

**Testimony of Westar Energy
In SUPPORT of HB2623
Before House Energy & Environment
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Thank you Chairman Hedke and members of the Committee for the opportunity to talk today about the Right of First Refusal (ROFR) legislation and why it is important to Westar Energy and our customers. We believe this legislation can benefit all transmission-owning or affiliated entities in Kansas and their customers because it allows Kansas companies to retain the right to build projects connecting to their systems or choose those who do it for them.

When FERC Order 1000 was issued, several states in the Southwest Power Pool (SPP) initiated ROFR legislation for purposes of providing incumbent electric utility transmission owners the right to build transmission projects in their service territories when directed to do so by their Regional Transmission Operator (RTO). Other states within SPP that have enacted ROFR legislation are North Dakota, South Dakota, Nebraska and Oklahoma.

Kansas is becoming the exception within SPP, where anyone can come in and bid on transmission projects regardless of voltage, while we cannot bid on projects in other states due to their ROFRs. Even in our neighboring RTO (MISO), they essentially have a ROFR throughout their territory for projects below 300kV. (See RTO map on back.)

For Westar Energy, this is an issue about keeping the lights on for our customers and allowing Kansas companies to decide how we do that. House Bill 2623 addresses transmission lines between 100 and 200 kilovolts, which are the voltages closest in proximity to our customers and which have the greatest potential to impact customer reliability. (As an example, please see the attached map illustrating 138kV lines in and around Wichita.) Let's say, for example, that an out-of-state transmission company successfully secures the bid for an SPP-directed line to be built in the Wichita area. That entity will build, own and maintain the line and any associated equipment.

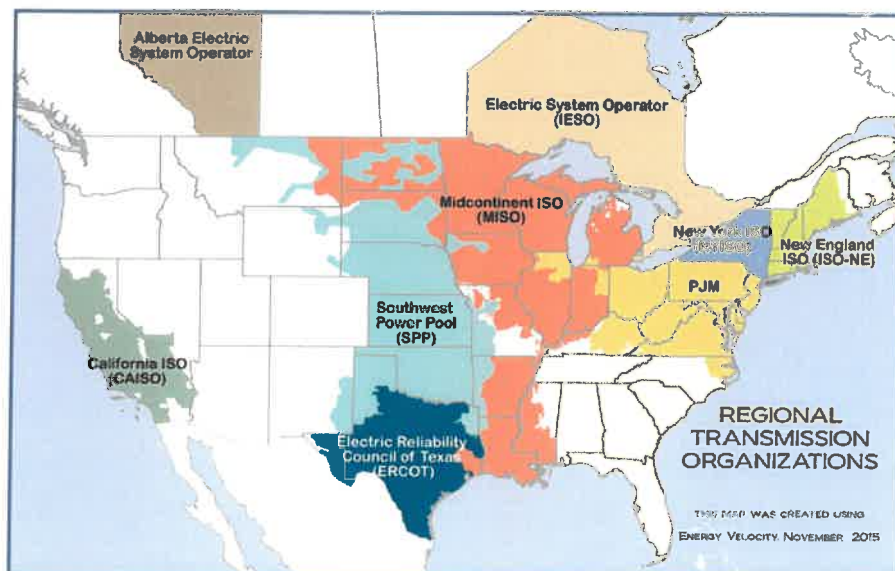
Enter Kansas wind and ice. That entity's line goes out of service. Do they have crews and equipment at the ready? How quickly can they get there? What if Westar has similar outages in the same area and has already encumbered nearby resources? In the meantime, Westar customers are calling Westar – not the out-of-state company that owns the line that is out of service. When lights remain out longer because a non-incumbent owner of a downed line is slow to respond, our customers still perceive Westar as the culprit.

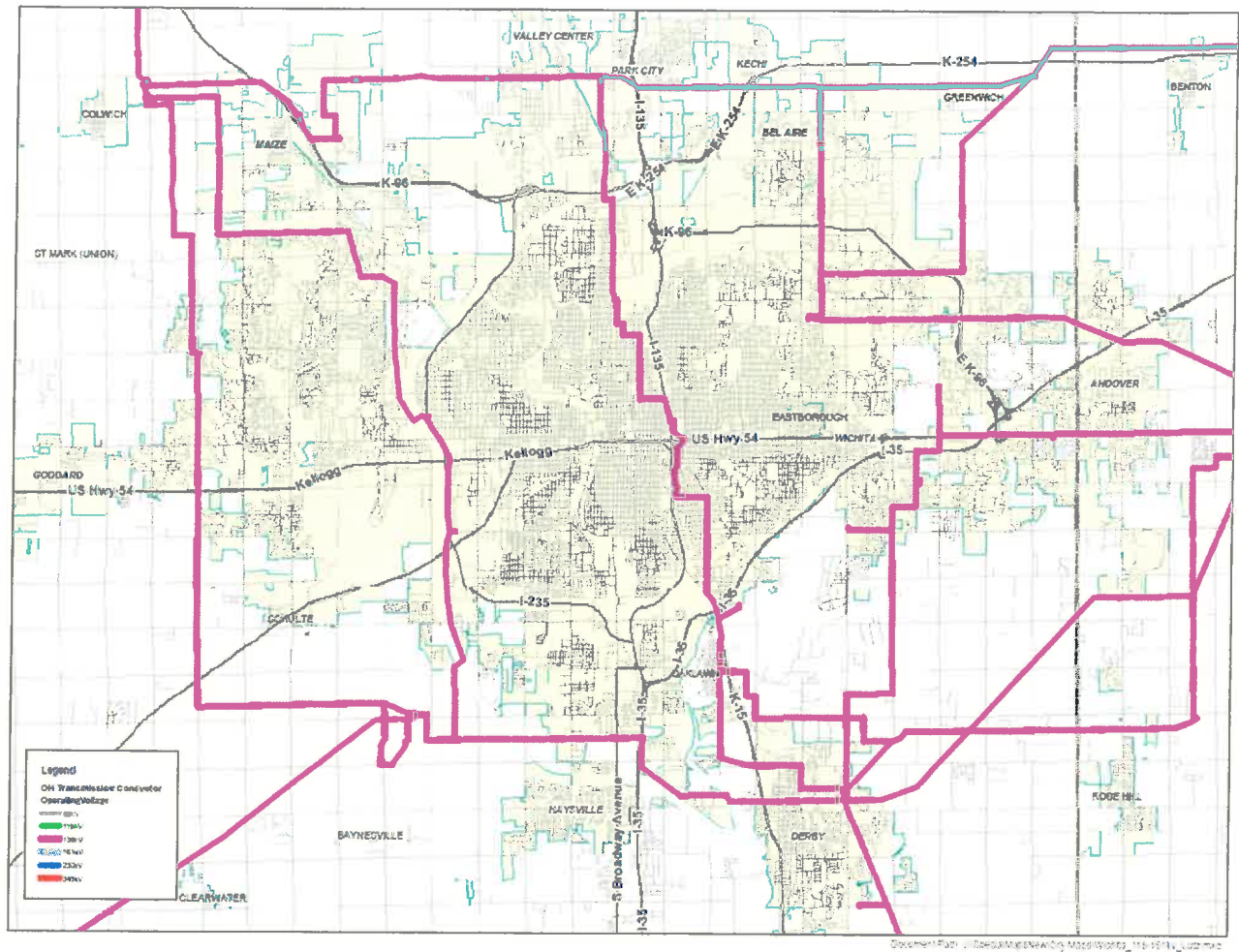
Today, Westar engineers build our transmission lines to a higher design standard than those required by the National Electric Safety Code (NESC) and the SPP. Although NESC and other SPP member designs are sufficient to safely and reliably operate an electric transmission system, Westar's experience with Mother Nature over the last century of serving our customers has taught us a few lessons that have spurred us to increase our design standards above the minimum allowed under federal rules, thus increasing the level of reliability of our transmission lines. Those coming into our state are actually incentivized to design to minimum standards in order to be the low bidder and win the project – and we all know what the low bid often gets us.

For instance, the maximum wind speed the NESC requires transmission lines in Kansas to endure is 90 miles per hour. In the late 1990s, a severe wind storm brought down 36 miles of 345kV transmission line. Since then, Westar has designed our lines to withstand 103-mph winds based on data collected from our service territory. Another example of Westar's commitment to providing reliable power is the ice load a transmission system is designed to handle. Crews have reported up to two inches of radial ice on conductors, so we now design for a 2-inch ice case, compared to SPP's requirements of 1.25 inches and NESC's 1-inch requirement. The incremental cost of building a more robust transmission line saves our customers significantly more over the life of the line.

Without a ROFR, might the construction standards for future transmission tend toward the minimum requirements in a rush to be the low bidder, thus impacting future reliability for Kansas customers? HB2623 fixes the unintended consequences of FERC Order 1000, and allows Kansas companies to be responsible for Kansas transmission. It is about allowing Kansas companies to continue doing what they do best – knowing the weather conditions of the state, building to that standard, and keeping the lights on for our Kansas customers. As importantly, it allows Kansas companies to retain the right to build these projects themselves, or choose who builds for them based on the values that have served Kansas for so long.

Thank you again for your time. We are pleased to stand for questions.





138kV power lines in and around Wichita