

February 10, 2021

On February 5, 2021, Southwest Power Pool, Inc. ("SPP") received a request from Evergy Kansas Central, Inc. ("Evergy") to re-evaluate the Butler-Tioga Competitive Upgrade, which was approved by the SPP Board of Directors on January 26, 2021 for construction as part of the 2020 Integrated Transmission Plan. SPP issued the Request for Proposal ("RFP") for the Butler-Tioga Competitive Upgrade to Qualified RFP Participants on February 2, 2021.

Since the Butler-Tioga project meets the requirements to be a Competitive Upgrade specified in Section I of Attachment Y of the SPP Tariff, the request for re-evaluation of the project will be subject to the Competitive Upgrade re-evaluation process outlined in Section VIII of Attachment Y of the SPP Tariff.

Accordingly, SPP will complete the following steps required by Section VIII of Attachment Y of the SPP Tariff:

1. SPP is posting this notice and the request for re-evaluation on the SPP website.
2. SPP will then notify the SPP Board of the request and schedule a meeting for the Board for consideration of the request. Notice of the scheduled Board meeting will be posted on the SPP website. SPP will provide a recommendation to the Board as to whether the re-evaluation should be performed. If SPP recommends that the Competitive Upgrade be re-evaluated, the Tariff also requires SPP to include the recommended parameters for the re-evaluation, schedule for completion and the planning models to be used. SPP may also provide a recommendation to the Board on whether it is necessary to suspend the Transmission Owner Selection Process ("TOSP") consistent with Section III.2(c)(xix) of Attachment Y of the SPP Tariff.
3. If the Board directs SPP to perform a re-evaluation of the Competitive Upgrade, SPP will then perform the re-evaluation.
4. Once the re-evaluation is complete, SPP will provide a recommendation to the Board as to whether the Competitive Upgrade should be withdrawn as a result of the re-evaluation.
 - a. If the Competitive Upgrade is withdrawn, the applicable RFP will be withdrawn and the TOSP will be terminated.
 - b. If the Competitive Upgrade is not withdrawn, the TOSP will continue or be re-instated if it was suspended. The RFP Response Window shall close on the later

of the original close date or 60 days from the date the TOSP is re-instated by the SPP Board.

Please submit any inquires regarding this process to the Request Management System using the following information:

"Quick Pick" – Transmission Owner Selection Process (TOSP)

"Subtype 1" – General Inquiry

February 5, 2021

Mr. Antoine Lucas
Vice President, Engineering
Southwest Power Pool
201 Worthen Drive
Little Rock, AR 72223-4936

Re: Competitive Upgrade Re-Evaluation Request for Butler-Tioga 138kV Line

Dear Mr. Lucas,

On February 2, 2021, SPP issued a Request for Proposal (RFP) providing Qualified RFP Participants with the opportunity to submit an RFP Proposal for the Butler-Tioga 138kV project, indicating that the project would now be 100% greenfield and thus, a competitive project. This project was originally identified through the 2020 Integrated Transmission Planning (ITP) Assessment as a substantial rebuild of an existing Evergy facility and not a 100% greenfield project. As a result, all analysis conducted to-date was based on assumptions and cost estimates which are no longer applicable to the current project scope. Given that the scope change in the issued RFP is significant and substantive and no longer aligns with the 2020 ITP, Evergy Kansas Central, Inc. (Evergy), pursuant to Attachment Y, section VII of the SPP Tariff, requests a re-evaluation of the Butler-Tioga 138kV project. The background and rationale for this request is included in more detail below.

Background Information

The existing Butler-Altoona line is nearly 100 years old and has needed to be rebuilt for some time. Notably, it showed up as a need in the 2017 ITP10, and again in 2019 ITP, drafts of the 2019 portfolio had suggested solving the economic needs in this area with a phase shifting transformer. Evergy noted that this did not make sense on a 100 year old line and while it might temporarily resolve the economic needs in the area, that line was likely to get rebuilt and thus the phase shifting transformer would be superfluous/unnecessary. Ultimately no project was approved in 2019, but the need appeared again in the 2020 ITP Assessment.

On June 12, 2020, SPP notified Evergy that the Butler-Tioga 138kV line was being considered for inclusion in the 2020 ITP Assessment and would require a +/- 30% Study Estimate. In the project spreadsheet, the Project Description was: ***“Wreck out the existing Altoona - Butler 138 kV line and build a new 138 kV line from Butler to Tioga utilizing existing Right-of-Way to Greenwood County to minimize project costs.”***

In August 2020, consistent with the SPP Model Build Schedule,¹ Evergy submitted two local planning projects into the SPP Model On Demand tool (MOD)² for inclusion in the SPP 2021 models:

- (1) A rebuild of approximately 35 miles of the existing Butler-Altoona 138kV line out of the Butler substation to a new Otter Creek substation -- submitted to MOD as project ID 95913, and;³
- (2) an approximately 13 mile greenfield 115kV line from Otter Creek to the existing East Eureka substation -- submitted to MOD as project ID 95925.⁴

This information was also submitted as a Planned Transmission System Change to the SPP Request Management System, as required by the SPP Model Development Procedure Manual (request 63280). These projects are underway and are anticipated to be in service on or about December 2022.

Contemporaneous with the planned October MOPC approval of the 2020 ITP, SPP Staff asked Evergy for a breakdown of the Study Cost Estimate for the Butler-Tioga project between rebuild-and greenfield-related project costs. On October 14, 2020, Evergy provided SPP Staff with a route and cost estimate that was approximately >95% rebuild on existing right-of-way and <5% greenfield. This data exchange continued to be consistent with both Evergy's local plans and the plan approved by the SPP stakeholder process.

Throughout this process, the Butler-Tioga 138kV project was represented by Evergy, SPP Staff, and the relevant SPP committees to include a substantial rebuild of an existing 100-year old Evergy facility. Notably, the Board-approved 2020 ITP Assessment's Executive Summary specifically noted:

The 2020 Integrated Transmission Plan (ITP) looks ahead 10 years to ensure the SPP region can deliver energy reliably and economically, facilitate public policy objectives, seek solutions with neighboring regions and maximize benefits to end-use customers. Over 27 months, SPP and its member organizations worked together to forecast and analyze the regional transmission system's economic reliability, operational and public policy needs.

SPP evaluated more than 2,200 solutions. The analysis resulted in the recommendation to approve 54 transmission projects, including 91.8 miles of extra-

¹https://www.spp.org/documents/62502/2021%20series%20mdwg_2022%20itp%20powerflow%20&%20short%20circuit%20model%20build%20schedule_07152020.pdf

² See map, attached [as Exhibit A](#).

³ This portion of the Evergy model update is consistent with the intent of the Butler-Tioga project to rebuild a significant portion of the 100-year-old Butler-Altoona line.

⁴ This portion of the Evergy model update is in addition to the planned rebuild of the 100-year-old Butler-Altoona line will address the local needs of the Evergy customers in this area.

high voltage (EHV transmission and 140.9¹ miles of rebuilt high-voltage infrastructure.

¹ This mileage number assumes the partial rebuild and new mileage of the Butler-Tioga 138 kV new line. *This line is expected to follow the existing Butler-Altoona 138 kV right-of-way and break away towards Tioga at a point that would minimize transmission costs for this project.*

At the October 2020 Board meeting, the SPP Board approved the 2020 ITP Assessment (including the Butler-Tioga Project) but *deferred action* on the Butler – Tioga line due to the need for further refinement. At that time, the decision appeared to be how much of the line would be rebuilt and how much would be a greenfield. It wasn't until the December 2020 TWG meeting that SPP Staff began hinting this line might be 100% greenfield, but no updated study was conducted based on this material change in assumptions.

At the January 2021 Board meeting, SPP Staff explained that they had concluded an RFP must be issued for this line. SPP Staff acknowledged that the Board approved-2020 ITP Assessment contemplated:⁵

- 1) Butler-Altoona 138 kV *partial rebuild* (near Yellow Jacket 69 kV) with re-termination to Tioga 138 kV
 - Directly address the age and condition of the Butler – Altoona line by “*leveraging existing infrastructure*” as defined as a consideration in the ITP manual
 - Provide more future *opportunity to improve local reliability* for municipalities along the existing Butler – Altoona line route

But based on discussions with SPP regulatory and legal, it was concluded that SPP must issue an RFP because it does not have the authority to “select a route” and/or direct retirement of an existing transmission asset. Consequently, based on this guidance following the approval of the line, SPP recommended the following:

- 2) New Butler-Tioga 138 kV line with “out-of-service” operation of the Butler-Altoona 138 kV line
 - SPP engineering remains indifferent to line routing (SPP staff does not perform detailed line routing studies)
 - Allow for potential project cost reduction opportunity through the RFP process

Rationale and Recommendation for Reevaluation

SPP's recommendation and the issued RFP are not based on the cost estimates and operational considerations on which stakeholders and the Board relied when they made the decision to include the Butler-Tioga project in the 2020 ITP Assessment. Staff's recommendations constitutes a

⁵ SPP Board of Directors Meeting Materials, pages 368-373 and 382 of 402 (January 26, 2021) available at <https://www.spp.org/documents/63843/bod%20mc%20smom%20materials%2020210126%20v5.pdf>.

*material change*⁶ and, as a result, SPP should re-study the Butler-Tioga project to ascertain whether this project still meets the appropriate cost benefit thresholds and adequately resolves the needs of the region, based on relevant cost estimates and the operational considerations related to a 100% greenfield project and the other Evergy projects already underway in that area.⁷ Notably, SPP should consider the following in their reevaluation:

- Project overlap⁸ – consistent with the original intent of the portfolio, Evergy currently is rebuilding approximately 35 miles of the existing Butler-Altoona 138kV line out of the Butler substation to a new Otter Creek substation -- submitted to MOD as project ID 95913.
- The need for new infrastructure versus leveraging existing infrastructure.⁹
- APC benefit and B/C benefit based on SPP’s new independent cost estimate for 100% greenfield project versus relying Evergy estimates for rebuilding a significant portion of the existing line.¹⁰
- The operational and cost impacts of leaving the existing line normally open; a normally open line must still be ready for use based on operational needs thus this solution would likely require Evergy to rebuild its 100-year-old line thus creating duplicative, costly and disruptive transmission facilities in the Evergy zone.¹¹
- The impact of Altoona-Butler still being closed in to support local areas (South Central and South East Kansas), on an as needed basis.
- Whether improved benefits could be provided through the Butler-Otter Creek-Tioga 138kV plan (which was originally included in the 2020 ITP) as compared to the updated 100% greenfield project. Specifically, these benefits could be related to allowing a tie-in point for the radial E. Eureka substation and providing additional voltage support to the Humboldt, KS area.

⁶ “In the event that *material changes* occur that may cause a Competitive Upgrade to be re-evaluated, in accordance with this Section VIII of this Attachment Y, the Transmission Provider may re-evaluate the need for the Competitive Upgrade at any time prior to the close of RFP Response Window.” SPP Open Access Transmission Tariff, Attachment Y § VIII.1.

⁷ It is not unusual for there to be model updates from year to year where a project will show up as a need in one model and not in subsequent models thus resulting in the withdrawal of an NTC. This project is different because of the RFP and the potential for developer and IEP expenses on the front end of the process. SPP should update the models based on what is known today to save SPP members, customers and developers from these upfront costs.

⁸ Consistent with the ITP Manual, SPP should consider Project overlap. ITP manual at page 37 *available at* <https://www.spp.org/engineering/transmission-planning/>.

⁹ ITP manual at page 37.

¹⁰ ITP manual at page 37.

¹¹ Under SPP’s new SPP proposal for the Butler – Tioga line, Evergy customers would pay for 2/3 plus their load ratio share (~10%) of the new line as well as 100% of the zonal costs for maintaining the existing line which is 100 years old and needs attention. The existing Altoona-Butler 138 kV line requires an expeditious rebuild based on its age, condition, and having the highest forced outage rate in the country for its voltage class and being watched closely by NERC. Leaving it as is and operating it normally open is simply not an option.



For the reason identified above, Evergy requests a re-evaluation of the Butler-Tioga 138kV project.

Sincerely,

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Evergy
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Email: katy.onnen@evergy.com

cc: SPP Board of Directors
SPPprojecttracking@spp.org
Kevin Noblet, Denise Buffington, Patrick Smith

EXHIBIT A

