, the Signatories are in agreement that FERC preempts the  
2 KCC's ratemaking authority as set forth in K.S.A. 66-101b-f, 66-117, 66-128, and 66-  
3 128a-p unless NEET-SW acts outside the conduct covered by FERC jurisdiction, at which  
4 time the KCC will decide the applicability of these statutes.

5 With that understanding, I do believe the Agreement will result in just and  
6 reasonable rates and charges.

7 Both NEET-SW and KCC Staff have estimated the bill impact from the  
8 transmission costs of the Project would be \$0.04 per month for the average residential  
9 customer.<sup>3,4</sup> This estimation is bolstered by relatively comprehensive cost containment  
10 guarantees from NEET-SW. The estimation does not consider any benefits of the Project.

11 Because the Project was designed by SPP from a regional perspective as part of a  
12 larger portfolio of projects, the calculation of Kansas-specific benefits is complex and  
13 challenging, particularly because each utility zone in Kansas may experience a different  
14 level of benefit. As evidenced by the various dockets before the Commission regarding  
15 the benefits of SPP, such a limitation on Kansas-specific data has not invalidated the  
16 perception that Kansas does benefit overall from its membership in the SPP. In that regard,  
17 the relatively limited projected bill impact from Project costs is generally expected to be  
18 more than offset by the benefits to customers in Kansas from the expanded transmission  
19 capacity and reduced electric generation costs in Kansas.

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<sup>3</sup> Direct Testimony of Becky Walding on behalf of NEET-SW, pg. 35 lns. 5–8 (Feb. 28, 2022).

<sup>4</sup> Report and Recommendation from KCC Staff, pg. 11–12 (May 17, 2022).

1 **Q. Are the results of the Agreement in the public interest?**

2 A. Yes, I believe the Agreement is in the public interest. There is a wide range of  
3 representation among the Signatories: SPP, the FERC-approved RTO; Evergy, an electric  
4 public utility; KEPCo and Sunflower, not-for-profit electric utilities; CURB, representing  
5 residential and small commercial customers; and KCC Staff, representing all interests  
6 including the public, generally.

7 SPP has approved the WC-BB Project and awarded the Project to NEET-SW. Both  
8 the WC-BB Project and NEET-SW's bid were thoroughly researched and reviewed by SPP  
9 prior to approval. SPP's projected 40-year adjusted production cost savings benefit-to-cost  
10 ratio for the Project ranged from 1.48 to 3.36 in the studied future scenarios.<sup>5</sup>

11 The WC-BB Project is designed to address the needs of the SPP region, broadly.  
12 In that same broad sense, I believe Kansas' membership in the SPP is in the public interest.  
13 Furthermore, I expect the Project will benefit customers in Kansas, generally, by way of  
14 expanded transmission capacity and reduced electric generation costs.

15 **Q. What do you recommend?**

16 A. I support the Agreement and believe it satisfies the Commission's established criteria for  
17 approval of a settlement agreement. Therefore, I recommend the Commission approve the  
18 Agreement as filed.

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

20 A. Yes, it does.

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<sup>5</sup> SPP response to KCC Staff data request KCC-17.



**VERIFICATION**

STATE OF KANSAS                    )  
  )  
COUNTY OF SHAWNEE            )        ss:

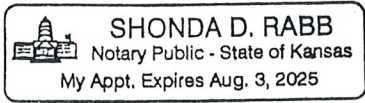
I, Josh P. Frantz, of lawful age and being first duly sworn upon my oath, state that I am a Senior Regulatory Analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.

  
\_\_\_\_\_  
Josh P. Frantz

SUBSCRIBED AND SWORN to before me this 7<sup>th</sup> day of June, 2022.

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

My Commission expires: 08-03-2025.



**CERTIFICATE OF SERVICE**

22-NETE-419-COC

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 7<sup>th</sup> day of June, 2022, to the following:

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