

**TESTIMONY SUBMITTED TO THE
SENATE UTILITIES COMMITTEE**

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Thank you, Mr. Chairman and members of the Committee for providing the electric cooperatives in Kansas time to speak today on the Substitute for House Bill 2516, a proposal we believe has the potential to bring about improvements to the electric power supply and delivery systems in Kansas.

Sunflower's engineers have suggested a change in the proposed language to clarify the meaning with regard to the voltage of transmission lines throughout the bill. Our suggestion is as follows:

...for the bulk transfer of ***electricity on transmission lines with a design or operating voltage of*** 34.5 kilovolts or more of electricity.

The need for this change would be required on:
page one, beginning on line 26;
page three, beginning on line 11; and
page six, beginning on line 14.

The reason we suggest this change is that kilowatts (or megawatts) are transferred through these lines whose capacity ratings are measured in kilovolts.

Alternatively, and perhaps a simpler change given the evolution of the definition of transmission line in this bill, would simply be to modify the definition of electric transmission line on page one, lines 28-30 by adding to the end of the definition the following:

“on lines with ~~an~~ **design or** operating voltage of 34.5 kilovolts or more.

In this way, you could make one change in the definition and remove what would become duplicative definitions throughout the balance of this bill.

The next changes we suggest are contained in New Section 2 (a). First, the proposed language authorizes KDFA to “assist operators of transmission lines and appurtenances in marketing bonds...” We ask this be modified to include the owners of the transmission lines. It seems to us that financing assistance most likely would be required by transmission line owners.

The second issue we have concerns with pertains to lines that “originate in Kansas.” I don’t know how one can determine where a transmission line originates. For instance, Sunflower is working to get a line built that would connect its Spearville substation in Ford County Kansas to a substation near Mooreland, Oklahoma owned by the Western Farmers Electric Cooperative. In this case, it seems to us that a point of origination would be difficult to determine. Our suggestion would be that on page 1, line 35 the text would be changed as follows:

35 (a) ~~The lines originate in this state and a~~ majority of the costs of the

This change would eliminate any future argument about whether the line does, or does not, originate in the state.

Section 3 provides for the recovery of capital expenditures in transmission lines over a period of 15 years. This is an understandable proposal for companies that are building

transmission facilities, but it could increase rates for all consumers if lines that normally would have been depreciated over 30 years are depreciated in one-half that amount of time. This is the only area where we believe the House did not support the changes suggested by the cooperatives.

Finally, while the impact of this bill may be unclear, cooperatives in Kansas believe that many additional regional and national issues will continue to circulate in this particular area of the utility industry for decades into the future. However, we further believe this proposal won't be a burden on the Kansas taxpayer and it has the potential, as this continuing transmission saga unfolds, to put Kansas in an improved position to take advantage of opportunities as they become available in the future.

We thank you again for the time to speak today and urge you to give favorable consideration to this bill.