



February 5, 2025

Sent by: Email/Post

**Lynn M. Retz**  
*Secretary to the Commission*  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604

**RE:** In the Matter of the Joint Application of Sunflower Electric Power Corporation and Wheatland Electric Cooperative, Inc. for Approval of a Local Access Charge and a 34.5kV Formula-Based Rate

Ms. Retz,

Pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a, Wheatland Electric Cooperative, Inc. ("Wheatland") hereby respectfully requests confidential treatment of Exhibit TRG-8 of the Prefiled Direct Testimony Traci R. Goddard, submitted contemporaneously with the above referenced Joint Application. Exhibit TRG-8 has been redacted. Exhibit TRG-8 contains confidential commercial information regarding terms of Wheatland's finance arrangements, including, but not limited to borrowing rates. Borrowing rates are negotiated and sensitive commercial information. If the requested confidential information is disclosed, Wheatland could be disadvantaged in future negotiations with potential lenders, resulting in disadvantageous borrowing rates and ultimately disadvantageous rates to Wheatland's members. In accordance with this confidentiality request, Wheatland is filing a public and confidential version of Exhibit TRG-8.

Sincerely,



**James M. McVay**  
**Asst. General Manager and General Counsel**  
**Wheatland Electric Cooperative, Inc.**

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**BEFORE THE KANSAS CORPORATION COMMISSION  
OF THE STATE OF KANSAS**

In the Matter of the Joint Application of )  
Sunflower Electric Power Corporation, )  
and Wheatland Electric Cooperative, Inc., for Approval )  
of a Local Access Charge and a 34.5kV Formula- ) Docket No. 25- 25-SEPE-309-TAR  
Based Rate. )

**JOINT APPLICATION**

Sunflower Electric Power Corporation (“Sunflower”), and Wheatland Electric Cooperative, Inc. (“Wheatland”) and together as “Joint Applicants,” hereby file this Joint Application seeking approval from the State Corporation Commission of the State of Kansas (“Commission”) for the following:

- a. A change in Wheatland’s local access charge rate (“LAC”) that is set forth in its local access delivery service (“LADS”) tariff for its Eastern Division, and
- b. A Formula Based Rate (“FBR”) for Wheatland’s 34.5kV and lower wholesale sub-transmission facilities for its Eastern Division providing for:
  - I. the annual calculation and recovery of Wheatland’s revenue requirement, based upon a Commission established formula for services provided to wholesale customers using Wheatland’s Eastern Division local access delivery system “(LAD System”); and
  - II. defined Protocols, outlining the implementation of an “Annual Update” filing before the Commission.

**I. INTRODUCTION AND JURISDICTION**

1. Sunflower is a member-owned generation and transmission electric utility operating in the state of Kansas on a non-profit cooperative basis, with its principal place

of business in Hays, Kansas. Sunflower is a certificated electric public utility that has elected to exempt itself from the jurisdiction, supervision, and control of the Commission pursuant to K.S.A. 66-104d.<sup>1</sup> Sunflower remains subject to the Commission's jurisdiction for those items referenced in K.S.A. 66-104d(f).

2. Wheatland is a member-owned, not-for-profit electric distribution cooperative organized under the Electric Cooperative Act that provides retail electric service to over 21,400 members in nine Western Kansas Counties, six Central Kansas Counties, and three Eastern Colorado Counties. It is a certificated electric public utility, as defined in K.S.A. 66-104. In addition to retail service, Wheatland also provides certain wholesale services over its LAD System to customers under its current LADS tariff, which was approved in Docket No. 16-WHLE-305-RTS ("16-305 docket").

3. The Commission entered an order in Docket No. 14-WHLE-546-DRC affirming Wheatland's election to deregulate pursuant to K.S.A. 66-104d. However, pursuant to K.S.A. 66-104d(f), Wheatland remains subject to the Commission's jurisdiction for charges, fees, or tariffs for transmission services. The proposed change of the LADS tariff and implementation of a 34.5kV FBR both relate to service over Wheatland's Eastern Division 34.5kV and lower sub-transmission facilities, which the Commission has determined provides a "transmission service," and therefore remains subject to Commission jurisdiction.

## **II. WHEATLAND'S LADS SYSTEM**

4. Mid-Kansas Electric Company, LLC ("Mid-Kansas") (now Sunflower), acquired the assets of Aquila, Inc. d/b/a Aquila Network-WPK ("Aquila") in Docket No. 06-

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<sup>1</sup> January 7, 2014 Order Affirming Mid-Kansas Electric Company, LLC's Election to Deregulate under Docket No. 14-MKEE-253-DRC.

MKEE-524-ACQ. Mid-Kansas transferred those distribution and sub-transmission assets to Wheatland, and others, in Docket No. 08-MKEE-099-MIS.

5. Mid-Kansas established a wholesale LAC for Wheatland, and others, for service over the member-owned 34.5kV sub-transmission facilities in Docket No. 09-MKEE-969-RTS. In Docket No. 11-GIME-597-GIE the Commission found that these 34.5kV sub-transmission and lower facilities provide a local sub-transmission service under Kansas law.

6. The Commission approved a revised Open Access Transmission Tariff (“Mid-Kansas OATT”) in Docket No. 12-MKEE-650-TAR, providing the framework under which wholesale LAD System customers take service over Wheatland’s 34.5kV LAD System facilities. In Docket No. 13-MKEE-447-MIS, Wheatland received its certificate covering both the Western Division and Eastern Division LAD System.

7. In Docket No. 19-SEPE-054-MER, Sunflower merged with Mid-Kansas, and Sunflower is the surviving entity. The Commission ordered that Sunflower be the administrator of the Mid-Kansas OATT, and the Mid-Kansas OATT remain in effect upon the merger.

8. Wheatland is operating, and Sunflower is administering, billing of Wheatland’s LADS tariffs that were approved in the 16-305 docket. In the 16-305 docket, the Commission approved separate LADS tariffs for an Eastern Division, in the Great Bend/Caldwell/Harper Kansas areas, and a Western Division, in the Garden City Kansas area. In 2021, Wheatland sold all the facilities, that made up the Western Division, to the city of Garden City, except one circuit. Regarding the remaining circuit, in Docket No. 22-SEPE-154-CON, the Commission approved a special contract between Garden City and

Wheatland for electric capacity to serve Garden City as the only wholesale customer on that remaining circuit. Therefore, the only active LADS tariff for the LAD System is Wheatland's Eastern Division.

### **III. LAC RATE CHANGE**

9. Wheatland retained the services of C. H. Guernsey & Company ("Guernsey") to perform a Cost-of-Service study ("COS") for Wheatland's Eastern Division's 34.5kV and lower sub-transmission facilities and determine a just and reasonable rate/LAC for service over Wheatland's LAD System to be included in the requested Eastern Division LADS tariff. A copy of the requested LADS tariff and the red-lined version are sponsored exhibits to the filed direct testimony of Bruce W. Mueller. Guernsey's COS finds that the LAC rate should be the coincident peak billing demand of \$2.95 per kW, as more fully described in the tariff. The COS's proposed rate is just and reasonable and in the best interest of the public. This rate will provide Wheatland with sufficient revenues and cash flows to meet its financial obligations while maintaining reliable service to its wholesale customers on the Eastern Division LADS tariff.

10. The LAC tariff change is based on the calculated revenue requirement of \$1,709,535.53 for all of Wheatland's 34.5kV and lower sub-transmission facilities in the Eastern Division and translates to \$450,319.94 of revenue from LAD System wholesale customers for the cost associated with the "last mile" service over its 34.5kV and lower voltage facilities. This revenue requirement has been determined utilizing an Operating Times Interest Earned Ratio ("OTIER") of 1.75.

### **IV. FBR STARTING IN 2026**

11. Wheatland also retained the services of Guernsey to draft a formula for the annual and systematic recovery of its revenue requirement associated with its LAD System

via a monthly unit demand LAC directly applicable to its wholesale LAD System customers, and for the Annual Update filing protocols. The intent was to follow the criteria approved in Docket Numbers 16-MKEE-023-TAR (“16-023 Docket”) and modified in 21-SEPE-049-TAR (“21-049 Docket”). In addition, if this Joint Application is approved, Wheatland proposes that the first Annual Update filing for the 34.5kV FBR be made in calendar year 2026.

12. Based upon Guernsey’s proposed 34.5kV FBR COS, Joint Applicants also seek approval of an FBR for Wheatland’s 34.5kV and lower sub-transmission LAD System, herein also referred to as the 34.5kV FBR for its Eastern Division, that establishes a formula for the annual and systematic recovery of its revenue requirement associated with its LAD System via a monthly unit demand LAC. The annual FBR adjustments will be made as necessary to keep revenue at a level to achieve pre-established financial coverage ratios. Moreover, because the total billing demand (used to divide the total resultant revenue requirement to arrive at a unit demand LAC) is comprised of both retail and wholesale load, it ensures that the wholesale LAD System wholesale customers will pay only their portion, i.e., load ratio share, of such annual revenue requirement for each wholesale customer under the proposed Eastern Division 34.5kV FBR.

13. The proposed 34.5kV FBR provides for established financial coverage ratios that ensure Wheatland will meet its debt service requirements, achieve the financial covenants required for financing and protecting Wheatland’s financial integrity, and build sufficient equity to ensure the borrowing capability necessary to maintain, replace and expand the 34.5kV FBR LAD System. The only source of equity capital to support system reliability is derived from margins. Failure to recover costs in a timely fashion reduces this

source of equity contribution and results in a less favorable financial condition and limited flexibility. The proposed 34.5kV FBR, including the established financial coverage ratios for Wheatland is fully set forth in the Pre-filed Direct Testimony and Exhibits of Mr. Josh Dan, included with this Joint Application.

14. The Commission has approved FBRs in factually similar applications in the 16-023 Docket and modified in the 21-049 Docket. Wheatland also seeks to establish an FBR to encourage investment and for timely recovery of its costs for its LAD System in order to meet financial obligations, while remaining responsive to the service and facility demands of retail and wholesale customers. It is appropriate for customers to bear the actual cost of service over the 34.5kV and lower LAD System as close to real-time as possible to provide appropriate economic price signals, resulting in more efficient and economic decisions relative to the sources and types of capacity that customers require. Additionally, the uncertainty inherent in the traditional regulatory model will be alleviated with the approval of the proposed 34.5kV FBR, allowing for stabilized rate changes—a benefit for all customers, as explained in the direct testimony of Mr. James Brungardt.

15. Further, because the Protocols requested 34.5kV FBR includes an Annual Update filing and review process, the element of customer protection afforded in a general rate proceeding is still present. The annual review will allow Commission Staff the opportunity to audit the results of the previous twelve months to ensure compliance with the 34.5kV FBR. Such review will allow the Commission the ability to meet its obligation of ensuring just and reasonable rates for Wheatland's LAD System wholesale customers. Additionally, interested parties will have the opportunity to intervene and participate in the Annual Update filing defined in the Protocols. Under the proposed procedural schedule

regarding the Annual Update filing, it is anticipated that the elapsed time for the Staff review and establishment of the applicable rate will be no longer than 180 days unless challenges are raised and an evidentiary hearing is required, as more fully set forth in the Protocols included with this Joint Application. More detailed information regarding the Annual Update filing, procedural schedule, and the Protocols for Wheatland is contained in the direct testimony of Mr. Josh Dan and the Protocols.

16. The implementation of the proposed Eastern Division 34.5kV FBR will relieve much of the cost and burden placed on the Commission, Commission Staff, Sunflower and Wheatland, and their respective customers related to the traditional ratemaking process. While Sunflower and Wheatland have engaged consulting and legal resources as necessary to develop the 34.5kV FBR for the LAD System, with the implementation of such FBR, customers will continue to receive service at just and reasonable rates without the attendant costs of motions, discovery, analysis, and testimony incurred in the course of the traditional ratemaking process. Many of these costs can be avoided, while still ensuring that the Commission has the opportunity to review and approve rates. This serves the best interests of the public, consumers, Wheatland, Sunflower, and the Commission.

17. There are six wholesale customers that are currently affected by this Joint Application, and each has been provided notice of this filing.

18. In addition to the undersigned counsel, communications, and correspondence with regard to this application should be addressed to:



<b>Sunflower Electric Power Corporation</b> 301 W. 13th Street P.O. Box 980 Hays, Kansas 67601	James Brungardt Regulatory and Rate Analyst <a href="mailto:jbrungardt@sunflower.net">jbrungardt@sunflower.net</a>	Amanda Wray Corporate Paralegal <a href="mailto:awray@sunflower.net">awray@sunflower.net</a>
<b>Wheatland Electric Power Corporation</b> 101 S. Main P.O. Box 230 Scott City, Kansas 67871	Bruce Mueller CEO <a href="mailto:bmueller@weci.net">bmueller@weci.net</a>	Jim McVay Assistant General Manager & General Counsel <a href="mailto:jmconvay@weci.net">jmconvay@weci.net</a>
<b>Guernsey &amp; Co</b> 5555 N. Grand Boulevard, Oklahoma City, OK 73112	Josh Dan, Managing Rate Consultant, <a href="mailto:josh.dan@guernsey.us">josh.dan@guernsey.us</a>	

## V. TESTIMONY AND SERVICE

19. The testimony of four witnesses is submitted with this application. The names of the witnesses, the subject of their direct testimony, and the exhibits they sponsor are as follows:

- Bruce Mueller, General Manager/CEO, Wheatland Electric Cooperative, Inc. will address the financial needs of Wheatland and the position of the Wheatland Board of trustees regarding the requests for a change in the current LAC and for an FBR.
- Traci Goddard, Director of Finance, Wheatland Electric Cooperative, Inc, Wheatland’s Director of Finance, will provide the admissibility of foundational documents used in the COS by Guernsey.
- Joshua Dan, Managing Rate Consultant with Guernsey will testify to the COS, the merits of the change in the LAC and why an FBR should be approved by the Commission.
- James Brungardt, Manager of Regulatory and Government Affairs, Sunflower Electric Power Corporation will address policy issues as they relate to the 34.5kV FBRs and reasons for Sunflower in joining as a Joint Applicant in this proceeding.

## VI. CONCLUSION

The proposed LADS Eastern Division tariff LAC rate increase as proposed in the Guernsey COS, and the requested Eastern Division 34.5 kV FBR to start in 2026, are in the public interest and should be approved by the Commission. The requested LADS tariff and the 34.5kV FBR result in just and reasonable rates for Wheatland and its customers and is not unjustly discriminatory or unduly preferential. The LADS tariff and 34.5 kV FBR provide an efficient mechanism for recovering the costs that are necessary to ensure an

adequate, efficient, and reliable utility service, and to maintain the financial integrity of Wheatland.

WHEREFORE, Wheatland respectfully requests the Commission to approve the attached LADS tariff in a timely manner and the 34.5 kV FBR starting 2026, and such other and further relief as the Commission may deem just and reasonable.

Respectfully submitted,



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Assistant General Manager & General Counsel  
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**COUNSEL FOR WHEATLAND ELECTRIC  
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**COUNSEL FOR SUNFLOWER ELECTRIC  
POWER CORPORATION**

**VERIFICATION**

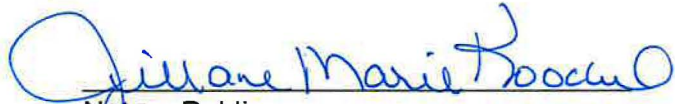
STATE OF KANSAS                    )  
  )  
COUNTY OF Barton                )        ss:

Jim McVay, of lawful age, being first duly sworn on oath states:

That he is Assistant General Manager and General Counsel for Wheatland Electric Cooperation, Inc.; that he has read the foregoing pleading and knows the contents thereof; and that the facts therein are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Jim McVay

SUBSCRIBED AND SWORN to before me this 4<sup>th</sup>, day of February, 2025.

  
\_\_\_\_\_  
Notary Public

My Commission expires: 4-30-2028



**VERIFICATION**

STATE OF KANSAS                    )  
  )  
COUNTY OF ELLIS                    )            ss:


Taylor P. Calcara, of lawful age, being first duly sworn on oath states:

That he is counsel for Sunflower Electric Power Corporation; that he has read the foregoing pleading and knows the contents thereof; and that the facts therein are true and correct to the best of his knowledge, information, and belief.

  
\_\_\_\_\_  
Taylor P. Calcara

SUBSCRIBED AND SWORN to before me this 4th, day of February, 2025.



  
\_\_\_\_\_  
Notary Public

My Commission expires: 9-11-2026