

STATE CORPORATION COMMISSION

APR 23 2010



REBUTTAL TESTIMONY

OF

CARL A. HUSLIG

ON BEHALF OF ITC GREAT PLAINS, LLC

DOCKET NO. 10-ITCE-557-MIS

APRIL 23, 2010

I. INTRODUCTION

Q. Please state your name and business address.

A. Carl A. Huslig. My business address is 1100 SW Wanamaker Road, Suite 103, Topeka, Kansas, 66604.

Q. Are you the same Carl A. Huslig who previously filed direct testimony in this docket?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to respond to testimony filed by the Kansas Corporation Commission (“KCC”) Staff on April 8, 2010.

Q. On page 5 of his testimony, Staff witness Thomas B. DeBaun provides a cost estimate for the construction of Phase I and Phase II of the KETA Project. Do you have a response to Mr. DeBaun’s cost estimates?

A. Yes. I’d like to point out that estimates are just that -- estimates. As I stated in my direct testimony in both the Phase I and current docket, the estimates provided are preliminary and subject to change as the design of the line is finalized. In addition, other factors could influence the final cost of the line, such as commodity, equipment and labor cost fluctuations, costs to acquire rights of way, among others.¹ The estimates for the cost to construct Phase I that appear in my direct testimony in that docket are no longer current.

Q. Do you have an update of the project cost for Phase I?

¹ See Docket No. 09-ITCE-729-MIS, Huslig Direct Testimony, p. 8, lines 1-7; Docket No. 10-ITCE-557-MIS, Huslig Direct Testimony, p. 8, lines 16-21.

1 A. Yes. ITC Great Plains currently estimates the cost to construct Phase I to be
2 approximately \$110.6 million.

3 **Q. What are some of the factors that have contributed to the difference between**
4 **the cost estimate provided in the Phase I docket and current estimate?**

5 A. Some of the factors include the fact that the per mile cost to construct the line is
6 slightly higher than estimated in 2009. Also, as the project design has advanced,
7 it has become apparent that the 345/230 kV transformer size required at Post
8 Rock is larger than indicated in SPP's original studies,² and shunt reactors to
9 adequately control system voltages will be required that were not identified in the
10 original SPP studies. In addition, the Commission approved a modification to the
11 Phase I route in the siting docket, which increased the length of the line. I only
12 raise this issue in response to Mr. DeBaun's testimony to highlight that even
13 though current cost projections are higher than were filed in the Phase I docket,
14 these higher costs are within a range of costs anticipated by ITC Great Plains and
15 also by Staff.³ I expect the same to be true regarding estimated Phase II costs as
16 well.

17 **Q. On pages 6-8 of his testimony, Mr. DeBaun recommends that ITC Great**
18 **Plains be required to provide quarterly status updates as to costs and**
19 **construction schedules until the project is in service and final costs have been**
20 **determined. Do you have a response to this recommendation?**

21 A. Yes. ITC Great Plains believes the recommendation to require quarterly status
22 updates in the context of a siting docket is unnecessary and discriminatory. First,

² See Docket No. 10-ITCE-557-MIS, DeBaun Direct Testimony, p. 6, line 21 - p. 7, 2.

³ See *id.* at p. 6, lines 8-17 and p. 7, lines 10-13.

1 as Mr. DeBaun noted in his testimony at page 7, line 22, through page 8, line 1,
2 ITC Great Plains already provides quarterly status reports to SPP under
3 obligations specified in the Notification to Construct. The Commission and its
4 Staff have access to those public reports, and have authority to issue data requests
5 (or make a less formal inquiry) if they have questions about those reports.

6 Admittedly, it would not be difficult to send KCC staff a copy of the SPP
7 quarterly reports. However, ITC Great Plains is primarily concerned about the
8 practice of singling out a particular transmission company for new reporting
9 requirements in the context of a proceeding for a siting permit. It may be
10 appropriate for the Commission to require that the SPP quarterly reports be
11 delivered directly to the KCC. But if such a requirement is important to the
12 Commission, it should be a rule of general applicability to all transmission-
13 providing public utilities in the state. I think it is important to point out that this
14 statutory 120-day proceeding serves a specific, limited purpose, which is to
15 evaluate the necessity of the line and the reasonableness of the location of the
16 route. Rather than the Commission ordering a reporting requirement at this time,
17 ITC Great Plains respectfully suggests a meeting with Staff to discuss the best
18 way to provide the information that it needs. Those meetings could lead to an
19 informal workshop, where all interested parties could discuss the best methods to
20 provide KCC staff information. If necessary, depending on the results of the
21 meetings and/or workshop, the Commission could initiate a general investigation
22 to develop rules applicable to all transmission-providing public utilities without
23 the time constraints associated with a transmission siting docket.

1 **Q. On page 8 of his testimony, Mr. DeBaun recommends that ITC Great Plains**
2 **be required to file notice with the Commission within 10 days if ITC Great**
3 **Plains determines that the KETA Project “should be modified because of**
4 **changed circumstances or at the direction of SPP.” Do you have a response**
5 **to this recommendation?**

6 A. Yes. In order to better understand what is required of ITC Great Plains with
7 regard to this recommendation, we issued a data request to Staff witness Tom
8 DeBaun seeking clarification. A copy of the data request and response is attached
9 to my testimony as Rebuttal Exhibit 1. Staff has not developed specific criteria
10 for determining a modification that would trigger the requirement for reporting
11 from ITC Great Plains, but according to Mr. DeBaun, Staff is generally interested
12 in receiving the same types of information required to be reported to SPP on a
13 quarterly basis per instructions contained in a Notification to Construct. More
14 specifically, Mr. DeBaun provided illustrative examples of modifications due to
15 changed circumstances that he contemplates. Mr. DeBaun identified such items
16 as route modifications to a Commission-approved route, changes in network
17 project specifications and significant cost changes. Staff also indicated that if
18 specific criteria were necessary, it would be willing to work out the details with
19 ITC Great Plains.

20 **Q. Do you agree with this recommendation?**

21 A. No, I do not.

22 **Q. Please explain.**

1 A. I have two primary objections. First, such a requirement should be generically
2 applied to all transmission-providing utilities in the state. Similar to the
3 suggestion that ITC Great Plains file quarterly status reports, imposing new
4 requirements solely on ITC Great Plains unfairly discriminates against a single
5 transmission company. Second, a siting docket with limited time is not the
6 appropriate forum to develop new reporting requirements and rules. Again, if the
7 Staff is concerned that it receives inadequate information about transmission
8 projects, ITC Great Plains believes Staff's concerns could be more appropriately
9 addressed, first, in a meeting or workshop, or, if necessary, a general
10 investigation. Now that we know Staff is concerned about receiving more
11 information, much could be accomplished with informal discussions and
12 meetings. Because of the limited time and the mandate to focus on the necessity
13 of the project and the reasonableness of the route, there is a real concern that rules
14 and reporting requirements emerging out of this proceeding cannot receive
15 thorough consideration and will not be clear. That is not in the best interests of
16 Staff or transmission companies in Kansas.

17 **Q. Do you have specific comments regarding route modifications.**

18 A. Staff recognizes that route modifications to a Commission-approved route might
19 become necessary for a variety of reasons. The Commission has framed some
20 criteria for transmission companies to handle "major" route modifications and to
21 bring them to the attention of the Commission. *See*, Order Granting Siting Permit
22 in Docket No. 09-ITCE-729-MIS (July 13, 2009). In paragraph 89 of that Order,
23 the Commission stated:

1 The Commission specifically conditions this permit on ITC Great
2 Plains' continued flexibility in working with all affected
3 landowners. In this vein, the Commission encourages minor
4 adjustments to the location of this line as necessary to minimize
5 landowner impact, but requires that material, major adjustments,
6 and any such adjustment for which landowners would not have
7 received reasonable notice, be approved by the Commission before
8 being implemented.
9

10 **Q. In its data request response, Staff stated that the type of reporting**
11 **requirement as outlined by Staff witness DeBaun is not unique. Mr. DeBaun**
12 **referenced a KCPL docket in which reporting by KCPL has occurred and**
13 **has been accepted by the Commission as "confidential." Do you have a**
14 **response to this statement?**

15 **A.** Yes. Significantly, I'd like to point out that the KCPL docket referenced by Staff,
16 Docket No. 04-KCPE-1025-MIS [sic],⁴ is a much different docket than ITC Great
17 Plains' siting docket. Docket No. 04-KCPE-1025-GIE was initiated by KCPL for
18 the stated purpose of discussing, and hopefully achieving consensus on, emerging
19 regulatory issues that affect the supply, delivery and pricing of the electric service
20 provided by KCPL. More specifically, KCPL desired to work with the
21 Commission Staff and other interested entities to develop a Resource Plan which
22 would allow it to install a mix of new generation, make environmental upgrades
23 and develop demand response programs, at a significant cost, while maintaining
24 price stability through a series of planned rate increases. KCPL agreed to provide
25 quarterly reports to Staff and the Commission on such items as actual
26 expenditures compared to planned expenditures, adherence to expenditures only
27 contained in the Resource Plan, monitoring the adequacy and reasonableness of

⁴ The accurate docket number is 04-KCPE-1025-GIE.

1 the Resource Plan, including reporting on major modifications, among other
2 similar items. The quarterly reporting requirement makes sense in this context
3 given the cost of the generation additions alone were projected at \$1.3 billion as
4 quantified in 2005. Further, KCPL is a retail electric company. Although
5 allocations will be made to its wholesale operations and its Missouri retail
6 operations, a significant portion of its costs will be borne directly by its Kansas
7 ratepayers. Finally, KCPL agreed to provide quarterly reports as part of a larger,
8 negotiated settlement process.

9 This 120-day siting docket is different than the referenced KCPL
10 proceeding. First, the ITC Great Plains' project costs are a fraction of the costs
11 associated with KCPL's Resource Plan. Second, ITC Great Plains' costs are
12 spread over a multi-state region and not imposed on any particular group of
13 Kansas ratepayers. Finally, there has been no opportunity for interested parties to
14 fully evaluate and develop mutually acceptable reporting requirements.

15 **Q. Do you have any other specific concerns with regard to Staff's**
16 **recommendation that ITC Great Plains be required to provide reports in the**
17 **event of modifications to the KETA Project?**

18 A. Yes. I have a concern with the 10-day time frame set out in the
19 recommendations, particularly if modifications are as a result of a decision by
20 SPP. Given the way SPP is organized and operates, it is sometimes difficult to
21 know when SPP's directives are final and binding. The collaborative and
22 consensus-building nature of the organization necessarily means that decisions are
23 scrutinized by various personnel, working groups, committees and stakeholders.

1 Decisions made by one group may be modified or eliminated by another. It
2 appears to ITC Great Plains that the recommendation, including the time frame,
3 will be challenging to comply with. Furthermore, SPP does not impose a specific
4 time limit on this type of reporting. Using the requirements set out in a
5 Notification to Construct issued to Sunflower Electric Power Corporation, for
6 example, Sunflower is required to advise SPP of the inability to complete the
7 approved Network Upgrade or any inability to comply with the Project Schedule
8 as soon as the inability becomes apparent. This is another type of issue that could
9 benefit from informal discussions with Staff in meetings or workshops.

10 **Q. Do you have any additional testimony about the proposed reporting**
11 **requirements?**

12 A. For the reasons I have stated in this testimony, I would respectfully request that
13 the Commission not order any of the proposed reporting requirements in this
14 proceeding. The Commission should allow the Staff to meet informally with
15 interested parties to address their concerns. If necessary, an informal workshop
16 could be conducted, and if rules need to be promulgated, a general investigation
17 could be initiated at the appropriate time. These issues should not be considered
18 and decided in a siting docket. I believe that ITC Great Plains and other Kansas
19 transmission companies are interested in working with Staff to provide it the
20 information that they need.

21 **Q. Does Mr. DeBaun make a recommendation regarding whether ITC Great**
22 **Plains' siting application should be approved?**

1 A. Yes. Initially, on page 2 of his testimony, Mr. DeBaun states that the purpose of
2 his testimony is to address the necessity for the proposed line. On page 4 of his
3 testimony, he concludes that the construction of Phase II (and the entire KETA
4 Project) is necessary and in the public interest.

5 **Q. Do you agree with Mr. DeBaun's recommendation?**

6 A. Yes.

7 **Q. What is the purpose of Staff witness Michael J. Wegner's testimony?**

8 A. On page 3 of his testimony, Mr. Wegner states that his testimony will address the
9 reasonableness of the location of the route filed by ITC Great Plains in this
10 docket.

11 **Q. Does Mr. Wegner make a recommendation regarding the reasonableness of**
12 **ITC Great Plains' filed route?**

13 A. Yes. On page 4 of his testimony, Mr. Wegner concludes that the filed route is
14 reasonable.

15 **Q. Do you agree with his recommendation?**

16 A. Yes.

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

18 A. Yes.

VERIFICATION

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

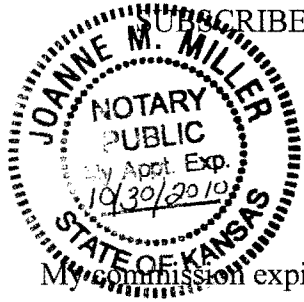
I, Carl A. Huslig, of lawful age, being duly sworn upon my oath state that I am the President of ITC Great Plains, that I have read the above and foregoing Rebuttal Testimony and, upon information and belief, state that the matters therein appearing are true and correct.

Carl A Huslig
Carl A. Huslig

SUBSCRIBED AND SWORN to before me on this 23rd day of April, 2010.

Joanne M Miller
Notary Public

My commission expires: 10/30/2010



**ITC Great Plains
Information Request**

Request No: 1

Company Name ITC GREAT PLAINS, LLC
Docket Number 10-ITCE-557-MIS
Request Date April 9, 20 10
Date Information Needed April 19, 2010

Please Provide the Following:

On lines 3-5 on page 8 of the Staff Direct Testimony of Thomas B. Debaun, Mr. Debaun recommends that a unique reporting requirement be imposed on ITC Great Plains if "the SKA Projects should be modified because of changed circumstances or at the direction of SPP." Please explain the criteria for determining modification that would trigger the requirement for a report from ITC Great Plains and provide illustrative example(s) of such a modification

Submitted by; Alan Myers

Submitted to: Thomas Debaun
KCC Staff

Commission Staff Response:

Please refer to footnote No. 17 in DeBaun Direct Testimony. The second page of the NTC letter referenced includes the following paragraph:

"On an ongoing basis, please keep SPP advised of any inability on [Sunflower's] part to complete the approved Network Upgrade. For project tracking purposes, SPP requires SUNC to submit updates on the status of the Network Upgrade on a quarterly basis in conjunction with the SPP Board of Directors meetings. However, SUNC shall also advise SPP of any inability to comply with the Project Schedule as soon as the inability becomes apparent."

DeBaun Direct, Page 7, line 22; and Page 8, lines 1-2 reflect the essence of the second sentence in the quoted paragraph. DeBaun Direct, lines 3-5 on Page 8 (The subject of this Information Request) are intended to capture to some extent the same types of information requested by SPP in the first and third sentences in the above paragraph. The reference to the Application, Exhibit 1 was intended to refer to the general content of the NTC letter only, not as the letter relates to obligations of SUNC specifically.

a) Criteria for determining modification that would trigger the requirement for non-routine reporting from ITC Great Plains:

If "specific" criteria are necessary, Staff would be willing to work out the details with ITC Great Plains. Reporting as outlined in DeBaun Direct is not unique. Please see the Stipulation and Agreement in 04-KCPE-1025-MIS (Stipulation and Agreement, II, B Conditions; April 27, 2005). Staff notes that such reporting by KCPL has occurred and has been accepted by the Commission as "confidential".

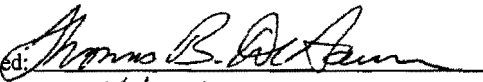
b) Illustrative examples of modification:

1. Route modifications to a Commission-approved route that might become necessary, particularly where customers impacted by such modification were not among the land owners who received notice prior to the public hearing. Based on Commission experience with other transmission lines being constructed in Kansas, Staff anticipates that ITC will encounter the need for route modifications during the ROW acquisition process. Staff would prefer to be advised of such modifications by ITC rather than receiving first notice from affected

land owners. The Commission Order in this docket may reflect an "approved route" that could differ from the route filed. Should a Commission order approve a specific route on the date of its order, the Commission will still need to be appraised of any future alterations.

2. Staff is requesting that changes in network project specifications (e.g. SPP specifications in NTC letter) be reported. This would include changes such as transformer sizes, voltage levels, and construction configurations. One example would be the decision to change from double-pole construction to single-pole construction, which apparently will occur in Phase I. Also, notice of the change in the transformer size from 200 MVA to 600 MVA in Phase I was not relayed to the Commission, added approximately \$1.7 million to the cost, and became known to the Commission only through Staff participation in an SPP CAWG meeting.
3. If the Commission determines that the project is "necessary," such finding would be based on evidence in the docket, including the cost and benefit projections. The testimony of ITC Great Plains stated that the costs of the project may change. Staff concurred and believes it is in the best interest of the Commission to require notice of any modifications on a quarterly basis and any significant modifications as they occur. As an example of a significant modification, ITC Great Plains' formula rate approved by FERC contains provisions for cost recovery in the event of abandonment of the project. If circumstances caused ITC Great Plains to act on the basis of such provisions, Staff believes the Commission should be notified immediately (within 10 days).

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentation or omissions to the best of my knowledge and belief; and I will disclose to ITC Great Plains any matter subsequently discovered which affects the accuracy of completeness of the answer(s) to this Information Request.

Signed: 
Date: 4/19/2010