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**BEFORE THE SENATE UTILITIES COMMITTEE  
PRESENTATION OF THE  
KANSAS CORPORATION COMMISSION  
March 1, 2005  
HB 2045**

Thank you, Chairman and members of the Committee. I am Larry Holloway, Chief of Energy Operations for the Kansas Corporation Commission. I appreciate the opportunity to be here today to testify for the Commission on HB 2045.

This bill addresses two types of transmission upgrades, those necessary for reliable operation of the integrated transmission system and those that provide economic benefits to transmission owners and customers. While transmission upgrades for reliability purposes must be identified by a regional transmission organization, economic upgrades may also be identified by a state agency. In both cases, the entity constructing the transmission facility may apply to the Commission to recover any transmission costs not otherwise recovered, provided there is a reasonable showing that Kansas electric customers receive adequate benefits from the upgrade, and that the proposal provides greater benefits than other less costly options. The Commission is then authorized to determine which utilities should pay for the transmission upgrades based upon the ensuing benefits. The Commission is also authorized to allocate the costs to the benefiting electric utilities in a manner consistent with transmission cost recovery methods adopted by regional transmission organizations and the Federal Energy Regulatory Commission.

The Commission recognizes that there is a need to construct new transmission in Kansas, and in the region generally, and that this legislation attempts to address this concern. While the Commission had concerns with this bill as initially introduced, the Commission believes the amended language in this version of the bill addresses its concerns.