

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Mark Sievers, Chairman
Thomas E. Wright

In the Matter of Midwest Energy, Inc. Seeking)
Commission Approval to Implement Changes)
to the Energy Efficiency Rider Tariffs.) Docket No. 12-MDWE-828-TAR
)
)

ORDER APPROVING TARIFF REVISIONS

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and determination. Having examined its files and records, and being duly advised in the premises, the Commission finds and concludes as follows:

1. On May 15, 2012, Midwest Energy, Inc. (Midwest) filed an application to update its Energy Efficiency Rider (EER) as approved in Docket No. 11-MDWE-609-RTS.¹

2. On June, 2012, Commission Staff (Staff) submitted its Report and Recommendation dated June 6, 2012, recommending the Commission grant Midwest's Application and approve the company's tariff revisions with cost recovery set in the amount of \$997,025 with conditions as provided below.

3. According to Staff, Staff performed an audit of Midwest's EER after receipt of Midwest's workpapers, invoices, etc. in support of Midwest's Application. Staff states that Midwest filed its Application to recover last year's costs of \$613, 820 because Midwest had not received an invoice for the 2012 program year at the time of filing the Application. Staff further states that it updated the under/over recovery calculation and calculated a revised EER based on

¹ Tariff for Midwest Energy, Inc., filed May 15, 2012 (Application).

Staff's revised cost recovery amount of \$800,410. In addition, Staff states that the correct total recovery is \$997,025.

4. Finally, Staff recommends that the Commission approve the EER in the amount stated above with the following conditions:

a. Midwest shall file its next EER on May 15, 2013, to include costs incurred for Commission approved programs from the first billing cycle of July 2012 through the last billing cycle in June, 2013.

b. In this filing, Midwest shall include a true-up calculation to true-up amounts collected in previous years versus the amounts intended to be collected in previous years' EER filings.

4. The Commission adopts Staff's recommendation of June 6, 2012, as stated in its Report and Recommendation, which is attached hereto and hereby incorporated by reference, and finds that Midwest's Application should be granted and the requested tariff revisions approved, as provided herein, to become effective as of the date of this Order.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

(A) Midwest Energy, Inc.'s Application to update its Energy Efficiency Rider (EER) as approved in Docket No. 11-MDWE-609-RTS is hereby approved in the amount of \$997,025 with the conditions as provided above and shall become effective as of the effective date of this Order.

(B) The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein.²

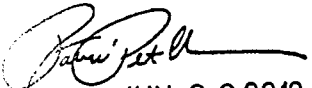
² K.S.A. 66-118b (2011); K.S.A. 77-529(a)(1) (2011).

(C) The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further orders as it may deem necessary and proper.

BY THE COMMISSION IT IS SO ORDERED.

Sievers, Chmn; Wright, Com.

Dated: JUN 29 2012


ORDER MAILED JUN 29 2012
Patrice Petersen-Klein
Executive Director

HF

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Mark Sievers, Chairman
Ward Loyd, Commissioner
Thomas E. Wright, Commissioner

Sam Brownback, Governor

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

STATE CORPORATION
COMMISSION

JUN 06 2012

TO: Chairman Mark Sievers
Commissioner Ward Loyd
Commissioner Thomas E. Wright

PATRICE PETERSEN-KLEIN
EXECUTIVE DIRECTOR

FROM: Justin Grady
Kristina Luke

DATE: June 6, 2012

DATE SUBMITTED TO EXECUTIVE DIRECTOR: 6/6/12

DATE SUBMITTED TO LEGAL: 6.11.12

DATE SUBMITTED TO COMMISSIONERS: _____

SUBJECT: Docket No. 12-MDWE-828-TAR – In the matter of Midwest Energy, Inc. seeking Commission approval to implement changes to the Energy Efficiency Rider tariffs.

EXECUTIVE SUMMARY:

Midwest Energy (Midwest) seeks to recover \$910,105 through its Energy Efficiency Rider (EER), beginning July 1, 2012. This consists of \$613,820 costs incurred for Commission-approved energy efficiency programs and \$296,285 to true-up under collected EER revenues from the time period July 1, 2011 through June 30, 2012. Staff has performed an audit of Midwest's Application, and recommends changes that amount to a revised EER amount of \$997,025.

BACKGROUND:

On May 15, 2012 Midwest filed an Application with the Commission requesting approval of its EER. As a result of the addition of this rider, Midwest's Application incorporated a reference in all applicable tariffs impacted by this change. In accordance with the Commission's Order in Docket No. 11-MDWE-609-RTS, the timeline for review of this EER is that Midwest shall file on May 15 and the proposed rates are effective on July 1.¹ Working within that time frame, Staff is seeking to file its report and recommendation by June 8, 2012. Accordingly, Staff submits this Report and Recommendation for the Commission's consideration.

¹ See Order in Docket No. 11-MDWE-609-RTS, ¶24, dated October 19, 2011.

Midwest's Application seeks recovery of costs it has incurred related to Commission approved Energy Efficiency Programs in the amount of \$910,105. This amount includes unrecovered expenses of \$613,820² and under recovered revenues associated with last year's EER billing of \$296,285. The Energy Efficiency Rider is designed to recover costs associated with Commission approved Energy Efficiency Programs deferred over a 12 month period ending in June of each year plus any true up amount from the prior period. If approved, Midwest's EER will be in effect from the billing cycle of July 2012 through the last billing cycle in June 2013.

ANALYSIS:

Staff performed an audit of Midwest's EER Application, as discussed below. Staff finds that the Commission should approve a revised EER amount of \$997,025 for Midwest.

Staff requested and received workpapers, supporting invoices, etc., in support of Midwest's Application. Attached to Staff's memo is Exhibit KAL-1 which updates Midwest's workpapers to utilize information available now that was not available at the time Midwest filed, along with changes made by Staff.

Midwest filed its Application to recover last year's costs of \$613,820 because they had not yet received the invoice for 2012 program year. They have since received the invoice and thus Staff has utilized the invoice in our revised EER calculation.

Staff updated the under/over recovery calculation and calculated a revised EER based on revised cost recovery amount of \$800,410. This amount is calculated as half of the old year's cost of \$613,820 and the new invoice of \$493,500. Staff utilized the invoice which shows actual costs of \$493,500 which is for only 6 months, therefore Staff utilized half of the previous periods costs (\$613,820/2). This results in a total recovery of \$997,025 (\$800,410 plus the true-up amount of \$196,615).

In its Application, Midwest's true-up calculation assumed no EER recovery for the months of May and June 2012. Staff decided it is more appropriate to assume an amount based on budgeted kWh multiplied by the true-up rate. Staff anticipates to true up these budgeted amounts with actual amounts collected in Midwest's EER filed in a subsequent year. This is a common methodology used in other true-up calculations involving unknown revenue collections due to timing of filing dates. Staff's revised true-up calculation amounts to an under recovery of \$196,615, versus Midwest's filed amount of \$296,285.

RECOMMENDATION:

Staff recommends the Commission approve Midwest's revised EER amount of \$997,025 with the following conditions:

- Midwest shall file its next EER on May 15, 2013, to include costs incurred for Commission approved programs from the first billing cycle of July 2012 through the last billing cycle in June 2013. In this filing, Midwest shall include a true-up calculation to true-up amounts collected in previous years versus the amounts intended to be collected in previous year's EER filings.

²Docket No. 11-MDWE-609-RTS established the base recovery of \$613,820

cc: Patrice Petersen-Klein, Executive Director
Jeff McClanahan, Director of Utilities
Justin Grady, Chief of Accounting and Financial Analysis

Midwest Energy, Inc.
Energy Efficiency Rider Tracking Sheet
12 Months Ended June 30, 2012

2011-2012	Retail Sales	Recovery Rate	True-up Rate	Total Recovery	Cost Recovery	Demand Response Costs	Current Month Under/(Over) Carried Over	Cummulative Under/(Over) Recovery
July - 2011	151,816,972	N/A	N/A	N/A	N/A	N/A	N/A	N/A
August	170,130,581	N/A	N/A	N/A	N/A	N/A	N/A	N/A
September	148,076,085	N/A	N/A	N/A	N/A	N/A	N/A	N/A
October	114,032,779	N/A	N/A	N/A	N/A	\$613,820.00	\$613,820.00	\$613,820.00
November	108,422,295	\$0.000476	\$0.000000	\$0.000476	\$51,609.01	\$0.00	-\$51,609.01	\$562,210.99
December	111,558,930	\$0.000476	\$0.000000	\$0.000476	\$53,102.05	\$0.00	-\$53,102.05	\$509,108.94
January - 2012	119,972,911	\$0.000476	\$0.000000	\$0.000476	\$57,107.11	\$0.00	-\$57,107.11	\$452,001.83
February	112,564,368	\$0.000476	\$0.000000	\$0.000476	\$53,580.64	\$0.00	-\$53,580.64	\$398,421.19
March	104,855,133	\$0.000476	\$0.000000	\$0.000476	\$49,911.04	\$0.00	-\$49,911.04	\$348,510.15
April	104,168,549	\$0.000476	\$0.000000	\$0.000476	\$49,584.23	\$0.00	-\$49,584.23	\$298,925.92
May (est.)	101,517,424	\$0.000476	\$0.000000	\$0.000476	\$48,322.29	\$0.00	-\$48,322.29	\$250,603.63
June (est.)	113,422,118	\$0.000476	\$0.000000	\$0.000476	\$53,988.93	\$0.00	-\$53,988.93	\$196,614.70
Total	1,460,538,145				\$314,894.08	\$613,820.00		

Notes:

The EER became effective in November, 2011 with rates from Docket 11-MDWE-609-RTS. Per tariff, the 2011 program year recovery was to be \$613,820.

Sales volumes for May and June are projected retail sales less lighting from the most recent energy sales forecast.

Calculation of Recovery Rate for Next Year

Actual Costs \$800,410.00
 Sales Volumes (see notes) 1,460,538,145
 Recovery Rate Next Year \$0.000548

Calculation of True-Up Rate for Next Year

Cummulative Under/(Over) Recovery \$196,614.70
 Sales Volumes (see notes) 1,460,538,145
 True-Up Rate Next Year \$0.000135

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
HOLLY FISHER, ATTORNEY KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD ROAD TOPEKA, KS 66604-4027 ***Hand Delivered***		
MICHAEL S BILLINGER, RESEARCH ANALYST MIDWEST ENERGY, INC. 1330 CANTERBURY ROAD PO BOX 898 HAYS, KS 67601-0898		

ORDER MAILED JUN 29 2012

The Docket Room hereby certified that on this _____ day of _____, 20_____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.