

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

Before Commissioners:

Pat Apple, 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.)

COMMENTS OF KANSAS MUNICIPAL ENERGY AGENCY

COMES NOW, Kansas Municipal Energy Agency (“KMEA”), by and through its counsel, and hereby submits its initial comments in response to the Order Opening General Investigation issued on January 19, 2017.

1. On January 19, 2017, the Kansas Corporation Commission (“Commission”) issued an Order Opening General Investigation, noting that in Docket No. 14-SPPE-563-SHO, Staff recommended that a general investigation be opened to determine whether annual or period reporting by SPP and Kansas utilities participating in SPP regarding whether the costs and benefits to Kansas utilities and ratepayers is in the public interest. Additionally, that investigation would consider what would be included in any required reporting and whether a study of the costs and benefits of participation in SPP should be a part of that reporting.

2. On February 9, 2017, interested parties, including KMEA, filed a Joint Motion of Extension of Time to File Comments, which was granted by a Commission Order issued on February 28, 2017. These comments are filed in compliance with the extended due date granted by the Commission.

3. In its January 19, 2017, Order, the Commission indicated a desire to engage in a thorough and thoughtful discussion as to whether some type of reporting by SPP and/or Kansas utilities is in the public interest and, if so, what information the report and any associated study should entail. The Commission requested that interested parties file comments regarding the sixteen questions from Staff's September 29, 2016 Report and Recommendation, along with any other questions or information the parties deem relevant to the issue of the costs and benefits of continued participation in SPP.

(1) In the event that the Commission requires a study to determine the costs and benefits associated with continued membership in SPP, what specific parameters should be included in the study?

(2) Should the study be limited to a comparison of production cost savings associated with the Integrated Market (IM) versus the increased transmission expense and SPP Administration expense associated with membership in SPP?

(3) Should two separate cost/benefit studies be completed with one on the cost/benefits of the IM and the other on the cost/benefits of the transmission system?

(4) Should the study be performed by an independent third party consultant, or can this analysis be performed by internal expertise within the utilities?

- (5) How often should such a study be updated once performed?
- (6) How quantifiable and objective would such an analysis be?
- (7) Without a study, is it possible to say with certainty whether Kansas ratepayers are better off today with Kansas electric utilities being members of SPP? Would it be possible after the study?
- (8) What evidence exists today regarding the costs/benefits of SPP membership that Kansas ratepayers are benefiting from Kansas utility participation in SPP?
- (9) Over what time period should the study cover? Should the study cover the last five years, ten years, or only since the implementation of the IM?
- (10) Should the study attempt to reflect the anticipated costs and benefits of continued SPP membership for the foreseeable future using data that is known or that can be determined with certainty today?
- (11) What alternatives to SPP membership exist for Kansas electric utilities today?
- (12) Should the study, if required, compare the costs and benefits of SPP to membership in the Midwest Independent System Operator (MISO)?
- (13) What other Regional Transmission Organizations or regional transmission planning entities, if any, should be considered in the analysis of alternatives?
- (14) Is it feasible for Kansas to form its own regional transmission planning entity similar to what New York and California have done? If so, should the costs and benefits of that possibility be evaluated in this study?

(15) If Kansas utilities were not members of SPP, would there still be opportunities to pursue economy energy sales/purchases from the IM? Would other entities or SPP still use transmission facilities owned by Kansas utilities? To what extent should this be included in the effects of a possible cost/benefit study?

(16) If Kansas utilities were not members of SPP, would there still be opportunities for Kansas utilities to sell transmission capacity on the facilities located in Kansas and owned by Kansas utilities? To what extent should this be included in the effects of a possible cost/benefit study?

I. Introduction

4. KMEA is a municipal energy agency created pursuant to Kansas law (K.S.A. 12-855 *et seq.*) and authorized by Kansas law to plan, finance, and construct projects for the purchase, sale, generation, and transmission of electricity for the purpose of securing an adequate, economical, and reliable supply of energy for its 77 municipal members. Its business address is 6300 West 95th Street, Overland Park, Kansas 66212. KMEA currently manages six long-term projects for its members that include a mix of resources encompassing coal, gas, hydro, and wind. KMEA provides full energy management services for 33 member cities totaling 380 megawatts (MW) at peak and 1,500,000 megawatt-hours (MWh) annually.

5. SPP is a Regional Transmission Organization (RTO) approved by the Federal Energy Regulatory Commission.¹ SPP also has a certificate of convenience and authority from the Commission for the limited purpose of managing and coordinating transmission facilities for

¹ Sw. Power Pool, Inc., 109 FERC ¶ 61,009 (2004), *order on reh'g*, 110 FERC ¶ 61, 137 (2005).

Kansas utilities.² KMEA has been a member of SPP since 2007, and participates in SPP as both a transmission customer and a market participant in SPP's Integrated Marketplace.

II. KMEA's Support for SPP's Comments to the Commission's Questions and Requests

6. After the initiation of this docket, SPP and its Kansas utility members participated in several teleconferences to discuss the issues raised in the Commission's order. KMEA participated actively in the development of the comments provided by SPP in response to the Commission's order. KMEA supports SPP's Response in this docket generally and specifically with respect to information currently available to the Commission on the costs and benefits of participation in SPP, and supports the position that an independent study isn't likely needed to provide the Commission with sufficient information to be assured that participation in SPP is in the Kansas utilities' and their ratepayers' interest and in the public interest.

III. Additional Comments of KMEA for the Commission's Consideration

7. KMEA and its members and customers have benefited from membership in SPP and participation in the SPP Integrated Marketplace. Over the past several years, SPP has made a concerted effort to conduct studies and develop information to inform and assist a broad array of interested parties, including member utilities, state and federal regulatory authorities, stakeholders, and the public in general in understanding the benefits to electric consumers of SPP and its services. KMEA has provided information and support to SPP in those efforts. While KMEA respects and appreciates the Commission's desire to ensure that Kansas utilities and ratepayers are benefiting from participation in SPP, it would seem prudent, before making a determination on conducting an independent study, to thoroughly review all the information

² See docket Nos. 06-SPPE-202-COC and 06-WSEE-203-MIS, *Order Adopting Stipulation and Agreement and Granting Applications*, Ordering Clause E (September 9, 2006).

already available to the Commission. Such information includes, but is not limited to, SPP's Value of Transmission Study Report and SPP's Regional Cost Allocation Review Reports I and II, all found on the SPP website.³ SPP has offered to assist Kansas utilities in the development and provision of more Kansas-specific information using currently-existing studies, reports, and data and that information could be provided to the Commission. This would allow the Commission to have the information it needs regarding the costs and benefits of SPP while minimizing additional costs to Kansas utilities and, subsequently, their customers.

8. KMEA believes there is sufficient information already available from SPP and its Kansas utility members for the Commission to determine that participation in SPP is, and continues to be, in the public interest. KMEA agrees that an independent study to validate this conclusion is not necessary. As the Commission considers whether to conduct a study and what the alternatives for participation in SPP might be, KMEA would request the Commission think about the complexities of such alternatives and whether they are truly appropriate alternatives for Kansas utilities. As participants in the SPP RTO, our transmission and load are all part of the SPP footprint and SPP's markets, transmission expansion, and operations are all based upon its entire footprint. As transmission customers, we pay for transmission throughout the footprint, not just at our back door, as transmission expansion facilitates a more efficient energy market. This transmission expansion has helped ensure the success of the IM and resulted in more than \$1B in market savings thus far. Trying to unwind all of that and determine how to function as a utility without being part of the SPP RTO would be complicated and speculative at best. As a transmission-dependent utility, KMEA would not be able to make such a decision unilaterally, as it would be impacted by the decisions of other Kansas utilities and on whose resources and

³ <https://www.spp.org>.

facilities KMEA relies to serve its customers. For us, functioning as part of a Kansas-only RTO or without the benefits of participation in the SPP RTO and the Integrated Marketplace would not be more economical or efficient for KMEA or its customers. KMEA requests that the Commission only consider a study as a last resort, after a thorough review of all the information currently available to it and with a full understanding of the additional information that can be tailored to Kansas utilities from that existing data.

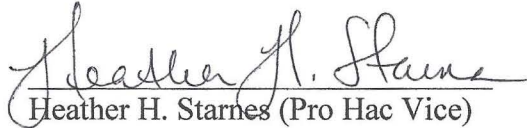
9. With respect to any proposed reporting requirements, as SPP has provided in its Response to the Commission's order in this docket, several states have required reporting by SPP and its member utilities over the years. However, the past couple of years have seen those reporting requirements decrease as other state commissions have gotten more comfortable with the costs and benefits provided by SPP to its members and customers. If any reporting requirements are deemed necessary by the Commission, KMEA would request that the reporting requirements be tailored to allow SPP and Kansas utilities to provide information from currently existing studies, reports, and data.

IV. Conclusion

WHEREFORE, KMEA respectfully requests the Commission consider its comments in making a determination regarding what, if any, reporting SPP or Kansas utilities should provide to the Commission on the benefits and costs of participation in SPP and in determining whether an independent study is necessary to determine those costs and benefits.

Respectfully submitted,

Healy Law Offices, LLC

A handwritten signature in cursive script, reading "Heather H. Starnes". The signature is written in black ink and is positioned above the printed name.

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VERIFICATION

STATE OF MISSOURI)
) ss.
COUNTY OF RANDOLPH)

I, Heather H. Starnes, being duly sworn, on oath state that I am counsel to Kansas Municipal Energy Agency, that I have read the foregoing Comments of Kansas Municipal Energy Agency and know the contents thereof, and that the facts set forth therein are true and correct to the best of my knowledge and belief.

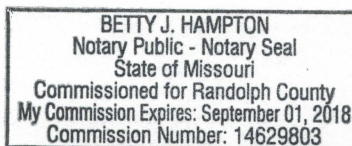
By: Heather H. Starnes
Heather H. Starnes

Subscribed and sworn to me this 21st day of April, 2017.

Betty J. Hampton
Notary Public

My Commission Expires:

09/01/2018



CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the above and foregoing pleading was emailed on April 21, 2017, to:

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