

**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 ITC GREAT PLAINS, LLC

COMES NOW, ITC Great Plains, LLC (“ITC Great Plains”), and hereby submits its initial comments in response to the Order Opening General Investigation issued on January 19, 2017. As requested by the Commission, ITC Great Plains provides comments to the sixteen individual questions posed by the Commission and the Commission Staff Report and Recommendation.

ITC RESPONSES:

(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?

If the Commission decides a study is required, the parameters should be broad and comprehensive. A decision to terminate membership in SPP would have major implications for Kansas ratepayers and should not be based on a limited analysis of a subset of data.

(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?

No, the value of membership in SPP and the benefits that it provides is greater than just the production cost savings associated with the Integrated Market. If a study is conducted, it should consider the comprehensive set of benefits and economies of scale generated by

Kansas utilities being part of a Regional Transmission Organization (RTO). In addition to production cost savings, parameters could include reliability and resource adequacy benefits, generation capacity cost savings, reduced transmission losses, increased wheeling revenues, public policy benefits associated with wind development, environmental benefits, employment and economic development benefits, and storm hardening efforts.

Additionally, the comprehensive set of costs associated with membership in SPP as well as the costs associated with possible alternatives to SPP membership and the exit fees from SPP would need to be studied in order to make an informed decision, if it is deemed that the benefits of membership in the SPP RTO are not greater than the costs of membership in the SPP RTO.

(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?

No, the two are interrelated and should be considered simultaneously. The investments in the transmission system facilitated through SPP processes have enabled the establishment of the SPP Integrated Market, and both have driven value for consumers, including consumers in Kansas. It would be difficult and inappropriate to attribute the benefits, which have included access to a broader set of generation resources in the wholesale market and the interconnection of significant amounts of new generation in Kansas, to only the IM or only to the investments in the transmission system.

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

ITC Great Plains does not take a position on who ultimately should perform a study, if required, however it is unlikely that any single entity would be able to complete a credible analysis alone. Any study, if required, should be conducted in a collaborative manner.

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

A study, if required, should be updated as deemed necessary by the Commission. There is not a natural frequency nor intuitive time period over which to update this type of study.

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

While certain costs can be objectively quantified, many costs and benefits would be highly subjective and dependent upon the assumptions used in the study.

(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?

ITC Great Plains defers to the wisdom of Benjamin Franklin: "In this world nothing can be said to be certain, except death and taxes." That said, the substantial benefits of being part of a Regional Transmission Organization have been demonstrated in multiple studies, and the positive benefit-to-cost ratios of transmission investment within the SPP region in particular

have been re-affirmed in multiple recent studies. Prior to conducting an additional study at ratepayer expense, it would be prudent to assess whether a positive benefit-to-cost ratio for Kansas ratepayers could be determined from a review of data within existing reports, such as the SPP Regional Cost Allocation Review (RCAR) reports and the SPP “Value of Transmission” study. If additional data is required from SPP to make such a determination, ITC Great Plains would hope that SPP would be forthcoming and transparent in providing that information to stakeholders.

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

A case study of ITC Great Plains provides clear evidence that Kansas ratepayers have benefited from Kansas utility participation in SPP. ITC Great Plains, a Kansas utility, has invested over \$500 million in transmission infrastructure in the SPP region over the past decade, with over 90% of that investment within the State of Kansas. Under the cost allocation methodologies of SPP, over 90% of ITC Great Plains’ Annual Transmission Revenue Requirement (ATRR) has been eligible for regional cost sharing. If not for regional cost sharing, presumably all of the ATRR associated with the facilities in Kansas would have been recovered from Kansas ratepayers.

Additionally, the investment in transmission infrastructure in Kansas facilitated by SPP has relieved persistent transmission congestion in Kansas and led to the elimination of the designation of Frequently Constrained Areas in both Northwest Kansas and the Kansas City area in January 2015, which is clearly a benefit for Kansas ratepayers.

(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?

More important than the historical period to be considered for a study, if required, is the horizon of the future time period to be covered by the study, if required. While significant costs have been incurred in the last five years, ten years, and since the implementation of the IM, the even more substantial benefits of those investments will only be realized over a longer time horizon. It would be unwise to make a decision based solely on costs in a prior time period without considering the future benefits that will accrue from those investments.

(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?

Any study must rely on assumptions of future conditions. It is not realistic to assume that current circumstances will remain static for perpetuity.

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

While other alternatives may theoretically exist, ITC Great Plains does not see a more viable practical alternative to SPP membership for Kansas electric utilities today.

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

While MISO membership could be a theoretical alternative under certain conditions, the Commission should recognize that any potential cost and benefit projections related to MISO membership would be highly speculative, particularly as they pertain to future transmission investments and cost allocation thereof.

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

This question presumes an analysis is required, which ITC Great Plains does not stipulate in these initial comments.

(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?

While possible in theory, the practical realities associated with Kansas forming its own RTO appear to make this alternative infeasible. Please refer to SPP's initial comments for additional details.

(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?

ITC Great Plains defers to SPP's initial comments on this 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?

ITC Great Plains defers to SPP's initial comments on this question.

Respectfully submitted,


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VERIFICATION
(K.S.A. 53-601)

STATE OF KANSAS

) ss.

COUNTY OF SHAWNEE)

I, Holly L. Fisher, being of lawful age and duly sworn, state that I am counsel of record for ITC Great Plains, LLC. I have caused the foregoing Motion for Admission Pro Hac Vice of James W. Bixby to be prepared; I have read and reviewed the Motion; and the contents thereof are true and correct to the best of my information, knowledge, and belief.

Executed on April 21, 2017

A handwritten signature in blue ink, reading "Holly L. Fisher", is written over a horizontal line.

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing was served via electronic mail, U.S. mail, or hand-delivered on this 21st day of April, 2017, to the persons appearing on the Commission's service list, as last modified on April 20, 2017.

Holly L. Fisher

A handwritten signature in blue ink, reading "Holly L. Fisher", is written over a horizontal line.