

Testimony on Sub House Bill No. 2516
Senate Utilities Committee
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Aquila Networks – WPK (Aquila) fully appreciates this opportunity to testify on Substitute House Bill 2516. Without a doubt, all of us realize that there is a need to expand and improve the transmission system in the State of Kansas, in order to improve electric system reliability and to provide the infrastructure for pending energy markets. We strongly support this committee’s vision to supply the State of Kansas with a reliable and reasonably priced transmission system that provides transmission owners with adequate cost recovery. Substitute House Bill No. 2516 continues to build on the legislative processes that began in 2003 to fulfill that vision. Aquila supports the general intent of this bill as amended by the House Committee.

New Section 1 has adequately defined the terms in New Sections 2 through 6. Aquila would suggest that the term “bulk transfer” be defined since it appears at least three times in New Section 1.

New Section 2 authorizes the KDFEA to provide marketing bonds to finance the construction and upgrade of Electric Transmission Lines and Appurtenances that

originate in Kansas and have a majority of the costs of the construction and upgrades located in Kansas. The bill in its original form mandated that 85% of the new construction or upgrades must be located in Kansas. We believe that the change made by the subcommittee to strike this arbitrary percentage made sense and would encourage the committee to retain section 2 in its current form. Further, we believe this change to current law will increase the value to House Bill No. 2018 (KDFFA financing of utility transmission infrastructure) passed last year. As a matter of fact, Aquila has visited with the officers of KDFFA to discuss the possibility to using KDFFA bonds for transmission enhancements in SW Kansas. Our enhancements in the SW Kansas are designed to provide additional voltage support for the area as well as potentially provide the resources necessary to support an additional wind farm.

Aquila fully supports New Section 3. Providing a 15-year depreciation cycle provides an incentive for a transmission owner to construct. This section is a positive addition to the proposed bill.

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Aquila supports New Section 5. Aquila believes that if FERC approves the sale of transmission lines or contract for transmission operation, the Commission may approve and provide mechanism for appropriate ratemaking treatment. We do see where an issues can arise if the FERC approves a sale of transmission lines and the KCC does not.

Aquila supports the modifications proposed for Sections 6,7, 8, 9, 10, and 11. Finally, Aquila supports the language in New Sections 7.

As can be seen by the testimony, Aquila supports House Bill No. 2516. We would encourage your favorable consideration of this bill.

Thank you again Mr. Chairman for the opportunity to testify today.