

**Leo M. Haynos Testimony in Support of Settlement
Docket No. 19-GLPE-338-ACQ**

1 **Q. Would you please state your name and business address?**

2 **A.** My name is Leo M. Haynos. My business address is 1500 Southwest Arrowhead Road,
3 Topeka Kansas, 66604.

4 **Q. Are you the same Leo M. Haynos who filed direct testimony in this docket on June**
5 **20, 2019?**

6
7 **A.** Yes, I am.

8 **Q. What is the purpose of your testimony?**

9 **A.** My testimony supports the Joint Motion to Approve the Settlement Agreement
10 (Agreement) filed in this docket. I also provide a summary and discussion of Conditions
11 found in paragraphs 6, 7, and 8 of the Agreement.

12 **Q. Was the Agreement unanimous?**

13 **A.** Yes. The parties that participated in this case consisted of Staff, the Joint Applicants, and
14 Westar Energy, Inc. (Westar). Staff and the Joint Applicants are signatories to the
15 Agreement. Although Westar has not signed the Agreement, it has indicated it is not
16 opposed to the Agreement.

17 **Q. What does the Agreement entail?**

18 **A.** As stated in paragraph 5 of the Agreement, the signatories support approval of the
19 Application in which GridLiance High Plains LLC (GridLiance) will acquire a 65%
20 interest in the electric transmission facilities belonging to the City of Winfield (Winfield).
21 The Agreement also supports Commission approval of the assignment of 65% of a “Notice
22 to Construct” Project (NTC) that Southwest Power Pool (SPP) has assigned to the Kansas
23 Power Pool (KPP). Because GridLiance is only purchasing 65% of the Winfield assets and
24 the ownership percentage may vary over time, the Settlement Agreement also seeks

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1 Commission approval of all the agreements related to the Acquisition that are described in
2 the Joint Application. The Agreement also contains nine conditions that support the
3 Kansas public interest in the GridLiance Acquisition.

4 **Q. Please describe the Kansas public utility Certificates requested in the Acquisition.**

5 **A.** As stated in my Direct Testimony, the proposed Acquisition will result in GridLiance
6 obtaining the following Kansas public utility assets:

- 7 • A Certificate of Convenience and Necessity; and
- 8 • A Transmission Rights Only (TRO) Certificate of Convenience and Necessity to operate
9 29 miles of 69 kV transmission lines and the associated transmission facilities in and
10 around Winfield, Kansas.¹

11 **Q. Do you believe the NTC requires a separate Certificate?**

12 **A.** No. The NTC in and of itself does not require a public utility Certificate because it is an
13 upgrade of existing transmission facilities. Therefore, it is considered to be part of the
14 above described 29-mile TRO. It should be noted that SPP's tariff requires GridLiance to
15 obtain Commission authority to operate as a public utility in Kansas. Staff believes the
16 Certificate of Convenience and Necessity required by K.S.A. 66-131(a) and its companion
17 TRO required by K.S.A. 66-1,173(b) will be sufficient for GridLiance to be eligible to
18 receive the NTC from SPP.

19
20
21

¹ See Appendix C of the Joint Application.

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1 **Q. Please list the conditions contained in the Agreement.**

2 **A.** The Agreement contains eight conditions found in paragraphs 6 through 8 of the
3 Agreement. For the sake of consistency, my testimony uses the same paragraph numbering
4 scheme found in the Agreement. The conditions are as follows:

5 • 6a: the TRO is described by a 150-foot corridor centered on the existing transmission
6 facilities. The Agreement also will allow a 150-foot corridor for the NTC Project
7 should the NTC require relocation from the path of the existing transmission facilities.

8 • 6b: upon completion of the NTC Project, GridLiance will file in this Docket the metes and
9 bounds description of the 150 foot corridor centered on all transmission facilities that are
10 the subject of this Agreement.

11 • 6c: The NTC Project included in this Agreement is identified as the NTC Project discussed
12 in the Application.

13 • 6d: the TRO shall expressly include permission to conduct maintenance, upgrade, or
14 replacement of any of the Transmission Facilities or Assets as fully described in the
15 APA or the NTC Project, provided that such maintenance, upgrade, or replacement
16 does not result in the relocation of the lines outside the metes and bounds described in
17 condition 6a and 6b.

18 • 7: The Parties agree that GridLiance HP shall comply with K.S.A. 66-131, and if
19 applicable, K.S.A. 66-1,177, et seq. for any future proposal to extend or relocate an existing
20 transmission line or construct a new transmission project.

21 • 8a: As part of the filing of any future TRO application, GridLiance agrees to include a
22 copy of its local planning process (LPP) plan (the Plan) if the Project that is the subject
23 matter of the TRO application is included in the Plan.

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- 1 • 8b: As part of the filing of any future TRO application, GridLiance agrees to include the
2 following (if applicable) as justification for the proposed project:
- 3 ○ a description of the criteria used to determine that the Project is necessary;
- 4 ○ a discussion of the adequacy of the existing facilities to address the same needs as
5 the proposed project;
- 6 ○ other information to support the justification of the proposed project related to
7 project cost, economics, impact on reliability, impact on environment and other
8 considerations;
- 9 ○ An explanation for how the proposed project avoids imposing unreasonable costs
10 on the Transmission Provider and transmission users;
- 11 ○ Inclusion of any studies conducted by GridLiance related to the proposed project;
12 and
- 13 ○ The identification of any alternative or proposed solutions offered by affected
14 stakeholders.
- 15 • 8c: If the proposed project is the result of an SPP NTC, then GridLiance shall include
16 with its application any and all correspondence between GridLiance and SPP related to the
17 NTC project.
- 18 • 8d: If any of the filing requirements found in paragraph 8 of the Agreement are determined
19 by GridLiance to be inapplicable to a proposed project, GridLiance shall include in its
20 application an explanation as to why such information is unnecessary.

21 **Q. Please describe the purpose of conditions 6a through 6c.**

22 **A.** Conditions 6a through 6c clarify the TRO being requested in the Joint Application will be
23 for a 150-foot wide corridor that is centered on the existing Winfield transmission lines.

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1 As noted in my Direct Testimony, a TRO essentially approves a route for a transmission
2 line. The Joint Application requested a TRO for the existing lines and generally described
3 the section, township and range in which the line is located. Conditions 6a through 6c
4 provide more specificity to the exact route of the line.

5 **Q. What is the purpose of Condition 6d?**

6 **A.** Condition 6d allows GridLiance to perform all necessary maintenance and upgrades of
7 transmission facilities within the 150-foot wide corridor of the TRO.

8 **Q. Why is this condition necessary?**

9 **A.** As the operator of the transmission system, GridLiance will be required to maintain the
10 safety and reliability of the assets in a timely manner. Condition 6d precludes the need for
11 GridLiance to seek additional Commission approval for improvements performed on the
12 facilities located within the metes and bounds of the TRO.

13 **Q. What is the purpose of Condition 7?**

14 **A.** Condition 7 requires GridLiance to apply for a new TRO Certificate if it builds additional
15 transmission lines outside the 150-foot wide corridor described in Condition 6. Condition
16 7 will allow the Commission to determine if the public convenience and necessity will be
17 promoted for each future transmission project proposed by GridLiance.

18 **Q. Please describe the intent of conditions 8a through 8d.**

19 **A.** Conditions 8a through 8d provide the minimum requirements for information that
20 GridLiance will include in any future TRO application. The purpose of these conditions is
21 to provide transparency of any proposed transmission project and to provide opportunity
22 for all affected stakeholders to provide input on the proposed project. This approach is

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1 expected to promote the public convenience and necessity for Kansans by identifying the
2 best electric transmission solution for the future projects proposed by GridLiance.

3 **Q. Why do you believe Conditions 8a through 8d are necessary?**

4 **A.** As noted throughout the Direct Testimonies of Staff witnesses in this Docket, Staff's
5 collective concerns with this acquisition deal with the potential asymmetric rate impact that
6 future GridLiance projects may have on transmission users in the Westar pricing zone of
7 SPP. Staff recognizes, however, that GridLiance's focus on municipal operations may bring
8 about transmission projects that are in the public interest regardless of the rate impact on
9 other transmission users. Conditions 8a through 8d will require GridLiance to provide
10 specific information to the Commission that justifies a future project and addresses
11 alternative solutions to the project that may be offered by other stakeholders in the pricing
12 zone.

13 **Q. Has the Commission previously established standards upon which it will review**
14 **unanimous settlement agreements like the one presented for Commission approval in**
15 **this Docket?**

16 **A.** Yes. It is my understanding the Commission has required that a unanimous settlement
17 agreement (like the Agreement presented in this Docket) must meet three important
18 standards if it is to be approved. The agreement must:

- 19 1. be supported by substantial competent evidence;
- 20 2. result in just and reasonable rates; and
- 21 3. promote the Public Interest.

22

23

1 **Q. Does Staff contend that the Agreement filed in this Docket meets the standards the**
2 **Commission has established for approval of a unanimous settlement agreement?**

3 **A.** Yes. In the testimony that follows, I will present each of these standards individually and
4 support why I contend that each of the applicable standards has been met or exceeded by
5 the Agreement.

6 **The Agreement is Supported by Substantial Competent Evidence in the Record**

7 **Q. Is the Agreement supported by substantial competent evidence in the record as**
8 **a whole?**

9 **A.** Yes. In addition to the Application, the Joint Applicants filed Direct Testimony in support
10 of the Application and they filed rebuttal testimony in response to Staff testimony. As part
11 of this proceeding, Staff conducted discovery, which guided its Direct Testimony and
12 settlement negotiations. The facts and analysis of the various testimonies resulted in a
13 compromise of the parties' filed positions that led to the Agreement.

14 **The Agreement Results in Just and Reasonable Rates**

15 **Q. Will the Agreement result in just and reasonable rates?**

16 **A.** The Agreement does not directly address this standard. As noted in the testimony of
17 GridLiance witness Brett Hooton, the Federal Energy Regulatory Commission (FERC) has
18 exclusive jurisdiction over applicable rates for the transmission facilities at issue in this
19 Docket.² Nothing in the Agreement changes Staff's initial assessment that SPP
20 transmission rates in the Westar Energy pricing zone will increase as a result of
21 GridLiance's ownership of these assets. However, Staff believes this rate impact is de

² See lines 17-18, page 22 of Direct Testimony of J. Brett Hooton.

1 minimis. Therefore, Staff contends that nothing within the Agreement will cause SPP's
2 rates to become unjust and unreasonable. Staff's contention is supported by the Direct
3 Testimony of Staff witness Justin Grady.³

4 **The Results of the Agreement are in the Public Interest**

5 **Q. Do you believe the Agreement is in the public interest?**

6 **A.** Yes. While the Acquisition will result in slightly higher transmission rates to Kansas
7 transmission users, the conditions contained in the Agreement will serve to limit any
8 detriments from the transaction and allow Winfield to benefit from GridLiance's financial
9 resources and technical expertise. Importantly, the Commission will also maintain control
10 over GridLiance's future transmission expansion plans, and the parties have agreed to an
11 established process for the KCC to review those construction plans, if they should come to
12 fruition.

13 **Q. Please continue.**

14 **A.** As noted in Staff's Direct Testimony, we viewed the GridLiance acquisition as proposed
15 by the Joint Applicants to be slightly negative with respect to the public interest of Kansas.
16 However, Staff also noted in its testimony the transaction provides qualitative benefits to
17 Winfield from the financial resources and technical expertise of GridLiance. The
18 conditions proposed in the Agreement will limit the TRO to only a 29-mile, 150-foot wide
19 corridor centered on the existing Winfield system. Over time, Staff and the Commission
20 will gain experience and familiarity with GridLiance's performance with respect to the
21 anticipated qualitative benefits associated with the transaction. GridLiance has made it

³ See lines 22-30, page 12 and lines 1-9, page 13 of the Direct Testimony of Justin Grady.

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1 clear they intend to build additional transmission resources. The conditions proposed in
2 the Agreement also require GridLiance to request a TRO Certificate for any project other
3 than upgrades to the existing transmission system. The TRO approval process outlined in
4 the Agreement will allow affected stakeholders to provide input to the Commission in
5 deciding if a future GridLiance project is a necessary, just, and reasonable solution to the
6 transmission issue it is trying to address.

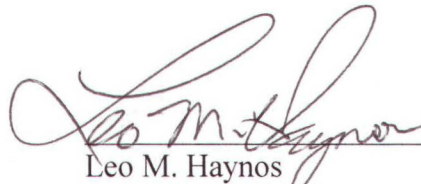
7 **Q. Does this conclude your testimony?**

8 **A.** Yes.

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

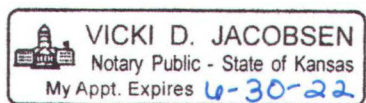
VERIFICATION


Leo M. Haynos, being duly sworn upon his oath deposes and states that he is the Pipeline Safety Chief Engineer for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Settlement Testimony*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Leo M. Haynos
Chief Engineer
State Corporation Commission of the
State of Kansas

Subscribed and sworn to before me this 26th day of July, 2019.





Notary Public

My Appointment Expires: June 30, 2022

CERTIFICATE OF SERVICE

19-GLPE-338-ACQ

I, the undersigned, certify that a true and correct copy of the above and foregoing Staff Leo M. Haynos Settlement Testimony was placed in the United States mail, postage prepaid, or electronically served this 26th day of July, 2019, to the following:

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