

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

In the Matter of the Application of Evergy)
Kansas Central, Inc. for a Certificate of)
Public Convenience and Authority to)
Transact the Business of an Electric Public) Docket No. 20-EKCE-233-COC
Utility defined as TC Burns Tap to TC Burns)
Transmission Line project in Butler County,)
Kansas.)

PUBLIC
NOTICE OF FILING OF REPORT AND RECOMMENDATION

COMES NOW, the Staff of the State Corporation Commission of the State of Kansas (“Staff” and “Commission,” respectively) and respectfully files its Report and Recommendation (“R&R”) regarding Evergy Kansas Central Inc.’s (“Evergy Kansas Central”) request for a Transmission Rights Only Certificate of Convenience and Necessity. Staff recommends Evergy Kansas Central’s Application be granted.

WHEREFORE, Staff respectfully submits its R&R, requests the Commission adopt such, and for any other relief the Commission deems just and reasonable.

Respectfully submitted,

/s/ Robert Elliott Vincent
Robert Elliott Vincent, S. Ct. No. 26028
Senior Litigation Counsel
1500 S.W. Arrowhead Road
Topeka, KS 66604
Phone: (785) 271-3273
E-mail: r.vincent@kcc.ks.gov
Attorney for Commission Staff

Susan K. Duffy, Chair
Shari Feist Albrecht, Commissioner
Dwight D. Keen, Commissioner

Laura Kelly, Governor

PUBLIC¹
REPORT AND RECOMMENDATION
UTILITIES DIVISION

TO: Chair Susan K. Duffy
Commissioner Shari Feist Albrecht
Commissioner Dwight D. Keen

FROM: John Gorrell, Utility Engineer
Leo M. Haynos, Chief Engineer
Jeff McClanahan, Director of Utilities

DATE: April 15, 2020

SUBJECT: 20-EKCE-233-COC
In the Matter of the Application of Evergy Kansas Central, Inc. for a Certificate of Public Convenience and Authority to Transact the Business of an Electric Public Utility defined as TC Burns Tap to TC Burns Transmission Line project in Butler County, Kansas.

EXECUTIVE SUMMARY:

In Docket 20-EKCE-233-COC, Evergy Kansas Central (Evergy) requests a Certificate for Transmission Rights Only (TRO) to construct approximately nine miles of new 138kV transmission line for a Commercial customer in Butler County, Kansas. This greenfield² project will be located in territory certificated to Butler Rural Electric Service Cooperative. The portion of transmission line associated with the TRO is part of a larger project which includes the tear down of a de-energized and abandoned 161kV that will be replaced by 12 miles of new 138 kV line and will connect to the new greenfield line.³ Staff recommends Evergy's Application for Certificate in 20-EKCE-223-COC be granted for Transmission Rights Only for the greenfield portion of the line.

BACKGROUND:

On November 26, 2019, Evergy filed the above-captioned Application requesting a Certificate for TRO to build nine miles of 138kV transmission line through the certificated territory of

¹ ** Denotes confidential information.

² Greenfield is a term defined as being a brand new construction, meaning there is no preexisting line that is being renovated.

³ EL 39665.

Butler Rural Electric Service Cooperative. Evergy seeks Commission approval to construct the new radial 138kV transmission line to serve a new 15 MVA customer.

Evergy plans to use the right-of-way of an existing de-energized 161kV line from their Midian Substation located just northwest of El Dorado, Kansas, and rebuild it to a 138kV transmission line for approximately 12 miles north to the new TransCanada Keystone Pipeline, LP (TC) Burns Tap, where this Application for TRO begins. The new portion of the 138kV transmission line will run west, in private easements for approximately nine miles terminating at the TC Burns substation located in the Evergy Certified Territory. The legal description of the route of the project is included in Attachment A, and a map is included as Attachment B.

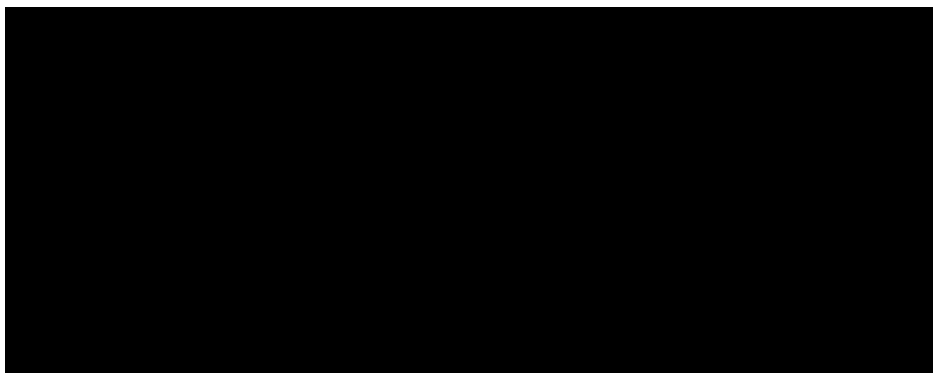
The project is part of a greater project planned by Evergy in the area. Further north of the Burns Tap, a new 138kV/345kV substation is being planned, which will require an additional rebuild of 138kV line to connect with the proposed construction.

The total cost associated with demolition of the old line and rebuild from the El Dorado substation to the tap connection, and radial line to the new customer is \$26,954,966. Evergy supplied a cost breakout for each segment listed in their EL Application, which was submitted to the Commission on October 15, 2019.

ANALYSIS:

Staff requested a cost breakdown and justification for spending on the project. This was requested to ensure the revenue generated by the project would offset the costs of the project such that ratepayers were not subsidizing the cost of the line for the new customer. In response to Staff Data Request 4, a spreadsheet titled “TC Energy – Minimum Capacity Contracts Analysis” was provided by Evergy. This outlined the terms by which TC Energy agreed to purchase a minimum amount of electricity from Evergy based on the new transmission line to the Burns pump station, along with extended minimum purchase agreements for four other pump stations along the pipeline operated by TC Energy. The terms reflected in the agreement, along with a summary of the estimated revenue Evergy would receive based upon the agreements is shown below.

**



**

The individual contractual agreements for minimum capacity for each pump station were provided by Evergy during a meeting with Staff. After careful analysis, and considering that

these contracts are minimum projected amounts, Staff has determined that the economics justify the project construction costs. Ultimately, the costs do not disadvantage ratepayers by having them subsidize the project as the ** [REDACTED] ** in minimum projected revenue outweigh the projected construction costs of \$26.9 million.

Evergy provided answers to several of Staff's concerns through a series of Data Requests. These concerns included, but were not limited to, how line construction was to be funded, if ratepayers would be subsidizing its construction, and overall justification of costs for constructing the line including the demolition of the 161kV line. These responses to Staff's Data Requests included the Letter Agreement between TC and Evergy and the Agreement for Electric Service, including the individual agreements for minimum capacity contracts for the Burns pump station along with four others. Additional concerns raised by Staff were in regards to whether landowners in the area had concerns and whether or not any of the costs would be funded by other Transmission Operators in Evergy's SPP zone. Evergy responded that they have been working with all landowners to keep them informed and address all of their concerns. Additionally, this project is not part of SPP's Notice to Construct (NTC) process and, therefore, would not be funded by anyone other than Evergy. Staff has found that these responses appropriately satisfy all of its concerns.

K.S.A. 66-1,170 et seq., the Retail Electric Suppliers Act (RESA), requires the state of Kansas to be divided into electric service territories in which only one retail electric supplier is established for a given territory. If a retail electric supplier receives Commission approval, RESA allows it to extend distribution or transmission facilities through the territory of another supplier provided the supplier building through the territory only uses the proposed line to serve its own certificated customers.⁴

The Commission has authority to grant a Certificate of Convenience and Necessity to any public utility seeking to transact business in the State of Kansas.⁵

The statutory standard of review in this matter is whether the public convenience will be promoted by the transaction of the proposed project and by permitting the Applicants to transact the business of a common carrier or public utility.⁶

Staff has reviewed Evergy's Application and has confirmed the legal description included in the Application is accurately depicted on the map attached to the Application. Staff also confirmed the legal description is not in conflict with the Commission's Certificate records. The legal description is included as Attachment A to this Report and Recommendation.

Staff recommends that the Commission find that public convenience will be promoted by the granting of this Application.

The Commission action date is May 12, 2020⁷.

⁴ K.S.A. 66-1,173.

⁵ K.S.A. 66-131.

⁶ K.S.A. 66-131.

⁷ Original action date was April 12, 2020, but Staff extended the action date by 30 days due to COVID-19 work delays.

RECOMMENDATION:

After careful analysis of the project, its economics, and the conclusion that it does not disadvantage ratepayers, Staff is recommending Evergy's Application for Certificate in 20-EKCE-223-COC be granted for Transmission Rights Only.

ATTACHMENT A
Legal Description of Proposed Transmission Line Route
20-EKCE-233-COC

BUTLER COUNTY, KANSAS

TRANSMISSION RIGHTS ONLY:

The Evergy electric line turns west at the TC Burns Tap and begins the greenfield portion of the TC Burns Tap to TC Burns 138 kV line. The line runs west through the northern edge of the NW/4 S11-T24S-5E, the northern edge of the N/2 S10-T24S-R5E, N/2 S9-T24S-R5E, N/2 S8-T24S-R5E and approximately 122 feet of the NE/4 S7-T24S-R5E where the Butler Rural Electric service area ends.

The line continues west and enters the Evergy Kansas Central service area on the northern edge of the N/2 S7-T24S-R5E for approximately 0.91 miles where the Evergy Kansas Central service area ends in the same section.

The line enters the Butler Rural Electric service area on the northern edge of the NW/4 S7-T24S-R5E and continues west for approximately 280 feet and into northern edge of the N/2 S12-T24S-R4E and the N/2 S11-T24S-R4E. The line turns southwest in the far NE/4 S10-T24S-R4E and runs southwest through the N/2 S10-T24S-R4E and the SE/4 S9-T24S-R4E for approximately 2800 feet where the Butler Rural Electric service area ends. The line continues southwest where it enters the Evergy Kansas Central service territory in the S/2 S9-T24S-R4E and into the SE/4 S8-T24S-R4E where it continues southwest for approximately 575 feet then turns west for approximately 800 feet where the Evergy Kansas Central service area ends.

The line continues west, entering the Butler Rural Electric service territory in the southern edge of the SE/4 S8-T24S-R4E where it runs for approximately 715 feet before turning south, leaving the Butler Rural Electric service area and terminating at the TC Burns substation located in the Evergy Kansas Central service area.

ATTACHMENT B

New TC Burns Substation

BTRE

Butler

Midian Substation

Substations

- METER (black dot)
- SUBSTATION (red dot)

VOLTAGE

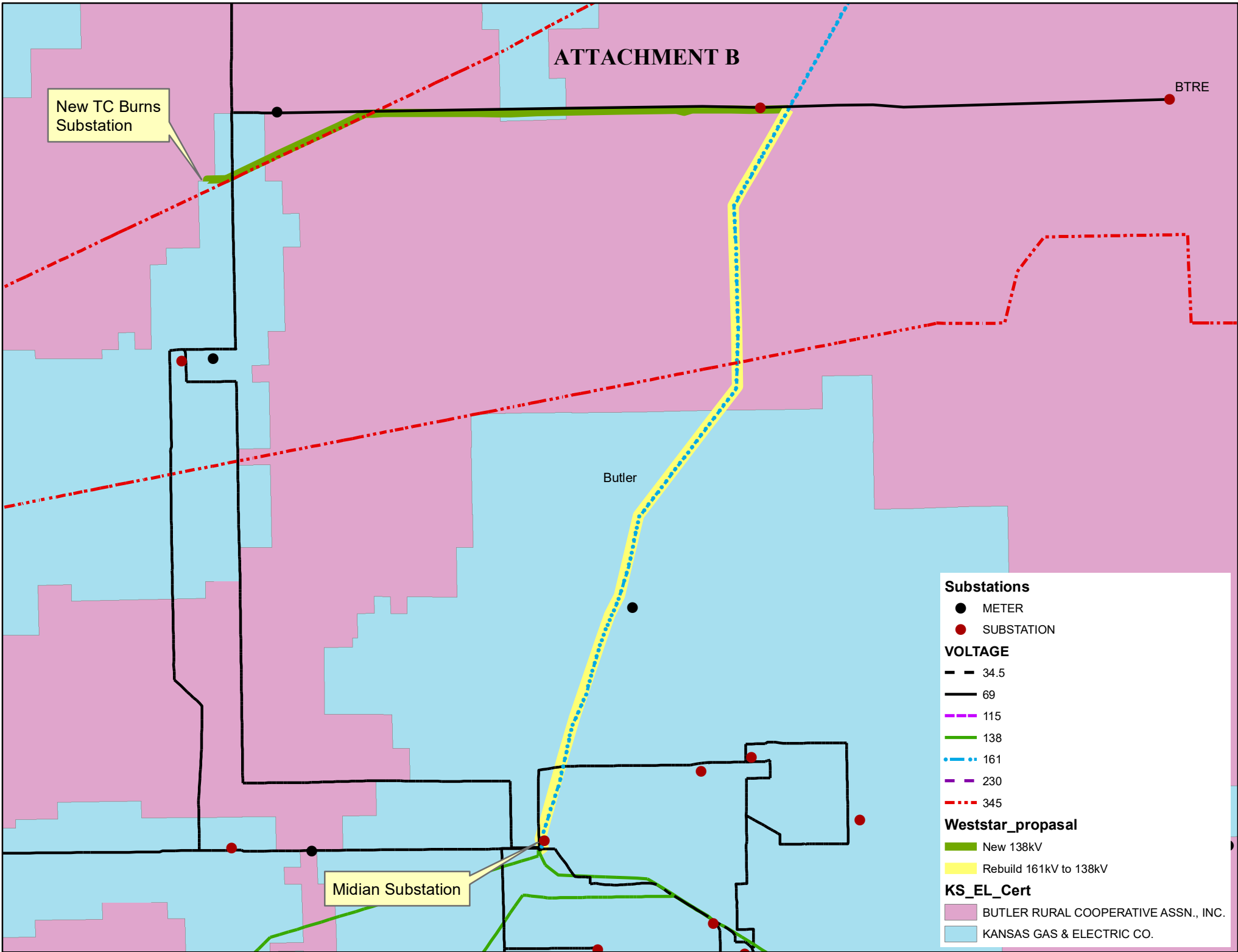
- 34.5 (dashed black line)
- 69 (solid black line)
- 115 (dashed magenta line)
- 138 (solid green line)
- 161 (dotted blue line)
- 230 (dashed purple line)
- 345 (dash-dot red line)

Weststar_proposal

- New 138kV (thick solid green line)
- Rebuild 161kV to 138kV (thick dotted yellow line)

KS_EL_Cert

- BUTLER RURAL COOPERATIVE ASSN., INC. (pink area)
- KANSAS GAS & ELECTRIC CO. (light blue area)



CERTIFICATE OF SERVICE

20-EKCE-233-COC

I, the undersigned, certify that a true and correct copy of the above and foregoing Notice of Filing of Staff's Report and Recommendation (PUBLIC VERSION) was served via electronic service this 21st day of April, 2020, to the following.

JEFFREY L. ADAMS, VICE PRESIDENT OF OPERATIONS
BUTLER RURAL ELECTRIC COOPERATIVE ASSN., INC
D/B/A VELOCITY
216 S Vine
El Dorado, KS 67042
Fax 316-321-9980
jeffa@butler.coop

CATHRYN J DINGES, CORPORATE COUNSEL
EVERGY KANSAS CENTRAL, INC
818 S KANSAS AVE
PO BOX 889
TOPEKA, KS 66601-0889
Fax 785-575-8136
cathy.dinges@evergy.com

ROBERT VINCENT, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax 785-271-3354
rvincent@kcc.ks.gov

/s/ Vicki Jacobsen

Vicki Jacobsen