

**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 POWER POOL

COMES NOW, the Kansas Power Pool ("KPP"), by and through its counsel, and hereby submits its initial comments in response to the Order Opening General Investigation issued on January 19, 2017.

I. Introduction

KPP is a Kansas municipal energy agency formed under K.S.A. 12-885 et al. KPP provides full requirements wholesale power and transmission service to its 23 member municipal utilities.¹ KPP has member cities in three SPP zones, with 16 KPP members in Westar Energy's zone², 6 KPP members in the Mid-Kansas zone³ and 1 member in the Midwest Energy zone⁴. KPP uses SPP Network Integrated Transmission Service (NITS) for all its member's load.

¹ This will increase to 24 members July 1, 2017 when the City of Glasco will begin taking service from KPP. Glasco is in the Mid-Kansas zone.

² Members include: Augusta, Burlington, Clay Center, Erie, Haven, Hillsboro, Marion, Minneapolis, Mount Hope, Mulvane, Oxford, St. Mary's, Udall, Waterville, Wellington, and Winfield.

³ Members include: Attica, Greensburg, Holyrood, Kingman, Lucas, and Luray. This will increase to 7 KPP members in the Mid-Kansas zone when the City of Glasco begins taking service.

⁴ Member includes: Ellinwood.

There are many public power joint action agencies, such as KPP, across the country that provide wholesale electric services of one type or another to their public power members. However, in Kansas KPP is the only municipal energy agency that “pools” its resources and provides services to all its members under a full requirements contract.⁵ The SPP RTO provides many benefits for all its members but is particularly well suited for pool type joint action agencies.

II. How KPP and Its Members Benefit from the SPP RTO

Were it not for SPP NITS, or the NITS of a similar RTO, KPP’s operations would be more expensive and complex. This is due to the efficiency of SPP transmission service and the SPP Integrated Market (“IM”). Both the SPP Open Access Transmission Tariff (OATT) and the SPP IM work in tandem to provide benefit to KPP and its members. Furthermore, due to the unique member driven governance of SPP, KPP is provided a forum to advocate and promote the perspective of its small municipal utilities without resorting to excessive litigation at state and federal regulatory commissions.

If Westar Energy, Midwest Energy and Mid-Kansas had not placed operations of their respective transmission facilities under the same OATT, whether it was administrated by SPP or a similar organization, KPP transmission service costs would be much higher, because KPP would need to pay additional charges to each transmission zone. These types of additional charges, **are** referred to as “pancaked” transmission charges, to deliver power across multiple zones were one of the primary motivating forces behind the formation of the SPP RTO. Beginning in the mid 1990’s, the Commission and other nearby state commissions worked diligently with transmission owners and the SPP reliability council to develop a single transmission tariff across the SPP region, specifically to avoid such pancaked charges. Without such a regional tariff KPP would not only pay pancaked transmission rates to serve its load in 3 zones, but KPP would also have the additional administrative burden of dealing with 3 separate zonal OATTs.

⁵ The other Kansas municipal energy agency, KMEA, for example, is what is known as a project based agency, where each member has its own unique portfolio of generation resources.

But the costs of serving load in three different transmission zones are not the end of the benefits KPP members receive from SPP transmission service. In addition to the zones where KPP members are located, KPP owns generation in another transmission zone⁶ and purchases power from sources in 3 other zones.⁷ Without the SPP OATT, KPP would be required to obtain transmission service from these 4 zones in addition to the 3 zones where KPP members' load is located. Altogether, without the SPP OATT, KPP would be required to purchase service and navigate through at least seven different transmission tariffs to serve its members.⁸

In 2012 KPP purchased 42 MW share of the Dogwood Energy Center, and in 2015 KPP purchased an additional 20 MW.⁹ Other entities that own a share of this facility are Kansas City Board of Public Utilities (KCBPU), the City of Independence, MO, the Missouri Joint Municipal Electric Utility Commission, and Kelso energy. The Dogwood generation facility is considered a "cycling" generation facility, meaning it is not assumed to operate most of the time like a "baseload" unit, but rather cycles on and off based on when the resource is needed. In the past it was extremely difficult to work out ownership agreements for operating such a unit. Issues always arose regarding who pays the cost when one or two of the owners need the unit but the others do not. While there are many advantages and cost savings from the SPP IM, the market also allows multi-ownership of any type of generation facility without complicated cost sharing agreements. Simply put, the unit is offered in the SPP IM, and SPP decides when the unit is needed and compensates all the owners for its use. This allows small entities like KPP to jointly own any type of generating facility, even seldom used peaking facilities, and equitably distribute the costs with the other owners.

Finally, consider if a single entity had purchased all the transmission zones that include both KPP load and KPP generation resources and formed a single transmission zone. KPP would not have to pay pancaked transmission rates, which would address issues of transmission costs and complexity. Also, if that entity then formed an open market like the SPP IM, KPP could participate in jointly owned units, as KPP does today. However, unlike SPP, KPP would

⁶ KPP owns 62 MegaWatts (MW) of the Dogwood Energy Center, a 610 MW combined cycle facility in the GMO transmission zone.

⁷ Resources include Southwestern Power Administration ("SPA") power in the SPA zone, Grand River Dam Authority ("GRDA") power in the GRDA zone, and Western Area Power Administration ("WAPA") power sourced out of resources in the Municipal Energy Agency of Nebraska.

⁸ It is even possible KPP would need service from additional transmission zones to establish a "path" from some of its resources to the load zones.

⁹ Altogether KPP today owns over 10% of the generating facility.

have little opportunity for input on the development of the rules of the single entities' transmission tariff or market. Today KPP can participate in the member driven process at SPP. While KPP does not always agree with every decision made by SPP or SPP membership, such participation is valuable, not only in avoiding litigation with state and federal regulators, but also in KPP's full understanding of the issues.

As an example of SPP member's participation the SPP process, KPP participated with SPP staff and other Kansas entities in responding to the Commission's questions in this docket. KPP has had a chance to review SPP's response to the Commissions questions and fully supports SPP's position. KPP offers its response as a supplement to SPP's response, but not as a substitute, for consideration by the Commission.

Attachment 1

Questions posed from Staff's R&R (alphabetically identified)

The Commission seeks comment from the parties on the following questions from Staff's R&R, along with any other questions or information the parties deem relevant to the issue of the costs and benefits of continued participation in SPP:

Question (a) 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?

Response:

Any study must consider the alternative to SPP membership for all entities in Kansas, including transmission customers. What would be the costs of transmission service and market inefficiencies without SPP transmission service or without the SPP IM? To determine this the Commission must consider the alternatives. For KPP this would be the pivotal question.

Question (b) 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?

Response:

As stated in the response to (a) such a study would not only include these savings but should also do a valid comparison of costs without a regional transmission tariff. Furthermore, such a study should consider how transmission and generation in the region could operate, reliably or otherwise, given the current huge amount of wind generation in the region. Any study must compare at least two cases. To assume there would be no regional transmission operation or tariff the Commission should consider if there would not be sufficient coordination to reliably provide electric service in Kansas with the current wind generation capacity in this state. KPP believes the Commission would first need to determine if it is even possibly to reliably operate the transmission system if each individual Kansas transmission owner were to operate its own system and somehow individually coordinate transmission service to handle the vast amounts of interruptible generation currently interconnected Kansas and the region.

Question (c) 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?

Response:

No. How would the Commission propose to separate the two today? What would be the substitute for the IM? Would it be an imbalance market? Would it be no market with bilateral agreements and settlements? The Commission would first need to do a study to determine the alternative or null case for comparison.

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

Response:

Yes to both.

Question (e) How often should such a study be updated once performed?

Response:

Given the immense costs in unwinding the SPP RTO and the IM, KPP would not recommend any such study. However, if the Commission insists on such a study once should be more than enough. Every year that passes results in all transmission providers and customers increasingly dependent on the existing rules, infrastructure and organizations to do business. Was it too late in 1930 to compare the costs and benefits of automobiles to horse drawn carriages? What about 1950?

Question (f) How quantifiable and objective would such an analysis be?

Response:

As stated above, KPP believes that one of the most important consideration of the study would be to develop a comparison case.

Question (g) 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?

Response:

KPP believes its members are definitely better off today than they were before the SPP RTO or IM. However, the only way any such study can be done with certainty is to properly develop the comparison case. Regardless of the effort to model comparison cases, and to determine and quantify costs and benefits, KPP believes the results of any study will always be somewhat subjective.

Question (h) What evidence exists today regarding the costs/benefits of SPP membership that Kansas ratepayers are benefitting from Kansas utility participation in SPP?

Response:

See KPP's previous comments.

Question (i) 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?

Response:

KPP has nothing to add to SPP's response.

Question (j) 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?

Response:

KPP has nothing to add to SPP's response.

Question (k) What alternatives to SPP membership exist for Kansas electric utilities today?

Response:

KPP notes that it believes abandonment of a regional transmission tariff and return to individual zone transmission service is an unacceptable alternative.

This is not only true for small transmission dependent entities such as KPP, but also for larger Kansas utilities that today have generation resources throughout the SPP footprint. Therefore, any alternative almost certainly should consider a different form of RTO, and KPP believes that no alternative exists which is comparable to the benefits of SPP.

Question (l) Should the study, if required, compare the costs and benefits of SPP to membership in the Midwest Independent System Operator (MISO)?

Response:

KPP agrees with the SPP response and has only to add that KPP believes SPP is unique in its member driven decision process and that MISO would a less acceptable alternative.

Question (m) What other Regional Transmission Organizations or regional transmission planning entities, if any, should be considered in the analysis of alternatives?

Response:

While there are several other RTO options, but KPP has two major concerns regarding this line of questions. First, regardless of the Commission's authority in Kansas, it has a limited ability to influence entities outside of Kansas, so why consider an alternative that the Commission cannot implement? Second, even if the Commission would consider a Kansas only alternative, KPP believes this would be unacceptable to KPP as well as other Kansas utilities that have generation resources outside the state. Additionally, administrative costs of a Kansas only alternative would likely be the same as SPP's costs but spread over a much smaller billing determinate resulting in higher rates. Since the costs would be higher and the benefits less, why even consider that alternative?

Question (n) 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?

Response:

See KPP's response to (o).

Question (o) 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?

Response:

KPP supports SPP's response on this question and agrees pancaked transmission rates would still be a major consideration. Additionally, KPP remains concerned that the regional transmission system could reliably handle the huge amount of interruptible wind generation experienced in SPP today, including that in Kansas, without a regional entity like SPP overseeing transmission operations. Furthermore, KPP has the same reliability concerns states in KPP's response to questions (b) and (o).

Question (p) 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?

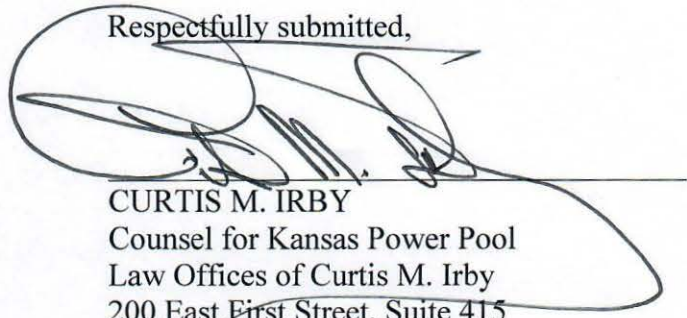
Response:

KPP supports SPP's response to this question and voices the same reliability concerns stated in KPP's response to questions (b) and (o).

III. Conclusion

KPP respectfully requests that the Commission accept both its responses to the questions propounded in the Staff's Report and Recommendation as well as emphasizing its support of the SPP position as a whole.

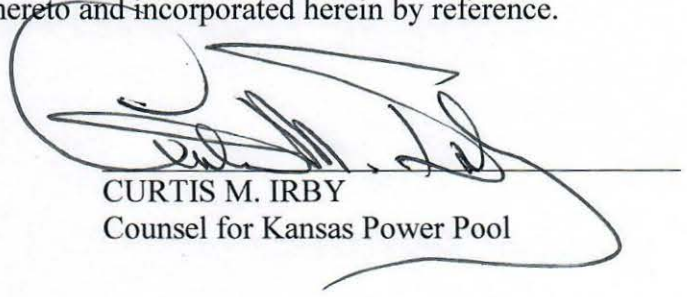
Respectfully submitted,



CURTIS M. IRBY
Counsel for Kansas Power Pool
Law Offices of Curtis M. Irby
200 East First Street, Suite 415
Wichita, Kansas 67202
Phone: (316) 262-5181
Facsimile: (316) 264-8680
cmirby@sbcglobal.net

CERTIFICATE OF SERVICE

I hereby certify that on this 21st day of April, 2017, I caused a true and correct copy of the above and foregoing Comments of the Kansas Power Pool to be electronically filed with the Kansas Corporation Commission and to be served upon all the parties on the Commission's Service List. A copy of that list is attached hereto and incorporated herein by reference.



CURTIS M. IRBY
Counsel for Kansas Power Pool



Home

About the
KCC

Consumer
Information

Docket
Filings

e-filing
EXPRESS

Electric
Issues

Energy

Induced
Seismicity

Liquids
Pipeline

Motor
Carriers

Natural Gas

Oil & Gas

Pipeline
Safety

Precedent &
Guidance
Documents

Statutes &
Regulations

Telecom

Underground
Utility

Damage
Prevention

Video

[News Room](#) | [Calendar](#) | [Site Map](#) | [Maps](#) | [Employment](#) | [Contact Us](#) | [Other Links](#)

Docket 17-SPPE-117-GIE

[Details](#) | [Documents](#) | [Service List](#) | [Staff Assignments](#) | [Testimony/Briefs](#) | [Hearing Dates](#)

By accessing this list I hereby agree and state that I do not intend nor will I use the names, addresses, and e-mail addresses listed herein for commercial solicitation or any use prohibited by K.S.A. 2003 Supp. 45-230 and amendments thereto. **To ensure that you have the most recent version of this list, please press the browser refresh button.**

Last modified Apr 20, 2017

W. ROBERT ALDERSON, JR., ATTORNEY
ALDERSON ALDERSON WEILER CONKLIN BURGART & 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

FRED MEYER
EMPIRE DISTRICT ELECTRIC COMPANY
602 S JOPLIN AVE (64801)
PO BOX 127
JOPLIN, MO 64802
FMeyer@empiredistrict.com

BRYAN OWENS, ASSISTANT DIRECTOR OF PLANNING & REGULATORY
EMPIRE DISTRICT ELECTRIC COMPANY
602 S JOPLIN AVE (64801)
PO BOX 127
JOPLIN, MO 64802
bowens@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
3010 E BATTLEFIELD STE A
SPRINGFIELD, MO 65804

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

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

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

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@WESTAREENERGY.COM

These web links contain scanned images of legal filings with the Kansas Corporation Commission.
Printed copies from these links should not be considered official copies.

Some documents on this page may be provided in [Adobe Portable Document Format \(.pdf\)](#).

Web site questions or problems contact 785-271-3300

Some images copyright © Harland J. Schuster, 1999-2003