

Kansas Corporation Commission
Commission Meeting
January 24, 2017
10:00 a.m. 1st floor hearing room
KCC Offices, 1500 Arrowhead, Topeka, Kansas

MINUTES

The Commission convened the regularly scheduled open meeting of the Commission at 10:00 a.m. on January 24, 2017 in the 1st floor hearing room of the Kansas Corporation Commission, 1500 Arrowhead, Topeka, Kansas.

Present: Chairman Apple, Commissioner Albrecht and Commissioner Emler. The following were considered by the Commission:

1. **Consent Agenda:** Commissioner Albrecht moved for approval of the Items on the Consent Agenda dated January 24, 2017 containing pages one through five pages and are attached to these Minutes. Commissioner Emler seconded the motion.

The motion was approved.

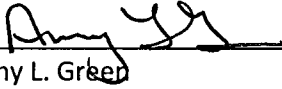
2. **Discussion/Presentation Item(s):**
Docket No. 16-GIME-258-GIE: *In the Matter of a General Investigation to Examine the Effect of Kansas Senate Bill No. 91 Regarding Renewable Energy Standards.* Presentation for Adoption of the Proposed RESA Regulations by the Commission. Amber Smith, Chief Litigation Counsel, presented. A roll call vote was taken.

Chairman, Pat Apple – Aye
Commissioner, Shari Feist Albrecht – Aye
Commissioner Jay Scott Emler – Aye

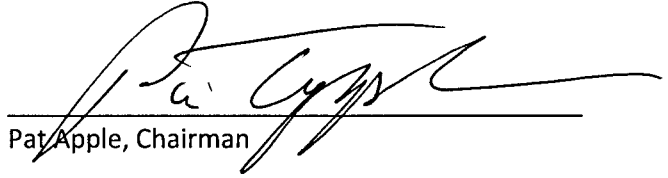
3. **Notice of Evidentiary Hearing:**
At 10:30 a.m., the Commission will convene an evidentiary hearing in **Docket No. 16-KEPE-584-MIS – In the Matter of the Application of Kansas Electric Power Cooperative, Inc. for Approval of Amended and Restated Decommissioning Trust and a Change in Trustee.** In the event the Commission's Business Meeting carries over beyond 10:30 a.m., the Commission will convene the evidentiary hearing in this docket immediately following the Commission's Business Meeting.

There being no further matters before the Commission, Commissioner Albrecht moved for adjournment of the Commission meeting. Commissioner Emler seconded the motion. The motion was approved. The Commission adjourned the January 24, 2017 Commission Meeting at 10:03 a.m.

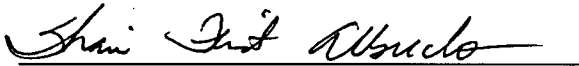
Respectfully submitted,



Amy L. Green
Secretary to the Commission



Pat Apple, Chairman



Shari Feist Albrecht, Commissioner



Jay Scott Emler, Commissioner



ITEMS OF Consent Agenda

Approval Date: Tuesday, January 24, 2017

NOTICE TO THE PUBLIC: There will be no separate discussion of Consent Agenda items as they are considered to be routine by the Kansas Corporation Commission. Unless removed from the website's Consent Agenda, the orders appearing on the Consent Agenda will become the Order of the full Commission at the Commission's regularly scheduled Business Meeting. If Commission staff or a Commissioner requests an item be removed from the Consent Agenda, the affected item may be considered separately or placed on the earliest possible Business Meeting agenda for discussion.

Consent Agenda

ITEM NO.	DESCRIPTION	DOCKET NUMBER	REMOVED
1	In the matter of an Order to Show Cause issued to Steve Bright ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. <i>Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference</i>	17-CONS-3125-CSHO	
2	In the matter of an Order to Show Cause issued to Edwin L. Daniels dba E. L. Daniels Drilling Contractor ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. <i>Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference</i>	17-CONS-3126-CSHO	
3	In the matter of an Order to Show Cause issued to Jaed Production Co., Inc. ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. <i>Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference</i>	17-CONS-3127-CSHO	
4	In the matter of an Order to Show Cause issued to W. A. Walker ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. <i>Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference</i>	17-CONS-3128-CSHO	

Consent Agenda

ITEM NO.	DESCRIPTION	DOCKET NUMBER	REMOVED
5	In the matter of an Order to Show Cause issued to William T. Wax ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference	17-CONS-3129-CSHO	
6	In the matter of an Order to Show Cause issued to Ed Willis ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference	17-CONS-3242-CSHO	
7	In the matter of an Order to Show Cause issued to Black & White Oper. ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference	17-CONS-3260-CSHO	
8	In the matter of an Order to Show Cause issued to John Gillman ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference	17-CONS-3276-CSHO	
9	In the matter of an Order to Show Cause issued to R. L. Harris ("Operator") regarding responsibility under K.S.A. 55-179 for unplugged wells on an expired license. Order to Show Cause, Designating a Prehearing Officer, and Setting a Prehearing Conference	17-CONS-3309-CSHO	
10	In the Matter of the Application of Southwestern Bell Telephone Company for Approval of Interconnection Agreement Under the Telecommunications Act of 1996 With Neutral Tandem-Kansas, LLC. Order Approving Amended Interconnection Agreement	08-SWBT-1136-IAT	
11	In the Matter of the Application of Southwestern Bell Telephone Company for Approval of Interconnection Agreement Under the Telecommunications Act of 1996 With Broadview Networks, Inc. Order Approving Amended Interconnection Agreement	11-SWBT-413-IAT	
12	In the Matter of the Application of RG Fiber, LLC for Kansas Video Service Authorization Order Granting Video Service Authorization	17-RGFT-278-VSA	
13	In the Matter of the Joint Application of Great Plains Energy Incorporated, Kansas City Power & Light Company and Westar Energy, Inc. for Approval of the Acquisition of Westar Energy, Inc. by Great Plains Energy Incorporated. Order Granting Motion for Admission Pro Hac Vice of Shannon Fisk	16-KCPE-593-ACQ	
14	In the Matter of a General Investigation for the Purpose of Investigating Whether Annual or Periodic Cost/Benefit Reporting by the SPP and Kansas Electric Utilities that Participate in SPP is in the Public Interest. Order Assessing Costs	17-SPPE-117-GIE	
15	In the Matter of the Emergency Suspension of Operating Authority of David Jarboe, d/b/a Jarboe's Seed Cleaning of Leon, Kansas for Failure to Comply With New Entrant Safety Requirements as Required by Motor Carrier Safety Statutes, Rules and Regulations Order Reinstating Motor Carrier Operating Authority	17-TRAM-248-OOS	

Consent Agenda

ITEM NO.	DESCRIPTION	DOCKET NUMBER	REMOVED
16	In the Matter of the Emergency Suspension of Operating Authority of Scott Wilson, d/b/a Wilson's Tree Service of Kansas City, Kansas, for Failure to Comply With New Entrant Safety Requirements as Required by Motor Carrier Safety Statutes, Rules and Regulations. Emergency Suspension of Operating Authority Order	17-TRAM-301-OOS	
17	In the Matter of the Emergency Suspension of Operating Authority of Justin Shultz, d/b/a Off Road Excavating and Trucking of Columbus, Kansas, for Failure to Comply With New Entrant Safety Requirements as Required by Motor Carrier Safety Statutes, Rules and Regulations. Emergency Suspension of Operating Authority Order	17-TRAM-305-OOS	
18	In the Matter of the Emergency Suspension of Operating Authority of Worldwide Optic Solutions LLC of Gardner, Kansas, for Fail to Comply With New Entrant Safety Requirements as Required by Motor Carrier Safety Statutes, Rules and Regulations. Emergency Suspension of Operating Authority Order	17-TRAM-306-OOS	
19	In the Matter of the Investigation of Quality Septic & Sewer, Inc. of Overland Park, Kansas, Regarding the Violation(s) of the Motor Carrier Safety Statutes, Rules and Regulations and the Commission's Authority to Impose Penalties, Sanctions and/or the Revocation of Motor Carrier Authority. Order Reinstating Intrastate Motor Carrier Operations	17-TRAM-157-PEN	
20	In the Matter of the Investigation of Cow Town Nutrition LLC of Abilene, Kansas, Regarding the Violation(s) of the Motor Carrier Safety Statutes, Rules and Regulations and the Commission's Authority to Impose Penalties, Sanctions and/or the Revocation of Motor Carrier Authority. Order Suspending Intrastate Motor Carrier Operations	17-TRAM-217-PEN	
21	In the Matter of the Investigation of Beran Excavating, LLC of Wichita, Kansas, Regarding the Violation(s) of the Motor Carrier Safety Statutes, Rules and Regulations and the Commission's Authority to Impose Penalties, Sanctions and/or the Revocation of Motor Carrier Authority. Penalty Order	17-TRAM-273-PEN	
22	In the Matter of the Investigation of Commodity Express, LLC of Plains, Kansas, Regarding the Violation(s) of the Motor Carrier Safety Statutes, Rules and Regulations and the Commission's Authority to Impose Penalties, Sanctions and/or the Revocation of Motor Carrier Authority. Penalty Order	17-TRAM-289-PEN	
23	In the matter of the failure of MEM Partnership LP, a General Partnership ("Operator") to comply with K.A.R. 82-3-111 at the Cool #1 in Graham County, Kansas. Order Designating Prehearing Officer and Setting Prehearing Conference	17-CONS-3398-CPEN	
24	In the matter of the failure of SandRidge Exploration and Production LLC ("Operator") to comply with K.A.R. 82-3-111 at the Lawy 2629 #1-30H and Kathleen 2231 #1-36 wells in Gray and Finney County, Kansas. Penalty Order - SandRidge Exploration and Production LLC	17-CONS-3447-CPEN	

Consent Agenda

ITEM NO.	DESCRIPTION	DOCKET NUMBER	REMOVED
25	In the matter of the failure of Pride Energy Company, a General Partnership ("Operator") to comply with K.A.R. 82-3-111 at the Mildred Sims ETAL #1 and Carthage NE Morrow A Unit #1-4 wells in Barber and Morton County, Kansas. Penalty Order - Pride Energy Company, a General Partnership	17-CONS-3448-CPEN	
26	In the matter of the failure of KC Resources, Inc. ("Operator") to comply with K.A.R. 82-3-111 at the Williams C D #1 wells in Harp County, Kansas. Penalty Order - KC Resources, Inc.	17-CONS-3449-CPEN	
27	In the matter of the failure of Viva International, Inc. ("Operator") to comply with K.A.R. 82-3-407 at the Canon #7 and Howard #5E Butler and Cowley County, Kansas. Penalty Order - Viva International, Inc.	17-CONS-3450-CPEN	
28	In the matter of the failure of Bramwell Petroleum, Inc. ("Operator") to comply with K.A.R. 82-3-111 at the Hanner #2 and Southwe College #3 wells in Kingman County, Kansas. Penalty Order - Bramwell Petroleum, Inc.	17-CONS-3451-CPEN	
29	In the matter of the failure of Casino Petroleum, LLC ("Operator") to comply with K.A.R. 82-3-400 regarding injection that took place during the 2015 calendar year. Order Rescinding Penalty	16-CONS-4060-CPEN	
30	In the Matter of the Investigation of Kansas Gas Service, A Division of ONE Gas, Inc. of Overland Park, Kansas, Regarding Violation(s) of the Kansas Underground Utility Damage Prevention Act (KUUDPA) (K.S.A. 66-1801, et seq., and K.A.R. 82-14-1 through 82-14-5), and the Commission's Authority to Impose Penalties and/or Sanctions (K.S.A. 66-1,151). Penalty Order	17-DPAX-281-PEN	
31	In the Matter of the Application of GoDaddy.com, LLC for a Certificate of Convenience and Authority to Provide Interexchange Services Within the State of Kansas. Order Approving Certificate of Convenience Application	17-GODT-062-COC	
32	In the Matter of the Investigation of Kelsy Conard of Wentworth, Missouri, Pursuant to the Kansas Highway Patrol Issuance of a Notice of Violation for Violation(s) of the Kansas Motor Carrier Safety Statutes, Rules and Regulations and the Commission's Authority to Impose Penalties, Sanctions and/or the Revocation of Motor Carrier Authority. Order Cancelling Evidentiary Hearing	17-GIMM-133-KHP	

The above-captioned matter(s) were approved by the Commission, unless noted as removed.

For the Commission :


Pat Apple, Chairman


Shari Feist Albrecht, Commissioner


Jay Scott Emler, Commissioner

Attest:


Amy L. Green
Secretary to the Commission

KANSAS CORPORATION COMMISSION

CERTIFICATE OF ADOPTION

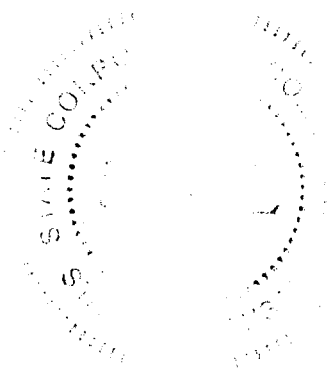
I hereby certify that the Kansas Corporation Commission, by unanimous roll call vote, adopted the following regulations as permanent regulations on the 24th day of January, 2017.

**K.A.R. 82-16-1, K.A.R. 82-16-2, K.A.R. 82-16-3, K.A.R. 82-16-4,
K.A.R. 82-16-5, and K.A.R. 82-16-6**

Each regulation listed above is hereby filed for adoption, and the Economic Impact Statements for each is enclosed.

Roll Call Vote:

<u>Person</u>	<u>KCC Position</u>	<u>Vote</u>
Pat Apple	Chairman	<u>aye</u>
Shari Feist Albrecht	Commissioner	<u>aye</u>
Jay Scott Emler	Commissioner	<u>aye</u>



Amy L. Green
Amy L. Green
Secretary to the Commission

Jan 24, 2017
Date

I CERTIFY THE ORIGINAL
COPY IS ON FILE WITH
The State Corporation Commission

JAN 24 2017

Amy L. Green

82-16-1. Definitions. As used in these regulations, the following definitions shall apply:

(a) “Act” means renewable energy standards act (RESA), K.S.A. 66-1256, 66-1257, and 66-1259 and amendments thereto.

(b) “Auxiliary power” has the meaning assigned to “station power” in K.S.A. 66-1,170, and amendments thereto.

(c) “Capacity from generation” means the net capacity of renewable energy resources owned or leased by a utility. Net capacity is the gross capacity minus auxiliary power required to operate the resource as determined in a test conducted as soon as possible after commercial operation begins. This test shall reflect operation of the resource over a four-hour period under conditions that do not limit performance due to ambient conditions, equipment, or operating or regulatory restrictions. The determination for a multiunit resource, including a wind farm, may be made through tests for a representative sample of at least 10% of the units. If the tests specified in this subsection are not practicable, the nameplate capacity of the resource minus the associated auxiliary power may be used as the net capacity unless there are factors that would prevent the resource from achieving nameplate capacity, other than ambient conditions, equipment, or operating or regulatory restrictions.

(d) “Capacity from net metering systems” means the rated generating capacity of systems interconnected with a utility pursuant to the net metering and easy connection act, K.S.A. 66-1263 et seq. and amendments thereto.

(e) “Capacity from purchased energy” means the capacity associated with energy purchased by a utility from renewable energy resources. The capacity from purchased energy shall be the nameplate capacity of the resource minus auxiliary power, adjusted as appropriate to reflect the utility’s share of the output of the resource.

(f) “Capacity from RECs” means the capacity associated with the purchase of renewable energy credits. For each source of RECs_i this capacity shall be determined according to the following formulas:

$$\text{Capacity (MWs)} = \frac{\text{RECs}}{\text{Capacity Factor} \times 8760 \text{ hours}}$$

$$\text{Capacity Factor}_i = \frac{12}{n} \sum_{t=1}^n \frac{E_{i,t}}{8760 \times C_{i,t}}$$

where

i = the individual renewable generation facility (source of the RECs)

n = the number of months the facility has been in operation over the past 24 months, with n representing at least 12 months

$E_{i,t}$ = the total energy output (MWh) by renewable generation facility i during compliance period t

$C_{i,t}$ = the average total generator capacity (MW) by renewable generation facility i during compliance period t

The capacity factor shall be calculated for the source of the RECs, if possible. If the utility is unable to calculate the capacity factor for the source of the RECs, the capacity factor shall be the capacity factor of the utility's own renewable generation from the prior calendar year for the same or similar type of resource as the source of the RECs, if known. If the utility has multiple installations of the same or similar type of resource, the capacity factor shall be the average of the facilities. If the utility did not have the same or similar type of resource as the source of the RECs or if the source is unknown, the overall capacity factor of the utility's total renewable generation shall be used. In the absence of renewable resource generation, a default capacity factor of 34% shall be used.

(g) "Data year" means the calendar year that occurred before the due date of the utility's report to the commission specified in K.A.R. 82-16-2.

(h) "Electric distribution cooperative" means a cooperative as defined by K.S.A. 17-4603, and amendments thereto, that is engaged in the retail sale and distribution of electricity and does not own or operate any generation or wholesale transmission facilities within the state of Kansas.

(i) "Electric utility" and "utility" mean any "affected utility," as defined by K.S.A. 66-1257 and amendments thereto.

(j) "Generation and transmission cooperative" means a cooperative as defined by K.S.A. 17-4603, and amendments thereto, that does not engage in the retail distribution and sale of electricity and operates generation facilities and transmission facilities solely for the wholesale distribution and sale of electricity.

(k) “Nameplate capacity” means the maximum rated output of a generator under specific conditions designated by the manufacturer, generally indicated in units of kilovolt-amperes (kVA) and in kilowatts (kW) on a nameplate attached to the generator.

(l) “REC” means “renewable energy credit,” which means a credit representing energy produced by renewable energy resources and issued as part of a program that has been approved by the commission. For purposes of these regulations, this term is reflected on a certificate representing the attributes associated with one megawatt-hour (MWh) of energy generated by a renewable energy resource.

(m) “Renewable energy resources” has the meaning specified in K.S.A. 66-1257, and amendments thereto. For the purposes of K.S.A. 66-1257(d)(9)(A) and (B) and amendments thereto, the following shall apply:

(1) “Existing hydropower” shall mean hydropower that existed on or before May 27, 2009.

(2) “New hydropower” shall mean hydropower that existed after May 27, 2009.

(n) “Renewable energy goal” means the goal established by K.S.A. 66-1256, and amendments thereto, for energy and energy portfolios of each utility subject to the provisions of the act. (Authorized by K.S.A. 2016 Supp. 66-106; implementing K.S.A. 2016 Supp. 66-1257 and 66-1259; effective Nov. 19, 2010; amended P-_____.)

82-16-2. Renewable energy goal and report. (a) Any utility may attain the renewable energy goal in K.S.A. 66-1256, and amendments thereto, by maintaining a portfolio of renewable capacity from generation, purchased energy, RECs, or net metering systems.

(b) Each utility planning to seek commission approval for recovery of reasonable costs incurred under RESA and either related to the previous mandatory requirement or due to attaining the renewable energy goal, pursuant to K.S.A. 66-1259 and amendments thereto, shall submit a report to the commission detailing that utility's efforts related to attainment of the renewable energy goal. A generation and transmission cooperative may submit a collective report on behalf of the electric distribution cooperatives it represents. If this collective report is submitted, the electric distribution cooperatives shall not be required to file their own reports as required by this subsection. The report shall specify the renewable generation that has been put into service or the portion of the utility's portfolio of renewable generation resources served from purchased energy, RECs, or net metering systems on or before December 31 of each data year. An annual report shall be due on or before March 31 of each year. Each report shall contain the following information:

(1) A description of each type of renewable energy resource that was purchased or put into service on or before December 31 of the data year, including type, location, owner, operator, date of commencement of operations, nameplate capacity, and for the data year, the monthly capacity factor, monthly availability factor, and monthly and annual amounts of energy generated;

(2) a narrative supporting the rationale for selecting each capacity resource that was

purchased or put into service and each purchased power contract that was executed during the data year;

(3) a description of the utility's plans for attaining the renewable energy goal for the current calendar year, including the utility's assessment of the expected impact to revenue requirements;

(4) the Kansas retail one-hour peak demand for each of the three calendar years before the data year and the average for these three years, with supporting data and calculations if the demand differs from the information reported on the federal energy regulatory commission's FERC form 1. Each electric distribution cooperative that does not file FERC form 1 with the commission shall file a Kansas electric cooperative utility annual report with the commission;

(5) the amount of renewable energy capacity that will qualify as a portion of the year's peak demand as calculated pursuant to paragraph (b)(4), broken down by capacity from generation, purchased energy, RECs, and net metering systems;

(6) the renewable energy capacity identified in paragraph (b)(5) from a facility constructed in Kansas after January 1, 2000; and

(7) total retail energy sales, as measured in kilowatt-hours (kWh), in Kansas for the data year.

(Authorized by K.S.A. 2016 Supp. 66-106; implementing K.S.A. 2016 Supp 66-1259; effective Nov. 19, 2010; amended P-_____.)

82-16-3. (Authorized by and implementing K.S.A. 2009 Supp. 66-1261; effective Nov. 19, 2010; revoked P-_____.)

82-16-4. Retail revenue requirement. The retail revenue requirement attributable to attainment of the renewable energy goal shall be calculated as follows for each utility:

(a) In conjunction with the reports required by K.A.R. 82-16-2, each affected utility shall calculate the retail revenue requirement for each capacity resource used to attain the renewable energy goal. A capacity resource may result from generation resources, purchased energy, RECs, or net metering systems.

(b) Each determination of the retail revenue requirement shall reflect the total revenues required to allow the utility the opportunity to do the following:

- (1) Earn a return on rate base items;
- (2) earn a return on plant investments through depreciation;
- (3) recover taxes other than income taxes;
- (4) recover fuel and purchased power costs, including incremental fuel expense resulting from the inefficient dispatch of power generation if this expense is known;
- (5) recover operating and maintenance costs;
- (6) recover administrative and general expenses; and
- (7) recover income taxes, including current deferred income taxes.

(c) In order to calculate a return on rate base items, each utility shall use the overall rate of return authorized by the commission from its last litigated rate case or specified in a stipulation and agreement authorized by the commission. If an overall rate of return was not specified in a utility's last rate case, then the average of the utility's proposed rate of return and the rate of return proposed by commission staff shall be used. (Authorized by K.S.A. 2016 Supp.

66-106; implementing K.S.A. 2016 Supp. 66-1259; effective Nov. 19, 2010; amended P-

_____.)

82-16-5. (Authorized by K.S.A. 2009 Supp. 66-1261; implementing K.S.A. 2009 Supp. 66-1257 and 66-1262; effective Nov. 19, 2010; revoked P-_____.)

82-16-6. Renewable energy credit program. (a) Renewable energy credits shall be issued and used as part of a REC program either established or approved by the commission. Each application for approval of any program not approved by the commission in any prior year shall be submitted on or before January 1 of the calendar year in which the RECs are proposed to be included in the portfolio.

(b) Any utility may purchase or sell RECs without commission approval. However, each renewable energy credit shall be counted only once. A REC or any attributes associated with renewable energy generation sold or intended for any purpose other than attainment of the renewable energy goal shall not be applied toward attainment of the renewable energy goal.

(c) For the purpose of RESA, unused RECs shall remain valid for up to two years from the end of the calendar year in which the associated electricity was generated and shall be permanently retired when used for attainment of the renewable energy goal prescribed by the act. To the extent that RECs or attributes associated with renewable energy generation are sold or used for any purpose other than attainment of the renewable energy goal, the utilities shall reduce the capacity used for attainment of the renewable energy goal according to the formula specified in this subsection

Total Renewable Capacity for Voluntary Attainment = $TRC - C_{OP}$

where

$$C_{OP} = \frac{E_{OP}}{CF \times 8760}$$

TRC = total renewable capacity

C_{OP} = renewable capacity sold or used for any other purpose than attainment of the renewable energy goal

E_{OP} = energy from RECs or renewable energy attributes sold or used for any other purpose than attainment of the renewable energy goal

CF = capacity factor for source of E_{OP}

(d) Each REC created, sold, or purchased by any Kansas utility shall be reported in an approved registry that documents and verifies attributes and other compliance conditions as well as tracks the creation, sale, retirement, and other transactions regarding the REC to prevent double counting and misuse, in accordance with these regulations and commission direction.

(Authorized by K.S.A. 2016 Supp. 66-106; implementing K.S.A. 2016 Supp. 66-1259; effective Nov. 19, 2010; amended P-_____.)