

BEFORE THE KANSAS CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Joint Application of)
Sunflower Electric Power Corporation,)
Prairie Land Electric Cooperative, Inc.,)
The Victory Electric Cooperative) Docket No. 21-SEPE-049-TAR
Association, Inc., and Western Cooperative)
Electric Association, Inc., for Approval of)
Continuation of 34.5 kV Formula-Based)
Rates, and Updated 34.5 kV Loss Factors.)

PREFILED DIRECT TESTIMONY OF

ELENA E. LARSON
MANAGER OF RATES AND REGULATORY SERVICES
POWER SYSTEM ENGINEERING, INC.

ON BEHALF OF

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.,
THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC.,
AND WESTERN COOPERATIVE ELECTRIC ASSOCIATION, INC.

July 29, 2020

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PART I - QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Elena E. Larson. My business address is 5883 Southwest 29th Street, Topeka, KS 66614, Suite 101.

Q. What is your profession?

A. I am a Manager of Rates and Regulatory Services in the Economics, Rates, and Business Planning Department at Power System Engineering, Inc. (“PSE”), which is headquartered at 1532 W. Broadway, Madison, Wisconsin 53713.

Q. Please describe the business activities of PSE.

A. PSE is a consulting firm serving electric utilities across the country, but primarily in the Midwest. Our headquarters is in Madison, Wisconsin with regional offices in Indianapolis, Indiana; Topeka, Kansas; Lexington, Kentucky; Minneapolis, Minnesota; Marietta, Ohio; and Sioux Falls, South Dakota. PSE is involved in: power supply, transmission and distribution system planning; distribution, substation and transmission design; construction contracting and supervision; retail and wholesale rate and cost of service (“COS”) studies; economic feasibility studies; merger and acquisition feasibility analysis; load forecasting; financial and operating consultation; telecommunication and network design, mapping/GIS; and system automation including Supervisory Control and Data Acquisition (“SCADA”), Demand Side Management (“DSM”), metering, and outage management systems.

Q. Please describe your responsibilities with PSE.

A. I work on a team of staff that provides economic, financial, and rate-related consulting services to investor-owned, cooperative, and municipal utilities as well as regulators and industry associations. These services include:

- Cost of Service Studies.
- Capital Credit Allocations.
- Demand Response.
- Distributed Generation Rates.
- Energy Efficiency.
- Financial Forecasting.
- Individual Customer Profitability.
- Large Power Contract Rates/Proposals.
- Line Extension Policies/Charges.
- Load Management Analysis.
- Load Forecasting.
- Market and Load Research.
- Merger Analysis.
- Pole Attachment Charges.
- Policy and Board Audits.
- Power Cost Adjustments.
- Rate Consolidation.
- Retail Rate Design and Analysis.
- Special Fees and Charges.
- Statistical Performance Measurement (Benchmarking).
- Value of Service.

Q. What is your educational background?

A. I graduated from Washburn University in Topeka, Kansas in 2001 with a Bachelor of Science degree in Mathematics and a minor in Computer Science. In 2008, I received my Masters of Business Administration (“MBA”) degree from Ashford University in Clinton, Iowa.

Q. What is your professional background?

A. Prior to advancing to graduate degree studies in 2006, I worked as a computer programmer for a private corporation and taught mathematics. After graduating with an MBA in September 2008, I began my employment with the Kansas Corporation Commission (“KCC” or “Commission”) in Topeka, Kansas in July 2009 as an Energy Analyst in the Energy Operations Section of the Utilities Division. My work responsibilities at KCC at that time included monitoring and assessing various periodic compliance reports (e.g., Quality of Service and Electric Reliability); providing technical analysis on informal and formal electric and gas customer complaints; and assisting in writing the rules and regulations when mandated by the Kansas legislature. In January 2012, I assumed the position of Senior Utility Rate Analyst in the Economics and Rates Section of the Utilities Division of KCC. In that capacity, my responsibilities expanded to filing recommendations and/or testimony addressing utility applications for various tariff modifications, including change of retail and wholesale rates.

1 In April 2013, I joined PSE, where I assumed a position of Rate and Financial Analyst in the
2 Rates and Financial Planning Department. In January 2018, my title changed to Rate and
3 Regulatory Consultant. In June 2018, I was promoted to Manager, Rates and Regulatory
4 Services. My responsibilities include performing rate studies consisting of determination of
5 revenue requirements, cost of service (“COS”), and rate design; developing financial
6 forecasting, special rates, and programs; and performing other financial analysis for various
7 PSE clients. Additionally, I participate in the leadership of our department by heading PSE’s
8 Kansas office branch business development and helping develop strategy in the regulatory
9 services area. I frequently present to the Members’ Boards of Directors and at industry events
10 on the topics of Revenue Requirement, COS, and Rate Design.

11 **Q. Have you previously presented testimony before the KCC?**

12 A. Yes. I submitted testimony on behalf of KCC Staff in Docket Nos. 11-GBEE-624-COC, 11-
13 MKEE-597-GIE, 12-WSEE-112-RTS, and 12-MKEE-380-RTS; on behalf of Prairie Land
14 Electric Cooperative, Inc. (“Prairie Land”) in Docket Nos. 15-PLCE-176-TAR, 17-PLCE-478-
15 TAR, 18-PLCE-462-TAR, 19-PLCE-436-TAR, and 20-PLCE-283-TAR; on behalf of Victory
16 Electric Cooperative Association, Inc. (“Victory”) in Docket Nos. 17-VICE-481-TAR, 18-
17 VICE-479-TAR, 19-VICE-448-TAR, and 20-VICE-437-TAR; on behalf of Western
18 Cooperative Electric Association, Inc. (“Western”) in Docket Nos. 17-WSTE-477-TAR, 18-
19 WSTE-473-TAR, 19-WSTE-443-TAR, and 20-WSTE-440-TAR; on behalf of Midwest
20 Energy in Docket No. 16-MDWE-324-TFR; and on behalf of Southern Pioneer Electric
21 Company (“Southern Pioneer”) in Docket Nos. 18-KPPE-343-COC and 20-SPEE-169-RTS.
22 I also helped prepare testimony on behalf of Southern Pioneer, Victory, Western, Prairie Land,
23 and Mid-Kansas Electric Company, LLC (“Mid-Kansas”) in Docket Nos. 14-SPEE-507-RTS,
24 15-SPEE-161-RTS, 15-SPEE-357-TAR, 15-SPEE-519-RTS, 16-MKEE-023-TAR, 16-PLCE-
25 490-TAR, 16-VICE-494-TAR, 16-WSTE-496-TAR, 16-SPEE-497-RTS, 16-SPEE-501-TAR,

1 and 19-SPEE-240-MIS. Additionally, I authored Report and Recommendations on behalf of
2 KCC Staff in Docket Nos. 09-KGSG-927-COM, 10-BHCG-409-COM, 10-WSEE-507-TAR,
3 10-KGSG-535-COM, 10-KGSG-644-COM, 10-MDWE-733-TAR, 11-KCPE-031-COM, 11-
4 WSEE-599-TAR, and 11-MDWE-763-TAR, as well as performed analysis filed with the
5 Applications on behalf of Mid-Kansas, Prairie Land, and Southern Pioneer in Docket Nos. 14-
6 MKEE-084-TAR, 14-PLCE-312-TAR, 15-SPEE-267-TAR, 16-SPEE-306-TAR, 17-SPEE-
7 263-TAR, 18-SPEE-270-TAR, 19-SPEE-236-TAR, and 20-SPEE-277-TAR.

8 **Q. What direct relevant experience do you have as it pertains to the matter being addressed**
9 **in the instant Docket?**

10 A. I provided expert witness testimony on behalf of Prairie Land, Victory, and Western and served
11 as the technical point of contact for Commission Staff (“Staff”) and Interveners in the Annual
12 Update filings for their respective 34.5 kV Formula-Based Rate Plans (“34.5 kV FBR Plans”)
13 approved by the Commission in the Docket No. 16-MKEE-023-TAR (“16-023 Docket”).
14

15 **PART II - SUMMARY OF DIRECT TESTIMONY**

16 **Q. What is the purpose of your testimony in this proceeding?**

17 A. The purpose of my testimony is to support the Joint Application submitted in the instant Docket
18 by Sunflower Electric Power Corporation (“Sunflower”), and its three member-Members,
19 Prairie Land, Victory, and Western (individually a “Member” and collectively the “Members”)
20 (collectively Sunflower and the Members, the “Joint Applicants”), for the approval of
21 continuation of Members’ 34.5 kV FBR Plans and updated 34.5 kV Loss Factors.¹

22 Specifically, my testimony will:
23

24 ¹ My testimony addresses the continuation of the Members’ 34.5 kV FBR Plans. The 34.5 kV Line Loss
25 subject is addressed in the prefiled direct testimony of my colleague, Erik Sonju, also submitted with the
Joint Application in the instant Docket.

- 1 • Provide historical background for the Members’ initial 34.5 kV FBR Plans, which were
2 originally approved by the Commission in 2016 in the 16-023 Docket and remain in effect
3 through present, with 2020 being the last of the set five-year term.² These original 34.5 kV
4 FBRs are referred to as the “Current 34.5 kV FBR Plans” throughout my testimony.
- 5 • Recap the steps, as outlined in the Commission-approved Protocols accompanying the
6 Current 34.5 kV FBR Plans, that the Members are directed to follow if they wish to
7 continue their respective 34.5 kV FBR Plans for the next five years.³
- 8 • Describe the modification the Members are proposing to implement to the Current 34.5 kV
9 FBR Plans’ Templates and Protocols in order to simplify the FBR calculation and review
10 process going forward, namely:
 - 11 ○ Elimination of the limited projection of the debt service costs and depreciation,
12 which would result in moving away from the use of the Budget Year to utilize a
13 Historical Test Year for all FBR inputs.
 - 14 ○ Addition of the Discovery Cutoff Date to the existing timeline to clarify that the
15 discovery process can continue until Staff and Interveners have finished their
16 review of the Annual Update filing and the Members filed their Rebuttal
17 Testimony.
 - 18 ○ Removal of the definition of “Line Losses”, which is not referenced within the
19 Protocols. Loss Factors are already defined and contained in the Members’
20 Commission-approved Local Access Delivery Service tariffs.

21 The 34.5 kV FBR Plans the Members are requesting to continue to use going forward (i.e.
22

24 ² Rates resulting from the last Annual Updates submitted under the Current FBR Plans, with the filings
currently pending, will be in effect Fall of 2020 through Fall of 2021.

25 ³ Attached as Exhibits B-D to the March 10, 2016 Commission Order Approving Settlement and April 29,
2016 Order Granting Petition for Clarification in the 16-023 Docket.

1 same as the Current 34.5 kV FBR Plans but with the limited modifications described above)
2 are referred to as the “Proposed 34.5 kV FBR Plans” throughout my testimony.

3 **Q. At this time, are the Joint Applicants requesting an actual rate change in this Application?**

4 A. No. The request being submitted to the Commission in the instant Joint Application is not for
5 an actual rate change.

6 **Q. What are the Joint Applicants requesting the Commission approve in this Docket?**

7 A. The Joint Applicants request the Commission approve their request to continue the 34.5 kV
8 FBR Plans initially approved in the 16-023 Docket, with the limited modifications as
9 requested. The 34.5 kV FBR Plans as proposed in the Application submitted in the instant
10 Docket would be used to determine rates for the next five years, beginning with the 2021. Any
11 such future rate changes would remain subject to the review and approval of the Commission.

12 **Q. Are there particular Exhibits to the Joint Application that you will be describing?**

13 A. Yes. My testimony is supported by the following Exhibits to the Application in the instant
14 Docket:

15 • Prairie Land’s 34.5 kV FBR:

- 16 ○ Exhibit EKL-1A: Proposed 34.5 kV FBR Protocols
- 17 ○ Exhibit EKL-1B: Proposed 34.5 kV FBR Blank Template
- 18 ○ Exhibit EKL-1C: Proposed 34.5 kV FBR Populated Template Example

19 • Victory’s 34.5 kV FBR:

- 20 ○ Exhibit EKL-2A: Proposed 34.5 kV FBR Protocols
- 21 ○ Exhibit EKL-2B: Proposed 34.5 kV FBR Blank Template
- 22 ○ Exhibit EKL-2C: Proposed 34.5 kV FBR Populated Template Example

23 • Western’s 34.5 kV FBR:

- 24 ○ Exhibit EKL-3A: Proposed 34.5 kV FBR Protocols
- 25 ○ Exhibit EKL-3B: Proposed 34.5 kV FBR Blank Template
- Exhibit EKL-3C: Proposed 34.5 kV FBR Populated Template Example

Q. Have the exhibits been prepared by you or under your supervision?

1 A. Yes.

2 **PART III - BACKGROUND AND OVERVIEW OF CURRENT FBR PLANS**

3 **Q. Please briefly recap the Members' Current 34.5 kV FBR Plans.**

4 A. The individual 34.5 kV FBR Plans, approved by the Commission for each of the three Members
5 in the 16-023 Docket, are five-year ratemaking plans for the periodic adjustments to Local
6 Access Charge ("LAC") demand rates assessed on the Members' wholesale customers taking
7 the Local Access Delivery Service ("LADS") over Members' 34.5 kV sub-transmission
8 facilities in their respective acquired Mid-Kansas division territories.⁴ These ratemaking plans
9 use a predetermined formula and are subject to an annual review process by the Commission.
10 The formula has two general steps common to all three Members: first, the Member's revenue
11 requirement associated with the costs of owning, operating, and maintaining the 34.5 kV
12 facilities is determined; next, the revenue requirement is divided by the 34.5 kV total billing
13 units to produce a system-wide (meaning common for wholesale and retail) per unit LAC rate.
14 Each year, the Members perform the prescribed calculations within their individual 34.5 kV
15 FBR and separately file their Annual Updates with the Commission. The details of these
16 Commission-approved calculations, including the allowed margin target ratios, are outlined in
17 Sections D and E of the Commission-approved Protocols accompanying Current 34.5 kV FBR
18 Plans.⁵ In addition to governing the rate calculation, the Protocols documents also contain the
19 prescriptive steps in the review process and the corresponding timelines for each of those steps,
20
21

22 ⁴ All three Members are exempt from the Commission regulation of their retail rates. Accordingly, the 34.5
23 kV FBR Plans apply only to the LAC rates billed to the Members' wholesale customers. See pages 2-4 of
24 the Application submitted in the instant Docket for further detail. The Members' 34.5 kV sub-transmission
facilities are those 34.5 kV facilities now owned or hereafter acquired or constructed by the respective
Member and are part of or utilized in conjunction with the electric system acquired by the Member from
Mid-Kansas in the 08-MKEE-099-MIS Docket.

25 ⁵ See footnote 3.

1 as well as the filing exhibits' list and customer protection measures such as mandatory
2 customer notification, all designed to promote enhanced transparency.

3 The main purpose behind establishing and using this formulaic ratemaking mechanism, as was
4 envisioned in the 16-023 Docket, is to allow for a review process that assures reasonable rates
5 that are reflective of the cost of providing service over the Members' 34.5 kV facilities, but
6 does not result in incurring the substantial expense and/or experiencing regulatory lag typically
7 associated with the preparation of a full rate case.

8 **Q. What data forms the basis for the Members' Current 34.5 kV FBR Plans' calculation?**

9 A. The calculation is based primarily upon Member's Mid-Kansas divisions' Historical Test
10 Year's financials and operating data (from the year-end Statement of Operations, Trial
11 Balance, Payroll Journal) and 34.5 kV total system billing determinants (retail and wholesale
12 combined load), with only limited adjustments for the debt service-related items and
13 depreciation expense, where the projected amounts for the Budgeted Year amounts are
14 allowed. The latter requires the annual true-up mechanism that compares projected debt
15 service costs against the actual incurred be included in the Annual Update filings.

16 **Q. How would you describe the Annual Updates under the Current 34.5 kV FBR Plans**
17 **over the past five years?**

18 A. The five Annual Update filings for the Members were reviewed and approved in the following
19 Commission Dockets: 16-PLCE-490-TAR, 17-PLCE-478-TAR, 18-PLCE-462-TAR, 19-
20 PLCE-436-TAR, and 20-PLCE-283-TAR for Prairie Land; 16-VICE-494-TAR, 17-VICE-
21 481-TAR, 18-VICE-479-TAR, 19-VICE-448-TAR, and 20-VICE-437-TAR for Victory; and
22 16-WSTE-496-TAR, 17-WSTE-477-TAR, 18-WSTE-473-TAR, 19-WSTE-443-TAR, and
23 20-WSTE-440-TAR for Western. Looking back at the five Annual Update filings for each of
24 the Members proves the FBR Plan process is efficient ratemaking mechanism: Members were
25 able to gather the necessary data and populate the templates using the predetermined formula,
as well as file supporting testimony describing how they have followed the prescribed process,

1 while Staff and Interveners engaged in a robust discovery and completed a thorough review in
2 a timely manner. In fact, over time, by mutual consensus, Members, Staff, and Interveners
3 found themselves not even always needing intermediate technical conferences and status calls;
4 and not a single one of the annual update filings resulted in a hearing.⁶

5 **Q. Please summarize the results of the Members' Current 34.5 kV FBR Plans over their**
6 **initial five-year term.**

7 A. Tables 1A-1B, 2, and 3 on the following two pages summarize the LAC rate changes for each
8 of the Members during the term of the Current 34.5 kV FBR Plans.⁷

22
23 ⁶ The results for the final Annual Updates for each of the Members' Current FBR Plans, where all three
Members have applied for a LAC rate decrease, are still pending; however, they have not been contentious
filings so far and at this time, it is unlikely they would result in hearings.

24 ⁷ There are two tables for Prairie Land to recognize the existence of the Property Tax Surcharge that separately (i.e.
25 Apart from the FBR Plan) collects the 34.5 kV-related property tax embedded in Operations and Maintenance
accounts. Victory and Western currently do not have such separate mechanisms; therefore, their respective LAC
rates calculated by the FBR Plans inherently include the corresponding property tax amounts.

Table 1A

Initial FBR Plan - Prairie Land				
LAC Rate - Without Property Tax Surcharge				
	Unit Rate (\$/kW)	Unit Change (\$/kW)	Percent Change (%)	Primary Change Driver
Year 0 ¹	\$1.88			
Year 1	\$2.50	\$0.62	33.0%	methodology change
Year 2	\$2.73	\$0.23	9.2%	increase in Transmission O&M
Year 3	\$2.79	\$0.06	2.2%	increase in Transmission O&M, debt service
Year 4	\$2.88	\$0.09	3.2%	increase in debt service, labor costs
Year 5 ²	\$2.66	(\$0.22)	-7.6%	retirement of cash capital credits by G&T
5 year Average	\$2.71	\$0.16	8.0%	
4 year Average ³	\$2.77	\$0.04	1.7%	

¹ Year 0 rate represents LAC rate prior to FBR

² Rate results for year 5 is currently pending

³ Year 2-5 results

Table 1B

Initial FBR Plan - Prairie Land			
LAC Rate - With Property Tax Surcharge Included			
	Unit Rate (\$/kW)	Unit Change (\$/kW)	Percent Change (%)
Year 0 ¹	\$2.05		
Year 1	\$2.65	\$0.60	29.5%
Year 2	\$2.92	\$0.27	10.2%
Year 3	\$2.95	\$0.02	0.8%
Year 4	\$3.04	\$0.10	3.2%
Year 5 ²	\$2.86	(\$0.19)	-6.1%
5 year Average	\$2.88	\$0.16	7.5%
4 year Average ³	\$2.94	\$0.05	2.0%

¹ Year 0 rate represents LAC rate prior to FBR

² Rate results for year 5 is currently pending

³ Year 2-5 results

Table 2

Initial FBR Plan - Victory				
LAC Rate				
	Unit Rate (\$/kW)	Unit Change (\$/kW)	Percent Change (%)	Primary Change Driver
Year 0 ¹	\$1.94			
Year 1	\$2.99	\$1.05	54.1%	methodology change
Year 2	\$3.16	\$0.17	5.7%	increase in debt service
Year 3	\$3.78	\$0.62	19.6%	increase in Transmission O&M/property tax
Year 4	\$3.89	\$0.11	2.9%	increase in Transmission O&M/property tax
Year 5 ²	\$3.05	(\$0.84)	-21.6%	retirement of cash capital credits by G&T
5 year Average	\$3.37	\$0.22	12.1%	
4 year Average ³	\$3.47	\$0.01	1.7%	

¹ Year 0 rate represents LAC rate prior to FBR

² Rate results for year 5 is currently pending

³ Year 2-5 results

Table 3

Initial FBR Plan - Western				
LAC Rate				
	Unit Rate (\$/kW)	Unit Change (\$/kW)	Percent Change (%)	Primary Change Driver
Year 0 ¹	\$1.01			
Year 1	\$1.56	\$0.55	54.5%	methodology change
Year 2	\$1.70	\$0.14	9.0%	increase in debt service
Year 3	\$1.73	\$0.03	1.8%	increase in Transmission O&M/property tax, payroll
Year 4	\$1.13	(\$0.60)	-34.7%	decrease in Transmission O&M, debt service; increase in load
Year 5 ²	\$0.96	(\$0.17)	-15.0%	retirement of cash capital credits by G&T
5 year Average	\$1.42	-\$0.01	3.1%	
4 year Average ³	\$1.38	-\$0.15	-9.7%	

¹ Year 0 rate represents LAC rate prior to FBR

² Rate results for year 5 is currently pending

³ Year 2-5 results

1 While the average annual percent change for the LAC rate over the five years of the Current
2 FBR Plans shows in the 3-12 percent range for the Members (i.e. increase), looking only at the
3 four most recent years shows a very modest average annual increase of around 2 percent for
4 Prairie Land and Victory and an annual average decrease of almost 10 percent for Western.

5 **Q. Why should the rate changes from only the last four years be considered when evaluating**
6 **rate impacts under the Current 34.5 kV FBR Plans?**

7 A. Excluding the rate impact in the first year of the Current 34.5 kV FBR Plan provides a more
8 accurate picture of the rate changes under these Plans because the first year under the Current
9 34.5 kV FBR Plans was transitional, still reflecting the change from a non-FBR/traditional
10 ratemaking. Below is a more detailed explanation:

11 Prior to the first Annual Update being filed by the Members in 2016 under the Current FBR
12 Plans, the last time Victory updated their LAC rate was six years prior in 09-MKEE-969-RTS
13 Docket using 2008 Test Year. Western's most recent LAC rate update prior to 2016 took place
14 in Docket No. 12-MKEE-491-RTS based on a 2010 Test Year, and Prairie Land updated their
15 LAC in Docket No.15-PLCE-176-TAR based on a 2013 Test Year. In addition to being based
16 on an older Test Year, the "pre-FBR" LAC rate calculated for the Members was set using the
17 Operating Times Interest Ratio ("OTIER"), whereas the first Annual Update under the Current
18 FBR Plan used a Modified Debt Service Coverage ("MDSC") ratio, which, unlike the OTIER,
19 takes into consideration the total debt service costs as opposed to interest only, thus resulting
20 in higher margin requirement. Finally, previous traditional ratemaking methodology for all
21 three Members also did not include projected debt service allowed under the Current FBR
22 Plans.

23 Therefore, when looking at the first year rate changes under the Current FBR Plans, it is not
24 an "apples-to-apples" comparison, as the results are either being compared to a "stale" non-
25

1 FBR LAC rate that was set under a traditional rate case approach based on an old Test Year
2 and/or using a different metric for calculating the margin requirement.

3 **Q. Do you have any additional comments on the results of the Members' Current 34.5 kV**
4 **FBR Plans?**

5 A. Yes. Looking at the differences from year-to-year, one could make an observation that the
6 annual rate changes for the Members under the Current FBR Plans were not always gradual
7 (even if the results of the first transitional Annual Update are removed from the analysis).
8 However, absent the FBR Plan process, i.e. using the traditional ratemaking approach where
9 typically rates are changed less frequently, the Members' wholesale customers could have
10 experienced a one-time rate change that was as great or even greater, as evidenced by the first
11 FBR Annual Update that captured the fact that the previous rate change happened sometime
12 back. Furthermore, annual fluctuations accurately reflected Members' cost of service for a
13 corresponding Test Year (see the Primary Change Driver column for Years 2-5 in the Tables
14 1A, 2, and 3 above). The latter can result not only in a timely increase but also reduction in
15 rates, as is evidenced in the final year of the Current FBR Pilots for all three Members (final
16 two years for Western).

17 Overall, the five-year experience during the Current FBR Plans demonstrated that this
18 ratemaking mechanism is a collaborative, transparent, time-efficient, and cost-effective
19 process, which allows more frequent review of the LAC rates (i.e. annually) to ensure rates
20 remain based on and are aligned with the cost of service.

21 **Q. What are the steps for continuing the Current 34.5 kV FBR Plans?**

22 A. The Protocols accompanying the Current 34.5 kV FBR Plans, in Section I, direct the Members
23 to notify the Commission whether they wish to continue their 34.5 kV FBR Plans and provide
24 the support and rationale for their position in a separate application and docket. The
25 Application and the supporting testimony filed in the instant Docket satisfies this requirement.

1 **Q. Are the Joint Applicants proposing to continue the Current 34.5 kV FBR Plans without**
2 **any changes?**

3 A. The templates and protocols for the Proposed 34.5 kV FBR Plans remain the same as
4 approved for the Current 34.5 kV Plans except for one simplification and two minor
5 clarifications as described in the next section of my testimony.

6
7 **PART IV – REQUESTED MODIFICATIONS**

8 **Q. Please describe the requested modification to the Current 34.5 kV FBR Plans.**

9 A. There is one change being requested by the Members to the original template and Protocols
10 utilized under the Current FBR Plans. However, it is better described as a “simplification”
11 rather than a true “modification” – Members are proposing to use a Historical Test Year data
12 as a basis for the LAC rate calculation, therefore removing the existing projection of the debt
13 service costs and depreciation expense and thus eliminating the need for a true-up mechanism
14 currently being required.

15 **Q. Why are the Members requesting to eliminate the limited projections of the debt service**
16 **costs and depreciation expense?**

17 A. The reason is merely practical – the Members opine that the limited benefit incurred does not
18 seem to support the additional costs. While it is still true that using the projected debt service
19 costs and depreciation to set the rates reduces the regulatory lag even further, as was the
20 reasoning being used by the Members to advocate this approach in the 16-023 Docket, the
21 “hands-on” experience gained during the initial term of the FBRs showed that the additional
22 time and effort required from the Members’ internal staff and rate consultants to produce the
23 supplementary data in the format as prescribed outweighs those benefits. Using the projected
24 debt service and depreciation in the Current 34.5 kV FBR Plan is not as simple as plugging in
25 budgeted values, as the Protocols require a very prescriptive process, including calculating the

1 projected plant. Such process is different from the existing internal budgeting process the
2 Members use, which is further complicated by the fact that Members typically do not budget
3 plant additions on a divisional basis and for a single year. Accordingly, calculating the
4 projected debt service and depreciation using the method required by the currently approved
5 34.5 kV FBR Protocols requires a significant amount of additional time and effort for the
6 internal staff to prepare and the outside consultant to finalize.

7 In addition, moving away from the projected costs to use a Historical Test Year is in line with
8 the position advocated by the Commission Staff and Interveners in the 16-023 Docket; plus it
9 should reduce their review time as well.⁸

10 **Q. How would this proposed change affect the requirement under the Current 34.5 kV FBR**
11 **Plans, which use the limited projections, to carry out the “final” true-up to actual costs?**

12 A. This outstanding true-up, aimed at reconciling the variance between what is currently the
13 projected debt service and depreciation used in the 2020 Annual Update Filing and the actual
14 costs that will be known next year once the 2020 Forms 7 are made available, would still take
15 place in 2021, either in conjunction with the first Annual Update under the Continued 34.5 kV
16 FBR Plans (if Application on the instant Docket is granted) or as a stand-alone filing addressing
17 only the remaining true-up component (if the request to continue the FBR Plans is denied). In
18 the case of the former, I would recommend that after the \$/kW LAC rate is calculated under
19 the Proposed 34.5 kV FBR Plans for the 2020 Test Year for each of the Members, the
20 corresponding outstanding (a.k.a. final) true-up amount (calculated in accordance with the
21 Current 34.5 kV FBR Plans and converted to a \$/kW value) can/should be added, and the
22 resulting net LAC \$/kW would be applicable for billing in the first rate year. This extra
23

24
25 ⁸ Docket 16-023, Direct Testimony of T. Rehagen (pg. 12, ln. 6 – 11); Direct Testimony of M. Doljac (pg. 11, ln. 21 – pg. 12 ln. 2); Direct Testimony of J. Pollock (pg. 8, ln. 20).

1 “addition” of the remaining true-up from the previously effective FBR Plans would be a one-
2 time only scenario applicable only to the first Annual Update under the Proposed 34.5 kV FBR
3 Plans. Otherwise, a stand-alone true-up filing, already anticipated under the Current 34.5 kV
4 FBR Plans per Section E.4 of the Protocols, will take place.

5 **Q. You also mentioned there are two minor clarifications proposed to the Current 34.5 kV**
6 **FBR Protocols. Please explain.**

7 A. The first minor clarification concerns the addition of the discovery end date to the existing
8 timeline. It is more or less a formality used under most ratemaking processes but can aid all
9 parties involved in planning for drafting their respective testimony, helping everyone – Staff,
10 Interveners, and Companies alike – to make sure and request all the necessary information and
11 ask any clarifying questions in time. As proposed, the Discovery Cutoff date would be set one
12 week after the Company’s Rebuttal Testimony is filed (which is *after* Staff and Interveners
13 completion of their review of the Annual Update), which is common for most traditional rate
14 cases. Otherwise, there are no changes to the existing timeline as used in the current
15 Commission-approved 34.5 kV FBR Plans.

16 The second minor clarification concerns the removal of the definition of “Line Losses.” That
17 definition is not used anywhere in the Protocols. The Members’ Commission-approved LADS
18 tariffs already contain and define the applicable loss factors (the same loss factors being
19 updated in this filing).

20 **Q. Have you prepared the 34.5 kV FBR Template and Protocols that reflect the proposed**
21 **modifications described above?**

22 A. Yes. The Protocols are included as Exhibits EKL-1A, EKL-2A, and EKL-3A. In essence, they
23 are the same documents as what was agreed upon by the Members, Staff, and Interveners and
24 approved by the Commission in 16-023 Docket, but with the sections addressing the budgeted
25

1 projections and true-up removed, the Discovery Cutoff added to the otherwise unchanged
2 review timeline, and removal of the Line Losses definition.

3 Similarly, the template has been simplified to remove the steps used to project
4 plant/depreciation/debt service and implement the true-up. Otherwise, the calculation
5 remained the same as used in the Current 34.5 kV FBR Plans. I have attached Exhibits EKL-
6 1B, EKL-2B, and EKL-3B showing the resultant blank templates as well as Exhibits EKL-1C,
7 EKL-2C, and EKL-3C showing, as way of example, populated templates for each of the three
8 Members.

9 **Q. Can you please comment on the margin targets used to set the LAC rates in the Proposed**
10 **34.5 kV FBR Plans?**

11 A. As explained in the Managers' testimonies submitted with the Application in the instant
12 Docket, the Members do not propose to change the existing margins approved for use in the
13 Current 34.5 kV FBR Plans.

14 **Q. Can you provide any additional comments on the appropriateness of using the same**
15 **margins?**

16 A. In the 16-023 Docket, Staff recommended the 34.5 kV FBR plans calculate annual rate filings
17 based on a higher of a 1.8 OTIER or MDSC ratios, concurring with the Members that even
18 though those targets exceed the minimums required by the Members' lenders, they are
19 appropriate to provide them with the "adequate safety margins to account for any future
20 fluctuations in sales and unexpected costs"; furthermore, Staff noted that "this level of margins
21 is not materially different than the cushion Staff has recommended in previous local access
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cost of service dockets” (where the latter were the traditional rate filings utilized prior to the establishment of the 34.5 kV FBR Plans).⁹

Additionally, these margin target ratios do not exceed those used by Members when setting their retail member-rates (who pay for the 34.5 kV service via bundled base rates), which is in line with the principle previously advocated by the parties and approved by the Commission in the Current 34.5 kV FBR Plan, that the rate produced is derived using the total 34.5 kV system costs and billing units, thus treating retail and wholesale customers equally.¹⁰

Lastly, looking at the National Rural Utilities Cooperative Finance Corporation Key Ratio Trend Analysis (“CFC KRTA”) national and state metrics for the most recent 5 years available for Ratio 8 (OTIER) and Ratio 10 (MDSC), depicted in Tables 4 and 5 below, shows the current 1.8 OTIER/1.8 MDSC targets used are still within the reasonable range.

Table 4

	US	KS
Year	Median OTIER	Median OTIER
2014	2.03	2.08
2015	2.07	1.99
2016	2.10	1.98
2017	2.07	1.96
2018	2.23	2.04

Table 5

	US	KS
Year	Median MDSC	Median MDSC
2014	1.82	1.80
2015	1.82	1.74
2016	1.83	1.51
2017	1.82	1.65
2018	1.92	1.75

⁹ Direct Testimony of T. Rehagen, pg. 12, ln. 16-22, pg. 12, ln. 1-2

¹⁰ While some may argue that the wholesale third-party members do not benefit from the member equity/capital credit allocations and thus should not be held to the same margin requirement as the Cooperatives’ retail members (margins help build equity), it should be noted that under the formula used in the 34.5 kV Plans, which utilizes OTIER/MDSC to set margin requirement, when Member’s Generation and Transmission supplier retires cash capital credits stemming from an investment made by the retail members, the non-member wholesale customers also benefit, as was evident in the final year of the Current 34.5 kV FBR Plans that resulted in the LAC rate reduction.

Q. Do the Proposed 34.5 kV FBR Plans have a built-in mechanism to check for the appropriateness of the ratios used to set margins?

A. Yes. The Proposed 34.5 kV FBR Plans still include the Equity Test as originally approved for the Current 34.5 kV FBR, which requires Members to annually update their Distribution Equity ratio (calculated for the Mid-Kansas division, and excluding the investment in associate organizations). If this ratio reaches a predetermined number, currently set at 36.31 percent, the Members are directed to make an appropriate filing with the Commission to retain or modify OTIER/MDSC ratio.

Q. Is this Equity Cap still appropriate?

A. Numerically, the Distribution Equity cap set in the Current 34.5 kV FBR Plans is still within the reasonable range, see Table 6 below capturing the metrics for the CFC KRTA Ratio 17 for the most recent five years available.

Table 6

Year	US Median	KS Median
	Distribution Equity	Distribution Equity
2014	36.31	37.53
2015	36.38	35.54
2016	36.41	34.63
2017	36.73	34.81
2018	37.60	35.92

However, I would offer an observation that the Distribution Equity Ratio calculated for the Members, which reflects the performance of Cooperatives' total rates, including bundled retail base rates which are not subject to Commission jurisdiction and also recover the cost of the Members' distribution system as well as the retail share of the 34.5 kV system costs, may not be the appropriate metric to gauge a performance of the LAC rate set to recover a cost of only

1 a *subset* of Members' system (34.5 kV sub-transmission only) and only from a subset of the
2 Members customers (wholesale). In fact, given the revenues from the LAC rates constitute of
3 only 2-5 percent of Members' total Mid-Kansas rate revenues, with the remainder of 95-98
4 percent coming from the retail rates, any growth achieved in distribution equity is attributable
5 primarily to the performance of the Members' non-jurisdictional retail rates.

6 Nonetheless, at this time, the Joint Applicants are not proposing an alternative to the
7 existing Distribution Equity Test/Cap. If Commission approves the Continuation of the 34.5
8 kV FBR Plan for the next five years, and at some point during these next five years, a Member
9 achieves/exceeds the set Distribution Equity Cap, the Member would need to make an
10 appropriate filing with the Commission to retain or modify the OTIER/MDSC.

11 **Q. What is your final recommendation to the Commission?**

12 A. My recommendation is to approve the Joint Application to continue the 34.5 kV FBR Plans,
13 agreed to unanimously by the Staff, Interveners, and the Members and approved by the
14 Commission in the 16-023 Docket, for the next five years, with limited modifications as
15 requested by the Joint Applicants and described above in my testimony.

16 **Q. Are the Proposed 34.5 kV FBR Plans in public interest?**

17 A. Yes. The Proposed 34.5 kV FBR Plans would continue essentially same as the current 34.5 kV
18 FBR mechanisms the Commission already approved before in the 16-023 Docket, but now
19 even more streamlined to incorporate the use of a Historical vs Projected Test Year. Having
20 the Proposed 34.5 kV FBR Plans in place would assure the future wholesale Member-LAC
21 rates, to be implemented in the next five-year period, are based on a thorough and more
22 frequent review by the Commission, reflective of the Cost of Service, and are set using a more
23 cost-effective and time-efficient process compared to the traditional rate making.

24 **Q. Does this conclude your prefiled Direct Testimony?**

25 A. Yes, it does.

VERIFICATION

I, Elena E. Larson, of lawful age, state:

That I am the Manager of Rates and Regulatory Services for Power System Engineering, Inc.; that I do solemnly, sincerely, and truly declare and affirm that I have read this Prefiled Direct Testimony and know the contents thereof; and, that the facts therein are true and correct to the best of my knowledge, information, and belief, and I affirm this under the pains and penalties of perjury.



Elena E. Larson

Prairie Land Electric Cooperative, Inc.

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to Prairie Land Electric Cooperative's, Inc. ("Prairie Land" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Prairie Land shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Prairie Land, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Prairie Land files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Prairie Land. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Prairie Land that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Prairie Land's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Prairie Land shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Prairie Land, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Prairie Land and all customers taking wholesale Local Access Delivery Service from Prairie Land will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Prairie Land's 34.5kV FBR.
5. A Prairie Land contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
- December Trial Balance.
- December Payroll Journal.
- December Balance Sheet.

² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Prairie Land. Specific details concerning the calculation are as follows:

1. Adjustments to actual results for the historical Test Year will be made as follows:
 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Prairie Land will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Prairie Land's system utilized to provide 34.5kV service on the Mid-Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
 - d. Other Deductions: allocated on NP ratio.
 - e. Interest on Long-Term Debt: allocated on NP ratio.
 - f. Interest-Other: allocated on NP ratio.
 - g. Principal Payments: allocated on NP ratio.
 - h. Offsets to Margin Requirements: allocated on NP ratio.

³ If any distribution plant that provides Local Access Delivery Service is present as detailed in D. 1. a above, Distribution O&M Expenses will be allocated using a Distribution O&M ratio ("DOM"). The DOM ratio is calculated as a ratio of Net Distribution Plant used in provision of Local Access Delivery Service to Total Distribution Plant. As applicable, this allocator should be calculated and submitted with Annual Update filings.

3. Margin - Prairie Land will utilize the 1.8 OTIER or 1.8 MDSC. The ratio resulting in greater net margins required will be used.
4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Prairie Land's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Prairie Land shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
2. A complete RUS, CFC, or Co-Bank Form 7 (or successor document) detailing the consolidated financial position of Prairie Land (the combined financial position of the acquired/Mid-Kansas division and the native division).
3. Unaudited financial statements detailing the consolidated financial position of Prairie Land (the combined financial position of the acquired/Mid-Kansas division and the native division). An audited financial statement shall be filed no later than June 1.
4. Prairie Land's Comparative Operating Income Statement and Balance Sheet, for the Test Year and two previous calendar years.
5. Completed formulas as contained in the 34.5kV FBR template approved for Prairie Land by the Commission in *[insert current Docket No.]*. In addition to the PDF version, each Annual Update filing shall be supplemented with a populated formula template in fully functional spreadsheets, with all work papers attached, showing the 34.5kV FBR calculations.
6. Trial Balance for the Test Year and two previous years.
7. Payroll Journal for the Test Year and two previous years.

8. Any other applicable supplemental schedules necessary to audit the filing for the Test Year.
9. A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year.
10. A summary explanation of any material increases (more than 10% in a cost of service item from the previous year). This explanation should include at a minimum a discussion of the drivers behind this change in costs and any steps the Cooperative took to lessen the impact of this cost increase on its customers. This explanation may be contained within the pre-filed testimony included in the Annual Update filing.
11. A detailed and substantive narrative describing the process used to allocate any costs to the Mid-Kansas/acquired division from the native division or from the consolidated financials of Prairie Land. This narrative should also discuss in detail, any changes during the Test Year in the allocation process from the previous calendar year and the rationale for the allocation change.
12. Proposed tariff sheets including the proposed rate adjustment.

All required information will be e-mailed or made accessible on Prairie Land's Box.net site or a similar service, with a notification provided to Staff and Interveners alerting them of when the data becomes available.

F. TECHNICAL CONFERENCE AND STATUS CALL

Within 35 days from the Filing Date, Prairie Land will work with Staff and Interveners to schedule a one-day Technical Conference, if necessary, to be held no later than 75 days from the Filing Date. The Technical Conference will be held at the Prairie Land's home office. Prairie Land will make its staff available to review requested documents and respond to questions. The parties shall submit to Prairie Land at least 10 business days before the conference a list of questions and a list of documents that the parties want Prairie Land to be prepared to answer and produce, respectively, at the technical conference. If requested, Prairie Land will make available to Staff, Interveners and the parties' consultants who are unable to travel to the home office, access to the conference via "GoToMeeting" or a similar internet-based conference program.

Within days 110-115 from the Filing Date, Prairie Land will work with Staff and Interveners to schedule a telephone conference call to discuss the status of any outstanding issues with the Annual Update filing. If there are no outstanding issues to discuss, the parties will consider Staff's filing of a Report and Recommendation indicating the results of the Annual Update filing are just and reasonable.

G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Prairie Land's distribution equity ratio reaches 37.60 percent,⁴ Prairie Land shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

H. TERM

The 34.5kV FBR plan as described herein shall be implemented for a period of five calendar years, inclusive of the year adopted, with the initial filing occurring in year 2021, and the final filing occurring in 2025. During the final year of the 34.5kV FBR plan, Prairie Land shall advise the Commission whether it wishes to continue the 34.5kV FBR plan and provide the Commission support and rationale for its position in a separate application and docket. Staff of the Commission and any Intervener granted intervention by the Commission for the Annual Updates shall have the right to comment on the merits of such a request.

I. MISCELLANEOUS PROVISIONS

1. Nothing in these Protocols limits or deprives Prairie Land, Staff of the Commission or any Intervener of any rights or obligations it may otherwise have under any applicable provision of applicable law. The provisions of the Protocols addressing review of and objection to of the Annual Update filings are not intended to, nor shall they be construed as limiting Prairie Land, Staff of the Commission or any Intervener's rights or obligations under any applicable provision of applicable law, including all applicable laws pertaining to the burden of proof or the just and reasonableness of the rates.
2. Entities granted intervention in [insert Docket No.] who either are or represent customers of Prairie Land at the time of the Annual Update filing will be considered automatically approved for intervention upon the filing an Entry of Appearance in any individual Annual Update filing, provided they are not prohibited from participation by statute or otherwise.

J. DEFINITIONS

CFC - National Rural Utilities Cooperative Finance Corporation.

Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Prairie Land's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Prairie Land's sub-transmission system as defined in Prairie Land's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Victory's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Prairie Land's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Prairie Land's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Prairie Land's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Prairie Land for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Prairie Land's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Prairie Land's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Prairie Land's wholesale and retail

customers' monthly billing demands for the Test Year (work paper detailing calculation is contained in Prairie Land's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 20XX

Line No	Description (a)	Source (b)	Amount (c) (d)		Notes (e)
1	<u>A. Net Plant in Service - Using Average Monthly Balance</u>		20XX		
2			Plant in	Accum. Res.	
3	1. Facilities Used to Provide Local Access Delivery Service		Service	for Depr.	
4	Transmission Facilities				
5	350 Land and Land Rights	Trial Balance ¹			
6	352 Structures and Improvements	Trial Balance ¹			
7	353 Station Equipment	Trial Balance ¹			
8	355 Poles and Fixtures	Trial Balance ¹			
9	356 O.H. Conductors and Devices	Trial Balance ¹			
10	358 U.G. Conductors and Devices	Trial Balance ¹			
11	Subtotal	Sum(L5:L10)	\$	-	
12	Distribution Facilities (If Applicable)				
13	360 Land and Land Rights	Company Direct Assessment	N/A	N/A	
14	361 Structures and Improvements	Company Direct Assessment	N/A	N/A	
15	362 Station Equipment	Company Direct Assessment	N/A	N/A	
16	Subtotal	L13 + L15	\$	-	\$ -
17	Total	L11 + L16	\$	-	\$ -
18					
19	2. All Facilities				
20	301-301 Intangible Plant	Trial Balance ¹	-	-	
21	350-359 Transmission Plant	Trial Balance ¹	\$	-	\$ - GL acct 108.5
22	360-373 Distribution Plant	Trial Balance ¹			GL acct. 108.6,108.61
23	389-399 General Plant	Trial Balance ¹			GL acct. 108.7-108.78
24	Total		\$	-	\$ -
25					
26					
27					
28	<u>B. Operating Expenses</u>		EOY		
29	Power Production Expense	Statement of Operations			
30	Cost of Purchased Power	Statement of Operations			
31	Transmission O&M	Statement of Operations			
32	Distribution Expense-Operation	Statement of Operations			
33	Distribution Expense-Maintenance	Statement of Operations			
34	Consumer Accounts Expense	Statement of Operations			
35	Customer Service and Informational Expense	Statement of Operations			
36	Sales Expense	Statement of Operations			
37	Administrative and General	Statement of Operations			
38	Depreciation and Amortization	Statement of Operations			
39	Depreciation Expense - Distribution	Trial Balance			
40	Depreciation Expense - Transmission	Trial Balance			
41	Depreciation Expense - General Plant	Trial Balance			
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance			
43	Property Tax	Statement of Operations			
44	Other Taxes	Statement of Operations			
45	L.T. Interest	Statement of Operations			
46	Interest Charged to Construction - Credit	Statement of Operations			
47	Interest-Other	Statement of Operations			
48	Other Deductions	Statement of Operations			
49					
50	<u>C. Payroll</u>				Part of GL acct (Labor amt only)
51	Transmission	Payroll Journal (Labor Amt)			560-573
52	Distribution	Payroll Journal (Labor Amt)			580-598
53	Customer Accounting	Payroll Journal (Labor Amt)			901-905
54	Customer Service and Information	Payroll Journal (Labor Amt)			907-910
55	Sales	Payroll Journal (Labor Amt)			911-916
56	Administration and General	Payroll Journal (Labor Amt)			920-932
57	Total		\$	-	Non-capitalized items
58					
59					
60	<u>D. Miscellaneous</u>				
61	1. Debt Service				
62	Principal Payments	Supplementary Company Records			
63					
64	2. Target OTHER/MDSC				1.80 Section D.3 of the Protocols
65					
66	3. Margin Requirement Offsets				Prior TY
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet			
68	Generation & Transmission Capital Credits	Statement of Operations			
69	Other Capital Credits and Patronage Dividends	Statement of Operations			
70	Non-Operating Margins - Interest	Statement of Operations			
71	Cash Received from G&T/Lenders	Company Records			
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	Supplementary Company Records	\$	-	
75					

¹ 12 mo average

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 20XX

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line			Unadjusted		Adjusted			FBR
No	Description	Source	Historical Test Year 20XX	Adjustments No. Amount	Historical Test Year 20XX	Allocation Factor Name Factor		Revenue Requirement
				Source: WP2		Source: WP3		
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -		0.000000 \$	-
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ -		\$ -		0.000000 \$	-
4	Transmission O&M	WP1, L31, Col (d)	\$ -		\$ -		1.000000 \$	-
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ -	[1] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ -	[2] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ -		\$ -		0.000000 \$	-
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ -		\$ -		0.000000 \$	-
9	Sales Expense	WP1, L36, Col (d)	\$ -		\$ -		0.000000 \$	-
10	Administration & General	WP1, L37, Col (d)	\$ -	[3] \$ -	\$ -	LAB	#DIV/0!	#DIV/0!
11	Total O&M Expense	Sum (L2:L10)						#DIV/0!
12	Depreciation and Amortization						\$	-
13	Transmission	WP1, L40, Col (d)	\$ -		\$ -		1.000000 \$	-
14	General Plant	WP1, L41, Col (d)	\$ -		\$ -	LAB	#DIV/0!	#DIV/0!
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
17	L.T. Interest	WP1, L45, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
19	Interest-Other	WP1, L47, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
20	Other Deductions	WP1, L48, Col (d)	\$ -	[4] \$ -	\$ -	NP	#DIV/0!	#DIV/0!
21	Total Cost of Electric Service							#DIV/0!
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
25	L.T. Interest	L17	\$ -	\$ -	\$ -	NP	#DIV/0!	#DIV/0!
26	Subtotal	Sum (L24:25)					#DIV/0!	#DIV/0!
27	Required Coverage Ratio	WP1, L64, Col (d)					1.80	1.80
28	Gross Margin Requirements	L26 x L27					#DIV/0!	#DIV/0!
29	Less: Offsets to Margin Requirements	Page 5, L4 or L13, Col (i)					#DIV/0!	#DIV/0!
30	Net Margin Requirement	L28 - L29					#DIV/0!	#DIV/0!
31								
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30					#DIV/0!	#DIV/0!
34	Divided By Total Billing Demand	WP5, L30					0 kW	
35	Unadjusted Unit Rate	L33 / L34					#DIV/0!	
36	Less: Property Tax Surcharge							
37	Resultant Unit Rate	L35 - L36					#DIV/0!	

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 20XX

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, D.1.b
10	Applicable Disallowance - A&G	WP6	\$ -	
11	Total Adjustment	L10	<u>\$ -</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, D.1.d
14	Historical Amount	WP1, L48, Col (d)	\$ -	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	
16	Historical Amount with AP removed	L14 - L15	\$ -	
17	Sub-total Adjustment	L16 - L14	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ -	
19	Total Adjustment	L17 - L18	<u>\$ -</u>	

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors
For the Historical Test Year Ending December 31, 20XX

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ -
4				
5	Allocation Factor	L2 / L3	DOM	#DIV/0!
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ -
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ -
11	Allocation Factor	L5	DOM	#DIV/0!
12		L10 * L11		#DIV/0!
13	Total LAC Wages	L8 + L12		#DIV/0!
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ -
17	Less: Administration & General Wages	WP1, L56, Col (d)		-
18		L16 - L17		\$ -
19				
20	Transmission Labor Allocator	L13 / L18	LAB	#DIV/0!
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ -
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ -
28	Allocation Factor	L20	LAB	#DIV/0!
29		L27 * L28		#DIV/0!
30	Total LAC Plant-in-Service	L24 + L25 + L29		#DIV/0!
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ -
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ -
37	Allocation Factor	L20	LAB	#DIV/0!
38		L36 * L37		#DIV/0!
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		#DIV/0!
40				
41	Net Plant Used in LAC	L30 - L39		#DIV/0!
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ -
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		\$ -
45	Total Net Plant	L43 - L44		\$ -
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	#DIV/0!

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 20XX

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Name	(h) Allocation Factor Factor	(i) Allocated to FBR
					WP3	
1	OTIER					
2	LT Interest Expense	WP1, Col (d), L45	\$ -	NP	#DIV/0!	#DIV/0!
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ -	NP	#DIV/0!	#DIV/0!
4			\$ -			#DIV/0!
5						
6	MDSC					
7	LT Interest Expense	L2	\$ -	NP	#DIV/0!	#DIV/0!
8	Depreciation Expense					
9	Transmisison	WP1, L40, Col (d)	\$ -		1.000000	\$ -
10	General Plant	WP1, L41, Col (d)	\$ -	LAB	#DIV/0!	#DIV/0!
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ -	NP	#DIV/0!	#DIV/0!
12	Cash Patronage Capital*	L20	\$ -	NP	#DIV/0!	#DIV/0!
13	Resultant Amount	Sum (L7:L12)	\$ -			#DIV/0!
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ -			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ -			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ -			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19 - L16	\$ -			

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Summary of Local Access Billing Demands (kW)
For the Historical Test Year Ending December 31, 20XX
As Provided by G&T

[illegible]

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 20XX

ACCOUNT	DESCRIPTION	TOTAL AMOUNT	TOTAL ADJUSTMENT	COMMENTS
1.926.2	EMPLOYEE PENSION & BENEFITS			
1.930.1	ADVERTISING			
1.930.2	MICELLANEOUS GENERAL			
1.930.21	MISC GEN - DUES			
1.930.3	MISC GEN - DONATIONS			
1.930.31	ANNUAL MEETING			
			-	

See Exhibit 10 for further account level detail.

Notes:

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail for Exclusions
For the Historical Test Year Ending December 31, 20XX

Account	Description	Date	Vendor Name	Reference	Amount	Percent Excluded	Amount Excluded
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See Filing Exhibit 9 for Account Level Detail

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 2019

(a) Line No	(b) Description	(c) Source	(d) Unadjusted Historical Test Year 2019	(e) Adjustments		(f) Adjusted Historical Test Year 2019	(g) (h) Allocation Factor		(i) FBR Revenue Requirement
				No.	Amount		Name	Factor	
				Source: WP2			Source: WP3		
1	Operating Expenses								
2	Power Production Expense	WP1, L29, Col (d)	-			\$ -		0.000000	\$ -
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ 16,043,565			\$ 16,043,565		0.000000	\$ -
4	Transmission O&M	WP1, L31, Col (d)	\$ 726,291			\$ 726,291		1.000000	\$ 726,291
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ 2,626,752	[1]	\$ -	\$ 2,626,752	DOM	0.000000	\$ -
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ 853,733	[2]	\$ -	\$ 853,733	DOM	0.000000	\$ -
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ 781,892			\$ 781,892		0.000000	\$ -
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ 481,086			\$ 481,086		0.000000	\$ -
9	Sales Expense	WP1, L36, Col (d)	\$ -			\$ -		0.000000	\$ -
10	Administration & General	WP1, L37, Col (d)	\$ 2,475,728	[3]	\$ (67,146)	\$ 2,408,582	LAB	0.053113	\$ 127,928
11	Total O&M Expense	Sum (L2:L10)							\$ 854,219
12	Depreciation and Amortization								\$ -
13	Transmission	WP1, L40, Col (d)	\$ 586,311			\$ 586,311		1.000000	\$ 586,311
14	General Plant	WP1, L41, Col (d)	\$ 128,131			\$ 128,131	LAB	0.053113	\$ 6,805
15	Property Tax	WP1, L43, Col (d)	\$ -			\$ -	NP	0.290395	\$ -
16	Other Taxes	WP1, L44, Col (d)	\$ 630			\$ 630	NP	0.290395	\$ 183
17	L.T. Interest	WP1, L45, Col (d)	\$ 2,093,725			\$ 2,093,725	NP	0.290395	\$ 608,007
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -			\$ -	NP	0.290395	\$ -
19	Interest-Other	WP1, L47, Col (d)	\$ 44,130			\$ 44,130	NP	0.290395	\$ 12,815
20	Other Deductions	WP1, L48, Col (d)	\$ 193,353	[4]	\$ (193,353)	\$ -	NP	0.290395	\$ -
21	Total Cost of Electric Service								\$ 2,068,340
22									
23	Margin Requirement								
24	Principal Payments	WP1, L62, Col (d)	\$ 1,725,295			\$ 1,725,295	NP	0.290395	\$ 501,017
25	L.T. Interest	L17	\$ 2,093,725		\$ -	\$ 2,093,725	NP	0.290395	\$ 608,007
26	Subtotal	Sum (L24:25)							\$ 608,007
27	Required Coverage Ratio	WP1, L64, Col (d)						1.80	1.80
28	Gross Margin Requirements	L26 x L27							1,094,412
29	Less: Offsets to Margin Requirements	Page 5, L4 or L13, Col (i)							808,012
30	Net Margin Requirement	L28 - L29							\$ 286,401
31									
32	Total Revenue Requirements								
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30							\$2,662,880
34	Divided By Total Billing Demand	WP5, L30							911,742 kW
35	Unadjusted Unit Rate	L33 / L34							\$2.92/kW-mo.
36	Less: Property Tax Surcharge	Dkt. No. 20-PLCE-283-TAR							\$0.1972/kW-mo.
37	Resultant Unit Rate	L35 - L36							\$2.72/kW-mo.

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 2019

Line No	Description (a)	Source (b)	Amount (c) (d)		Notes (e)
1	A. Net Plant in Service - Using Average Monthly Balance		2019		
2			Plant in Service	Accum. Res. for Depr.	
3	1. Facilities Used to Provide Local Access Delivery Service				
4	Transmission Facilities				
5	350 Land and Land Rights	Trial Balance ¹	\$ 54,791		
6	352 Structures and Improvements	Trial Balance ¹	\$ 277,175		
7	353 Station Equipment	Trial Balance ¹	\$ 7,527,817		
8	355 Poles and Fixtures	Trial Balance ¹	\$ 9,261,175		
9	356 O.H. Conductors and Devices	Trial Balance ¹	\$ 7,585,045		
10	358 U.G. Conductors and Devices	Trial Balance ¹	\$ 3,706		
11	Subtotal	Sum(L5:L10)	\$ 24,709,709	\$ 10,549,949	
12	Distribution Facilities (If Applicable)				
13	360 Land and Land Rights	Company Direct Assessment	N/A	N/A	
14	361 Structures and Improvements	Company Direct Assessment	N/A	N/A	
15	362 Station Equipment	Company Direct Assessment	N/A	N/A	
16	Subtotal	L13 + L15	\$ -	\$ -	
17	Total	L11 + L16	\$ 24,709,709	\$ 10,549,949	
18					
19	2. All Facilities				
20	301-301 Intangible Plant	Trial Balance ¹	-	-	
21	350-359 Transmission Plant	Trial Balance ¹	\$ 24,709,709	\$ 10,549,949	GL acct 108.5
22	360-373 Distribution Plant	Trial Balance ¹	\$ 52,926,032	\$ 19,946,752	GL acct. 108.6,108.61
23	389-399 General Plant	Trial Balance ¹	\$ 5,281,282	\$ 3,297,021	GL acct. 108.7-108.78
24	Total		\$ 82,917,022	\$ 33,793,722	
25					
26					
27					
28	B. Operating Expenses			EOY	
29	Power Production Expense	Statement of Operations	\$ -		
30	Cost of Purchased Power	Statement of Operations	\$ 16,043,565		
31	Transmission O&M	Statement of Operations	\$ 726,291		
32	Distribution Expense-Operation	Statement of Operations	\$ 2,626,752		
33	Distribution Expense-Maintenance	Statement of Operations	\$ 853,733		
34	Consumer Accounts Expense	Statement of Operations	\$ 781,892		
35	Customer Service and Informational Expense	Statement of Operations	\$ 481,086		
36	Sales Expense	Statement of Operations	\$ -		
37	Administrative and General	Statement of Operations	\$ 2,475,728		sum check
38	Depreciation and Amortization	Statement of Operations	\$ 2,370,820		2,370,820
39	Depreciation Expense - Distribution	Trial Balance	\$ 1,656,377		
40	Depreciation Expense - Transmission	Trial Balance	\$ 586,311		
41	Depreciation Expense - General Plant	Trial Balance	\$ 128,131		
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance	\$ -		
43	Property Tax	Statement of Operations	\$ -		
44	Other Taxes	Statement of Operations	\$ 630		
45	L.T. Interest	Statement of Operations	\$ 2,093,725		
46	Interest Charged to Construction - Credit	Statement of Operations	\$ -		
47	Interest-Other	Statement of Operations	\$ 44,130		
48	Other Deductions	Statement of Operations	\$ 193,353		
49					
50	C. Payroll				Part of GL acct (Labor amt only)
51	Transmission	Payroll Journal (Labor Amt)	\$ 82,101	\$ 560,573	
52	Distribution	Payroll Journal (Labor Amt)	\$ 967,795	\$ 580,598	
53	Customer Accounting	Payroll Journal (Labor Amt)	\$ 337,406	\$ 901,905	
54	Customer Service and Information	Payroll Journal (Labor Amt)	\$ 158,473	\$ 907,910	
55	Sales	Payroll Journal (Labor Amt)	\$ -	\$ 911,916	
56	Administration and General	Payroll Journal (Labor Amt)	\$ 796,016	\$ 920,932	
57	Total		\$ 2,341,792		Non-capitalized items
58					
59					
60	D. Miscellaneous				
61	1. Debt Service				
62	Principal Payments	Supplementary Company Records	\$ 1,725,295		Exhibit 8
63					
64	2. Target OTHER/MDSC			1.80	Section D.3 of the Protocols
65					
66	3. Margin Requirement Offsets				
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet	\$ 797,113	\$ 881,068	
68	Generation & Transmission Capital Credits ²	Statement of Operations	\$ 551,567		Exhibit 8
69	Other Capital Credits and Patronage Dividends	Statement of Operations	\$ 221,123		
70	Non-Operating Margins - Interest	Statement of Operations	\$ 1,978		
71	Cash Received from G&T/Lenders	Company Records	\$ 688,734		Exhibit 8
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	Supplementary Company Records	\$ 193,353		GL 425.0
75					

¹ 12 mo average

² Currently, doesn't hit Income Statement for PL, but is needed as input for Cash Pat Cap formula in WP4 in order to recognize as an offset to margins.

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 2019

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintenance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, D.1.b
10	Applicable Disallowance - A&G	WP6	\$ 67,146	
11	Total Adjustment	L10	<u>\$ (67,146)</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, D.1.d
14	Historical Amount	WP1, L48, Col (d)	\$ 193,353	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ 193,353	
16	Historical Amount with AP removed	L14 - L15	\$ -	
17	Sub-total Adjustment	L16 - L14	\$ (193,353)	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ -	
19	Total Adjustment	L17 - L18	<u>\$ (193,353)</u>	

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors
For the Historical Test Year Ending December 31, 2019

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ 52,926,032
4				
5	Allocation Factor	L2 / L3	DOM	-
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ 82,101
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ 967,795
11	Allocation Factor	L5	DOM	\$ -
12		L10 * L11		\$ -
13	Total LAC Wages	L8 + L12		<u>\$ 82,101</u>
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ 2,341,792
17	Less: Administration & General Wages	WP1, L56, Col (d)		796,016
18		L16 - L17		<u>\$ 1,545,776</u>
19				
20	Transmission Labor Allocator	L13 / L18	LAB	<u>0.053113</u>
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ 24,709,709
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ 5,281,282
28	Allocation Factor	L20	LAB	0.053113
29		L27 * L28		<u>\$ 280,507</u>
30	Total LAC Plant-in-Service	L24 + L25 + L29		<u>\$ 24,990,216</u>
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ 10,549,949
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ 3,297,021
37	Allocation Factor	L20	LAB	0.053113
38		L36 * L37		<u>\$ 175,116</u>
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		<u>\$ 10,725,065</u>
40				
41	Net Plant Used in LAC	L30 - L39		<u>\$ 14,265,151</u>
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ 82,917,022
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		<u>\$ 33,793,722</u>
45	Total Net Plant	L43 - L44		<u>\$ 49,123,300</u>
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	<u>0.290395</u>

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 2019

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Factor Name	(h) Factor	(i) Allocated to FBR
					WP3	
1	OTIER					
2	LT Interest Expense	WP1, Col (d), L45	\$ 2,093,725	NP	0.290395	\$ 608,007
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ 688,734	NP	0.290395	\$ 200,005
4			<u>\$ 2,782,459</u>			<u>\$ 808,012</u>
5						
6	MDSC					
7	LT Interest Expense	L2	\$ 2,093,725	NP	0.290395	\$ 608,007
8	Depreciation Expense					
9	Transmisison	WP1, L40, Col (d)	\$ 586,311		1.000000	\$ 586,311
10	General Plant	WP1, L41, Col (d)	\$ 128,131	LAB	0.053113	\$ 6,805
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ 1,978	NP	0.290395	\$ 574
12	Cash Patronage Capital*	L20	\$ 688,734	NP	0.290395	\$ 200,005
13	Resultant Amount	Sum (L7:L12)	<u>\$ 3,498,880</u>			<u>\$ 1,401,703</u>
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ 881,068			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ 797,113			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ 551,567			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ 221,123			
20	Resultant Amount	L17 + L18 + L19 - L16	<u>\$ 688,734</u>			

As Provided by G&T

[illegible]

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 2019

ACCOUNT	DESCRIPTION	TOTAL AMOUNT	TOTAL ADJUSTMENT	COMMENTS
1.926.2	EMPLOYEE PENSION & BENEFITS	59,856	25,248	
1.930.1	ADVERTISING	12,804	6,992	
1.930.2	MICELLANEOUS GENERAL	248,728	6,083	
1.930.21	MISC GEN - DUES	91,082	14,616	
1.930.3	MISC GEN - DONATIONS	12,699	6,629	
1.930.31	ANNUAL MEETING	26,328	7,577	
			67,146	

Notes:

Prairie Land's review of General and Administrative expenses by category:

Employee Benefits:	Meals provided to employees, clothing purchased for promotional reasons, and retirement party expenses and gifts were excluded 100%. Costs associated with short term disability, safety related clothing, and expenses for job-required physicals were not excluded. Donations that may have been included in this category were excluded 50%.
Advertising:	Expenses related to company image and general advertising were excluded at 100%, all other advertising related to member safety, legal ads, and meeting announcements were not excluded. Expenses related to both company image and safety related messages were excluded 50%.
Misc General:	Miscellaneous & General expenses were carefully looked as to the true business expense versus other indirect expenses. Expenses related to travel, software support fees, property taxes, liability insurance, and labor were not excluded. Expenses for meals, subscriptions to publications, and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50%
Dues:	Dues to associated organization were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment due. KEC provides needed service and programs to electric cooperatives for the mutual benefit of its member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training, and administrative functions on a statewide level.
Donations:	50% of all donations were excluded.
Annual Meeting:	Expenses related to the publication, balloting, office notice mailings, and expenses with regard to holding the annual meeting were not excluded. However, expenses concerning gifts for members were excluded 100%

Prairie Land Electric Cooperative, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail for Exclusions
For the Historical Test Year Ending December 31, 2019

Account	Description	Date	Vendor Name	Reference	Amount	Percent Excluded	Amount Excluded
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See Filing Exhibit 9 for Account Level Detail

**The Victory Electric Cooperative
Association, Inc.**

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to The Victory Electric Cooperative Association's, Inc. ("Victory" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Victory shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Victory, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Victory files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Victory. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Victory that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Victory's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Victory shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Victory, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Victory and all customers taking wholesale Local Access Delivery Service from Victory will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Victory's 34.5kV FBR.
5. A Victory contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
- December Trial Balance.
- December Payroll Journal.
- December Balance Sheet.

² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Victory. Specific details concerning the calculation are as follows:

1. Adjustments to actual results for the historical Test Year will be made as follows:
 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions , promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Victory will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Victory's system utilized to provide 34.5kV service on the Mid- Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
 - d. Other Deductions: allocated on NP ratio.
 - e. Interest on Long-Term Debt: allocated on NP ratio.
 - f. Interest-Other: allocated on NP ratio.
 - g. Principal Payments: allocated on NP ratio.
 - h. Offsets to Margin Requirements: allocated on NP ratio.

³ If any distribution plant that provides Local Access Delivery Service is present as detailed in D. 1. a above, Distribution O&M Expenses will be allocated using a Distribution O&M ratio ("DOM"). The DOM ratio is calculated as a ratio of Net Distribution Plant used in provision of Local Access Delivery Service to Total Distribution Plant. As applicable, this allocator should be calculated and submitted with Annual Update filings.

3. Margin - Victory will utilize the 1.8 OTIER or 1.8 MDSC. The ratio resulting in greater net margins required will be used.
4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Victory's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Victory shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
2. A complete RUS, CFC, or Co-Bank Form 7 (or successor document) detailing the consolidated financial position of Victory (the combined financial position of the acquired/Mid-Kansas division and the native division).
3. Unaudited financial statements detailing the consolidated financial position of Victory (the combined financial position of the acquired/Mid-Kansas division and the native division). An audited financial statement shall be filed no later than June 1.
4. Victory's Comparative Operating Income Statement and Balance Sheet, for the Test Year and two previous calendar years.
5. Completed formulas as contained in the 34.5kV FBR template approved for Victory by the Commission in *[insert current Docket No.]*. In addition to the PDF version, each Annual Update filing shall be supplemented with a populated formula template in fully functional spreadsheets, with all work papers attached, showing the 34.5kV FBR calculations.
6. Trial Balance for the Test Year and two previous years.
7. Payroll Journal for the Test Year and two previous years.

8. Any other applicable supplemental schedules necessary to audit the filing for the Test Year.
9. A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year.
10. A summary explanation of any material increases (more than 10% in a cost of service item from the previous year). This explanation should include at a minimum a discussion of the drivers behind this change in costs and any steps the Cooperative took to lessen the impact of this cost increase on its customers. This explanation may be contained within the pre-filed testimony included in the Annual Update filing.
11. A detailed and substantive narrative describing the process used to allocate any costs to the Mid-Kansas/acquired division from the native division or from the consolidated financials of Victory. This narrative should also discuss in detail, any changes during the Test Year in the allocation process from the previous calendar year and the rationale for the allocation change.
12. Proposed tariff sheets including the proposed rate adjustment.

All required information will be e-mailed or made accessible on Victory's Box.net site or a similar service, with a notification provided to Staff and Interveners alerting them of when the data becomes available.

F. TECHNICAL CONFERENCE AND STATUS CALL

Within 35 days from the Filing Date, Victory will work with Staff and Interveners to schedule a one-day Technical Conference, if necessary, to be held no later than 75 days from the Filing Date. The Technical Conference will be held at the Victory's home office. Victory will make its staff available to review requested documents and respond to questions. The parties shall submit to Victory at least 10 business days before the conference a list of questions and a list of documents that the parties want Victory to be prepared to answer and produce, respectively, at the technical conference. If requested, Victory will make available to Staff, Interveners and the parties' consultants who are unable to travel to the home office, access to the conference via "GoToMeeting" or a similar internet-based conference program.

Within days 110-115 from the Filing Date, Victory will work with Staff and Interveners to schedule a telephone conference call to discuss the status of any outstanding issues with the Annual Update filing. If there are no outstanding issues to discuss, the parties will consider Staff's filing of a Report and Recommendation indicating the results of the Annual Update filing are just and reasonable.

G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Victory's distribution equity ratio reaches 37.60 percent,⁴ Victory shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

H. TERM

The 34.5kV FBR plan as described herein shall be implemented for a period of five calendar years, inclusive of the year adopted, with the initial filing occurring in year 2021, and the final filing occurring in 2025. During the final year of the 34.5kV FBR plan, Victory shall advise the Commission whether it wishes to continue the 34.5kV FBR plan and provide the Commission support and rationale for its position in a separate application and docket. Staff of the Commission and any Intervener granted intervention by the Commission for the Annual Updates shall have the right to comment on the merits of such a request.

I. MISCELLANEOUS PROVISIONS

1. Nothing in these Protocols limits or deprives Victory, Staff of the Commission or any Intervener of any rights or obligations it may otherwise have under any applicable provision of applicable law. The provisions of the Protocols addressing review of and objection to of the Annual Update filings are not intended to, nor shall they be construed as limiting Victory, Staff of the Commission or any Intervener's rights or obligations under any applicable provision of applicable law, including all applicable laws pertaining to the burden of proof or the just and reasonableness of the rates.
2. Entities granted intervention in [insert Docket No.] who either are or represent customers of Victory at the time of the Annual Update filing will be considered automatically approved for intervention upon the filing an Entry of Appearance in any individual Annual Update filing, provided they are not prohibited from participation by statute or otherwise.

J. DEFINITIONS

CFC - National Rural Utilities Cooperative Finance Corporation.

Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Victory's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Victory's sub-transmission system as defined in Victory's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Victory's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Victory's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Victory's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Victory's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Victory for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Victory's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Victory's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Victory's wholesale and retail customers'

monthly billing demands for the Test Year (work paper detailing calculation is contained in Victory's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 20XX

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line	Description	Source	Unadjusted Historical Test Year 20XX	Adjustments No. Amount	Adjusted Historical Test Year 20XX	Allocation Factor Name Factor	FBR Revenue Requirement	
				Source: WP2		Source: WP3		
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -	0.000000	\$ -	-
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ -		\$ -	0.000000	\$ -	-
4	Transmission O&M	WP1, L31, Col (d)	\$ -		\$ -	1.000000	\$ -	-
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ -	[1] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ -	[2] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ -		\$ -		0.000000	\$ -
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ -		\$ -		0.000000	\$ -
9	Sales Expense	WP1, L36, Col (d)	\$ -		\$ -		0.000000	\$ -
10	Administration & General	WP1, L37, Col (d)	\$ -	[3] \$ -	\$ -	LAB	#DIV/0!	#DIV/0!
11	Total O&M Expense	Sum (L2:L10)						#DIV/0!
12	Depreciation and Amortization						\$ -	-
13	Transmission	WP1, L40, Col (d)	\$ -		\$ -	1.000000	\$ -	-
14	General Plant	WP1, L41, Col (d)	\$ -		\$ -	LAB	#DIV/0!	#DIV/0!
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
17	L.T. Interest	WP1, L45, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
19	Interest-Other	WP1, L47, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
20	Other Deductions	WP1, L48, Col (d)	\$ -	[4] \$ -	\$ -	NP	#DIV/0!	#DIV/0!
21	Total Cost of Electric Service							#DIV/0!
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
25	L.T. Interest	L17	\$ -	\$ -	\$ -	NP	#DIV/0!	#DIV/0!
26	Subtotal	Sum (L24:25)					#DIV/0!	#DIV/0!
27	Required Coverage Ratio	WP1, L64, Col (d)					1.80	1.80
28	Gross Margin Requirements	L26 x L27					#DIV/0!	#DIV/0!
29	Less: Offsets to Margin Requirements	WP4, L4 or L13, Col (i)					#DIV/0!	#DIV/0!
30	Net Margin Requirement	L28 - L29					#DIV/0!	#DIV/0!
31								
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30					#DIV/0!	
34	Divided By Total Billing Demand	WP5, L20, Col (Total)					0 kW	
35	Unadjusted Unit Rate	L33 / L34					#DIV/0!	
36	Less: Property Tax Surcharge	N/A						
37	Resultant Unit Rate	L35 - L36					#DIV/0!	
38								

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 20XX

Line No	Description (a)	Source (b)	Amount (c) (d)		Notes (e)
1	<u>A. Net Plant in Service - Using Average Monthly Balance</u>		20XX		
2			Plant in Service	Accum. Res. for Depr.	
3	1. Facilities Used to Provide Local Access Delivery Service				
4	Transmission Facilities				
5	350 Land and Land Rights	Trial Balance - 12 Mo Avg			
6	352 Structures and Improvements	Trial Balance - 12 Mo Avg			
7	353 Station Equipment	Trial Balance - 12 Mo Avg			
8	355 Poles and Fixtures	Trial Balance - 12 Mo Avg			
9	356 O.H. Conductors and Devices	Trial Balance - 12 Mo Avg			
10	358 U.G. Conductors and Devices	Trial Balance - 12 Mo Avg			
11	Subtotal	Sum(L5:L10)	\$ -		GL acct 108.5
12	Distribution Facilities (If Applicable)				
13	360 Land and Land Rights	N/A	\$ -	\$ -	
14	361 Structures and Improvements	N/A	\$ -	\$ -	-
15	362 Station Equipment	N/A	\$ -	\$ -	
16	Subtotal	L13 + L15	\$ -	\$ -	
17	Total	L11 + L16	\$ -	\$ -	
18					
19	2. All Facilities				
20	301-303 Intangible Plant	Trial Balance - 12 Mo Avg			GL acct 111.1, 111.11
21	350-359 Transmission Plant	Trial Balance - 12 Mo Avg	\$ -	\$ -	GL acct 108.5
22	360-373 Distribution Plant	Trial Balance - 12 Mo Avg			GL acct. 108.6
23	389-399 General Plant	Trial Balance - 12 Mo Avg			GL acct. 108.7-108.79
24	Total		\$ -	\$ -	
25					
26					
27					
28	<u>B. Operating Expenses</u>		EOY		
29	Power Production Expense	Statement of Operations			
30	Cost of Purchased Power	Statement of Operations			
31	Transmission O&M	Statement of Operations			
32	Distribution Expense-Operation	Statement of Operations			
33	Distribution Expense-Maintenance	Statement of Operations			
34	Consumer Accounts Expense	Statement of Operations			
35	Customer Service and Informational Expense	Statement of Operations			
36	Sales Expense	Statement of Operations			
37	Administrative and General	Statement of Operations			
38	Depreciation and Amortization	Statement of Operations			
39	Depreciation Expense - Distribution	Trial Balance - 12/31/XX			GL acct. 403.6
40	Depreciation Expense - Transmission	Trial Balance - 12/31/XX			GL acct. 403.5
41	Depreciation Expense - General Plant	Trial Balance - 12/31/XX			GL acct. 403.7
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance - 12/31/XX			GL acct. 406,406.1
43	Property Tax	Statement of Operations			
44	Other Taxes	Statement of Operations			
45	L.T. Interest	Statement of Operations			
46	Interest Charged to Construction - Credit	Statement of Operations			
47	Interest-Other	Statement of Operations			
48	Other Deductions	Statement of Operations			
49					
50	<u>C. Payroll</u>				Part of GL acct
51	Transmission	Payroll Journal (Labor Amt)			560-573
52	Distribution	Payroll Journal (Labor Amt)			580-598
53	Customer Accounting	Payroll Journal (Labor Amt)			901-905
54	Customer Service and Information	Payroll Journal (Labor Amt)			907-910
55	Sales	Payroll Journal (Labor Amt)			911-916
56	Administration and General	Payroll Journal (Labor Amt)			920-932
57	Total		\$ -		Non-capitalized items
58					
59					
60	<u>D. Miscellaneous</u>				
61	1. Debt Service				
62	Principal Payments	Company Records			
63					
64	2. Target OTIER/MDSC				1.80 Protocols, Section D.3
65					
66	3. Margin Requirement Offsets		20XX-1	20XX	
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet			
68	Generation & Transmission Capital Credits	Statement of Operations ²			
69	Other Capital Credits and Patronage Dividends	Statement of Operations			
70	Non-Operating Margins - Interest	Statement of Operations			
71	Cash Received from G&T/Lenders/Other Assoc. org.	Company Records			
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	Supplementary Company Records	\$ -		N/A
75					

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 20XX

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, Section D, part 1.b
10	Applicable Disallowance - A&G	WP6	\$ -	
11	Total Adjustment	L10	<u>\$ -</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, Section D, part 1.d
14	Historical Amount	WP1, L48, Col (d)	\$ -	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	not applicable
16	Historical Amount with AP removed	L14 - L15	\$ -	
17	Sub-total Adjustment	L36 - L34	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ -	
19	Total Adjustment	L17 - L18	<u>\$ -</u>	

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors for the True-Up Calculation
For the Historical Test Year Ending December 31, 20XX

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ -
4				
5	Allocation Factor	L2 / L3	DOM	#DIV/0!
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ -
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ -
11	Allocation Factor	L5	DOM	#DIV/0!
12		L10 * L11		#DIV/0!
13	Total LAC Wages	L8 + L12		#DIV/0!
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ -
17	Less: Administration & General Wages	WP1, L56, Col (d)		-
18		L16 - L17		\$ -
19				
20	Transmission Labor Allocator	L13 / L18	LAB	#DIV/0!
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ -
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ -
28	Allocation Factor	L20	LAB	#DIV/0!
29		L27 * L28		#DIV/0!
30	Total LAC Plant-in-Service	L24 + L25 + L29		#DIV/0!
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ -
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ -
37	Allocation Factor	L20	LAB	#DIV/0!
38		L36 * L37		#DIV/0!
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		#DIV/0!
40				
41	Net Plant Used in LAC	L30 - L39		#DIV/0!
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ -
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		\$ -
45	Total Net Plant	L43 - L44		\$ -
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	#DIV/0!

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 20XX

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Factor Name	(h) Factor	(i) Allocated to FBR
				WP3		
1	OTIER					
2	LT Interest Expense	Pg.1, L17, Col (d)	\$ -	NP	#DIV/0!	#DIV/0!
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ -	NP	#DIV/0!	#DIV/0!
4			<u>\$ -</u>			<u>#DIV/0!</u>
5						
6	MDSC					
7	LT Interest Expense	L2	\$ -	NP	#DIV/0!	#DIV/0!
8	Depreciation Expense					
9	Transmisison	Pg.1, L13, Col (d)	\$ -		1.000000	\$ -
10	General Plant	Pg.1, L14, Col (d)	\$ -	LAB	#DIV/0!	#DIV/0!
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ -	NP	#DIV/0!	#DIV/0!
12	Cash Patronage Capital*	L20	\$ -	NP	#DIV/0!	#DIV/0!
13	Resultant Amount	Sum (L7:L12)	<u>\$ -</u>			<u>#DIV/0!</u>
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ -			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ -			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ -			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19- L16	<u>\$ -</u>			

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Billing Demand
For the Historical Test Year Ending December 31, 20XX ¹

<u>Line</u>	<u>Description</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
1	Total Local Access System													-
2	CP Date													
3	CP Time (hour Ending)													
4														
5	Wholesale Customers @ Del. Pt.													
6	Cimmaron													-
7	Montezuma													-
8	KEPCO													-
9	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
10	Losses @ x.xx% of 34.5 kV Output	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal with Losses (@ Source)	-	-	-	-	-	-	-	-	-	-	-	-	-
12														
13	Victory Retail													
14	Retail with Losses (@ Source)	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Losses @ x.x% of 34.5 kV Input	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Retail @ Delivery Point	-	-	-	-	-	-	-	-	-	-	-	-	-
17														
18														
19														
20	Total Billed Demand													-

¹ From G&T

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 20XX

Exhibit EKL-2B
Page 7 of 8

Account	Description	Total Amount	Total Adj Excluded	Balance
		\$	\$	\$
Other Deductions:				
426.1	DONATIONS			-
426.5	COBANK MATCHING DONATION NON-PR			-
426.51	OTHER DEDUCTIONS			-
	Total	-	-	-
A&G				
920.1	INTERNAL NEWSLETTER			-
920.8	ADMIN & GENERAL TRAINING EXPENSE			-
923	OUTSIDE SERVICES EMPLOYED			-
930.1	GENERAL ADVERTISING EXPENSE			-
930.11	GIVE AWAYS			-
930.2	MISC GENERAL EXP - MISCELLANEOUS			-
930.21	MISC GENERAL EXP - DIRECTORS FEE			-
930.22	MISC GENERAL EXP - BUSINESS MEET			-
930.23	MISC GENERAL EXP - LOCAL,STATE,N			-
930.24	MISC GENERAL EXP - ANNUAL MEETIN			-
930.242	PUMPKIN FESTIVAL EXPENSE			-
930.243	SCHOLARSHIP			-
930.27	EMPLOYEE APPRECIATION			-
930.4	SPONSORSHIP OF EMPLOYEE ACTIVITIES			-
930.6	DODGE CITY DAYS PARADE			-
930.7	WELLNESS PROGRAM			-
	Total	-	-	-

Notes: Victory's review of General and Administrative expenses by category:

Internal Newsletter:	Software renewal excluded at 100%.
Admin & General Training Expense:	Meals provided for employees are excluded at 100%.
Supplies/Food-Meetings (Not VEC):	Meals provided are excluded at 100%.
Outside Services Employed:	Airfare for attorney excluded at 50%, meals and per diem are excluded at 100%.
General Advertising Expense:	Expense related to company image and general advertising were excluded at 100%. All other advertising related to member safety, legal ads and meeting announcements were not excluded. Expenses related to both company image and safety related messages were excluded at 50%. Dues that may have been included in this category were excluded at 50%.
Give Aways:	Purchases for gift give aways were excluded at 100%.
Misc General Exp - Misc:	Miscellaneous and General expenses were looked at as true business expenses versus other indirect expenses. Expenses related to travel, property taxes, liability insurance and labor were not excluded. Expense for meals, subscriptions to publications and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment dues. KEC provides needed services and programs to electric cooperatives for mutual benefit of the member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training and administrative functions on a statewide basis.
Misc General Exp - Directors Fees:	Expenses associated with meals, subscriptions, entertainment activities and gifts were excluded at 100%.
Misc General Exp - Business Mtg:	Expenses associated with meals were excluded at 100%.
Misc General Exp - Local, State:	NRECA membership dues excluded at 100%.
Misc General Exp - Annual Meeting:	Expenses for the publication, balloting, official notice mailings and expenses in regard to holding the annual meeting were not excluded. Expenses for gifts for members were excluded at 100%.
Pumpkin Festival Expense, Dodge City Days Parade:	Expenses related to these community services projects were excluded 100% with the exception of any labor and/or fleet costs associated with these activities.
Scholarships, Sponsorship of Employee activities & Wellness program:	Donations were excluded at 50%. Benefit projects for employees were excluded at 100%.

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail of Exclusions
For the Historical Test Year Ending December 31, 20XX

Exhibit EKL-2B
Page 8 of 8

Account	Description	Date	Vendor	Reference	Total Amount	Percent Excluded	Total Adjustment
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See Filing Exhibit 9

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 2019

Line No	Description (a)	Source (b)	Amount (c) (d)	Notes (e)
1	A. Net Plant in Service - Using Average Monthly Balance		2019	
2			Plant in Service	Accum. Res. for Depr.
3	1. Facilities Used to Provide Local Access Delivery Service			
4	Transmission Facilities			
5	350 Land and Land Rights	Trial Balance - 12 Mo Avg	\$ 196,813	
6	352 Structures and Improvements	Trial Balance - 12 Mo Avg	\$ 1,048,368	
7	353 Station Equipment	Trial Balance - 12 Mo Avg	\$ 9,945,129	
8	355 Poles and Fixtures	Trial Balance - 12 Mo Avg	\$ 8,072,254	
9	356 O.H. Conductors and Devices	Trial Balance - 12 Mo Avg	\$ 8,605,413	
10	358 U.G. Conductors and Devices	Trial Balance - 12 Mo Avg	\$ 71,666	
11	Subtotal	Sum(L5:L10)	\$ 27,939,642	\$ 5,445,199 GL acct 108.5
12	Distribution Facilities (If Applicable)			
13	360 Land and Land Rights	N/A	\$ -	\$ -
14	361 Structures and Improvements	N/A	\$ -	\$ -
15	362 Station Equipment	N/A	\$ -	\$ -
16	Subtotal		\$ -	\$ -
17	Total	L13 + L15 L11 + L16	\$ 27,939,642	\$ 5,445,199
18				
19	2. All Facilities			
20	301-303 Intangible Plant	Trial Balance - 12 Mo Avg	\$ 1,022,372	83,761 GL acct 111.1, 111.11
21	350-359 Transmission Plant	Trial Balance - 12 Mo Avg	\$ 27,939,642	\$ 5,445,199 GL acct 108.5
22	360-373 Distribution Plant	Trial Balance - 12 Mo Avg	\$ 51,965,161	\$ 21,808,504 GL acct. 108.6
23	389-399 General Plant	Trial Balance - 12 Mo Avg	\$ 5,567,960	\$ 2,205,286 GL acct. 108.7-108.79
24	Total		\$ 86,495,135	\$ 29,542,750
25				
26				
27				
28	B. Operating Expenses		EOY	
29	Power Production Expense	Statement of Operations	\$ -	
30	Cost of Purchased Power	Statement of Operations	\$ 29,742,548	
31	Transmission O&M	Statement of Operations	\$ 615,809	
32	Distribution Expense-Operation	Statement of Operations	\$ 2,577,830	
33	Distribution Expense-Maintenance	Statement of Operations	\$ 959,414	
34	Consumer Accounts Expense	Statement of Operations	\$ 524,425	
35	Customer Service and Informational Expense	Statement of Operations	\$ 302,875	
36	Sales Expense	Statement of Operations	\$ 26,578	
37	Administrative and General	Statement of Operations	\$ 2,817,541	
38	Depreciation and Amortization	Statement of Operations	\$ 2,627,111	
39	Depreciation Expense - Distribution	Trial Balance - 12/31/19	\$ 1,492,484	GL acct. 403.6
40	Depreciation Expense - Transmission	Trial Balance - 12/31/19	\$ 634,391	GL acct. 403.5
41	Depreciation Expense - General Plant	Trial Balance - 12/31/19	\$ 115,248	GL acct. 403.7
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance - 12/31/19	\$ 363,219	GL acct. 406.406.1
43	Property Tax	Statement of Operations	\$ -	
44	Other Taxes	Statement of Operations	\$ -	
45	L.T. Interest	Statement of Operations	\$ 2,225,915	
46	Interest Charged to Construction - Credit	Statement of Operations	\$ -	
47	Interest-Other	Statement of Operations	\$ 28,044	
48	Other Deductions	Statement of Operations	\$ 54,896	
49				
50	C. Payroll			Part of GL acct
51	Transmission	Payroll Journal (Labor Amt)	\$ 17,601	560-573
52	Distribution	Payroll Journal (Labor Amt)	\$ 773,060	580-598
53	Customer Accounting	Payroll Journal (Labor Amt)	\$ 226,860	901-905
54	Customer Service and Information	Payroll Journal (Labor Amt)	\$ 93,988	907-910
55	Sales	Payroll Journal (Labor Amt)	\$ -	911-916
56	Administration and General	Payroll Journal (Labor Amt)	\$ 1,036,176	920-932
57	Total		\$ 2,147,686	Non-capitalized items
58				
59				
60	D. Miscellaneous			
61	1. Debt Service			
62	Principal Payments	Company Records	\$ 2,108,569	
63				
64	2. Target OTIER/MDSC			1.80 Protocols, Section D.3
65				
66	3. Margin Requirement Offsets		2018 2019	
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet	\$ 17,565,856	\$ 20,144,572
68	Generation & Transmission Capital Credits	Statement of Operations ²	\$ 3,431,258	
69	Other Capital Credits and Patronage Dividends	Statement of Operations	\$ -	
70	Non-Operating Margins - Interest	Statement of Operations	\$ 68,482	
71	Cash Received from G&T/Lenders/Other Assoc. org.	Company Records	\$ 852,542	
72				
73	4. Other			
74	AP Amortization Booked in Other Deductions	Supplementary Company Records	\$ -	N/A
75				

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 2019

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line	Description	Source	Unadjusted Historical Test Year 2019	Adjustments No. Amount	Adjusted Historical Test Year 2019	Allocation Factor Name Factor	FBR Revenue Requirement	
				Source: WP2		Source: WP3		
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -	0.000000	\$ -	
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ 29,742,548		\$29,742,548	0.000000	\$ -	
4	Transmission O&M	WP1, L31, Col (d)	\$ 615,809		\$ 615,809	1.000000	\$ 615,809	
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ 2,577,830	[1] \$ -	\$ 2,577,830	DOM 0.000000	\$ -	
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ 959,414	[2] \$ -	\$ 959,414	DOM 0.000000	\$ -	
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ 524,425		\$ 524,425	0.000000	\$ -	
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ 302,875		\$ 302,875	0.000000	\$ -	
9	Sales Expense	WP1, L36, Col (d)	\$ 26,578		\$ 26,578	0.000000	\$ -	
10	Administration & General	WP1, L37, Col (d)	\$ 2,817,541	[3] \$ (89,176)	\$ 2,728,365	LAB 0.015835	\$ 43,205	
11	Total O&M Expense	Sum (L2:L10)					\$ 659,014	
12	Depreciation and Amortization						\$ -	
13	Transmission	WP1, L40, Col (d)	\$ 634,391		\$ 634,391	1.000000	\$ 634,391	
14	General Plant	WP1, L41, Col (d)	\$ 115,248		\$ 115,248	LAB 0.015835	\$ 1,825	
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP 0.395904	\$ -	
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP 0.395904	\$ -	
17	L.T. Interest	WP1, L45, Col (d)	\$ 2,225,915		\$ 2,225,915	NP 0.395904	\$ 881,249	
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP 0.395904	\$ -	
19	Interest-Other	WP1, L47, Col (d)	\$ 28,044		\$ 28,044	NP 0.395904	\$ 11,103	
20	Other Deductions	WP1, L48, Col (d)	\$ 54,896	[4] \$ (27,448)	\$ 27,448	NP 0.395904	\$ 10,867	
21	Total Cost of Electric Service						\$ 2,198,450	
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ 2,108,569		\$ 2,108,569	NP 0.395904		
25	L.T. Interest	L17	\$ 2,225,915	\$ -	\$ 2,225,915	NP 0.395904		
26	Subtotal	Sum (L24:25)					\$ 881,249	\$ 1,716,041
27	Required Coverage Ratio	WP1, L64, Col (d)					1.80	1.80
28	Gross Margin Requirements	L26 x L27					1,586,249	3,088,873
29	Less: Offsets to Margin Requirements	WP4, L4 or L13, Col (i)					1,218,774	1,882,103
30	Net Margin Requirement	L28 - L29					\$ 367,474	\$ 1,206,770
31								
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30					\$3,405,220	
34	Divided By Total Billing Demand	WP5, L20, Col (Total)					1,021,354 kW	
35	Unadjusted Unit Rate	L33 / L34					\$3.33/kW-mo.	
36	Less: Property Tax Surcharge	N/A						
37	Resultant Unit Rate	L35 - L36					\$3.33/kW-mo.	
38								

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 2019

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u><u>\$ -</u></u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u><u>\$ -</u></u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, Section D, part 1.b
10	Applicable Disallowance - A&G	WP6	\$ 89,176	
11	Total Adjustment	L10	<u><u>\$ (89,176)</u></u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, Section D, part 1.d
14	Historical Amount	WP1, L48, Col (d)	\$ 54,896	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	not applicable
16	Historical Amount with AP removed	L14 - L15	\$ 54,896	
17	Sub-total Adjustment	L36 - L34	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ 27,448	
19	Total Adjustment	L17 - L18	<u><u>\$ (27,448)</u></u>	

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors for the True-Up Calculation
For the Historical Test Year Ending December 31, 2019

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ 51,965,161
4				
5	Allocation Factor	L2 / L3	DOM	-
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ 17,601
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ 773,060
11	Allocation Factor	L5	DOM	-
12		L10 * L11		\$ -
13	Total LAC Wages	L8 + L12		<u>\$ 17,601</u>
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ 2,147,686
17	Less: Administration & General Wages	WP1, L56, Col (d)		<u>1,036,176</u>
18		L16 - L17		\$ 1,111,510
19				
20	Transmission Labor Allocator	L13 / L18	LAB	<u>0.015835</u>
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ 27,939,642
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ 5,567,960
28	Allocation Factor	L20	LAB	<u>0.015835</u>
29		L27 * L28		<u>\$ 88,171</u>
30	Total LAC Plant-in-Service	L24 + L25 + L29		<u>\$ 28,027,813</u>
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ 5,445,199
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ 2,205,286
37	Allocation Factor	L20	LAB	<u>0.015835</u>
38		L36 * L37		<u>\$ 34,922</u>
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		<u>\$ 5,480,120</u>
40				
41	Net Plant Used in LAC	L30 - L39		<u>\$ 22,547,693</u>
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ 86,495,135
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		<u>\$ 29,542,750</u>
45	Total Net Plant	L43 - L44		<u>\$ 56,952,385</u>
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	<u>0.395904</u>

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 2019

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Factor Name	(h) Factor	(i) Allocated to FBR
				WP3		
1	OTIER					
2	LT Interest Expense	Pg.1, L17, Col (d)	\$ 2,225,915	NP	0.395904276	\$ 881,249
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ 852,542	NP	0.395904276	\$ 337,525
4			<u>\$ 3,078,457</u>			<u>\$ 1,218,774</u>
5						
6	MDSC					
7	LT Interest Expense	L2	\$ 2,225,915	NP	0.395904276	\$ 881,249
8	Depreciation Expense					
9	Transmisison	Pg.1, L13, Col (d)	\$ 634,391		1.000000	\$ 634,391
10	General Plant	Pg.1, L14, Col (d)	\$ 115,248	LAB	0.015835	\$ 1,825
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ 68,482	NP	0.395904276	\$ 27,112
12	Cash Patronage Capital*	L20	\$ 852,542	NP	0.395904276	\$ 337,525
13	Resultant Amount	Sum (L7:L12)	<u>\$ 3,896,579</u>			<u>\$ 1,882,103</u>
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ 20,144,572			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ 17,565,856			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ 3,431,258			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19- L16	<u>\$ 852,542</u>			

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Billing Demand
For the Historical Test Year Ending December 31, 2019 ¹

<u>Line</u>	<u>Description</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
1	Total Local Access System	73,758	73,773	71,253	69,219	85,082	108,335	121,488	118,407	105,981	74,680	71,398	68,612	1,041,986
2	CP Date	22	07	05	10	16	28	31	01	06	01	11	11	
3	CP Time (hour Ending)	1400	1100	1100	1500	1600	1600	1600	1600	1600	1100	1300	1000	
4														
5	Wholesale Customers @ Del. Pt.													
6	Cimmaron	2,202	2,277	2,339	2,192	3,142	4,411	4,799	5,048	4,317	2,303	2,084	2,023	37,138
7	Montezuma	1,555	1,806	1,544	1,475	1,953	2,694	2,804	2,791	2,545	1,730	1,446	1,507	23,850
8	KEPCO	17,309	17,945	17,754	16,650	19,310	24,659	28,253	26,674	22,966	16,502	17,959	16,374	242,356
9	Subtotal	21,067	22,028	21,638	20,318	24,406	31,763	35,856	34,513	29,827	20,535	21,489	19,904	303,344
10	Losses @ 2.02% of 34.5 kV Output	426	445	437	410	493	642	724	697	602	415	434	402	6,128
11	Subtotal with Losses (@ Source)	21,493	22,473	22,075	20,728	24,899	32,405	36,580	35,210	30,429	20,950	21,923	20,306	309,471
12														
13	Victory Retail													
14	Retail with Losses (@ Source)	52,266	51,300	49,178	48,490	60,183	75,930	84,908	83,196	75,552	53,730	49,475	48,307	732,514
15	Losses @ 1.98% of 34.5 kV Input	1,035	1,016	974	960	1,192	1,503	1,681	1,647	1,496	1,064	980	956	14,504
16	Retail @ Delivery Point	51,231	50,284	48,204	47,530	58,992	74,426	83,226	81,549	74,056	52,666	48,495	47,350	718,011
17														
18														
19														
20	Total Billed Demand													1,021,354

¹ From Mid-Kansas

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 2019

Exhibit EKL-2C
Page 7 of 8

Account	Description	Total Amount	Total Adj Excluded	Balance
		\$	\$	\$
Other Deductions:				
426.1	DONATIONS	48,920	24,460	24,460
426.5	COBANK MATCHING DONATION NON-PR	5,625	2,813	2,813
426.51	OTHER DEDUCTIONS	351	175	175
	Total	54,896	27,448	27,448
A&G				
920.1	INTERNAL NEWSLETTER	3,422	378	3,044
920.8	ADMIN & GENERAL TRAINING EXPENSE	23,156.52	1,664.25	21,492
923	OUTSIDE SERVICES EMPLOYED	97,483	1,797	95,686
930.1	GENERAL ADVERTISING EXPENSE	15,358	6,887	8,471
930.11	GIVE AWAYS	8,981	8,981	-
930.2	MISC GENERAL EXP - MISCELLANEOUS	305,971	3,845	302,126
930.21	MISC GENERAL EXP - DIRECTORS FEE	254,586	6,237	248,350
930.22	MISC GENERAL EXP - BUSINESS MEET	10,331	2,806	7,525
930.23	MISC GENERAL EXP - LOCAL,STATE,N	10,769	10,769	-
930.24	MISC GENERAL EXP - ANNUAL MEETIN	61,744	16,873	44,871
930.242	PUMPKIN FESTIVAL EXPENSE	6,681	2,498	4,184
930.243	SCHOLARSHIP	7,500	3,750	3,750
930.27	EMPLOYEE APPRECIATION	16,514	16,514	-
930.4	SPONSORSHIP OF EMPLOYEE ACTIVITIES	5,482	2,770	2,712
930.6	DODGE CITY DAYS PARADE	3,695	1,938	1,757
930.7	WELLNESS PROGRAM	1,470.09	1,470.09	-
	Total	833,143	89,176	743,966

Notes: Victory's review of General and Administrative expenses by category:

Internal Newsletter:	Software renewal excluded at 100%.
Admin & General Training Expense:	Meals provided for employees are excluded at 100%.
Supplies/Food-Meetings (Not VEC):	Meals provided are excluded at 100%.
Outside Services Employed:	Airfare for attorney excluded at 50%, meals and per diem are excluded at 100%.
General Advertising Expense:	Expense related to company image and general advertising were excluded at 100%. All other advertising related to member safety, legal ads and meeting announcements were not excluded. Expenses related to both company image and safety related messages were excluded at 50%. Dues that may have been included in this category were excluded at 50%.
Give Aways:	Purchases for gift give aways were excluded at 100%.
Misc General Exp - Misc:	Miscellaneous and General expenses were looked at as true business expenses versus other indirect expenses. Expenses related to travel, property taxes, liability insurance and labor were not excluded. Expense for meals, subscriptions to publications and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment dues. KEC provides needed services and programs to electric cooperatives for mutual benefit of the member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training and administrative functions on a statewide basis.
Misc General Exp - Directors Fees:	Expenses associated with meals, subscriptions, entertainment activities and gifts were excluded at 100%.
Misc General Exp - Business Mtg:	Expenses associated with meals were excluded at 100%.
Misc General Exp - Local, State:	NRECA membership dues excluded at 100%.
Misc General Exp - Annual Meeting:	Expenses for the publication, balloting, official notice mailings and expenses in regard to holding the annual meeting were not excluded. Expenses for gifts for members were excluded at 100%.
Pumpkin Festival Expense, Dodge City Days Parade:	Expenses related to these community services projects were excluded 100% with the exception of any labor and/or fleet costs associated with these activities.
Scholarships, Sponsorship of Employee activities & Wellness program:	Donations were excluded at 50%. Benefit projects for employees were excluded at 100%.

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail of Exclusions
For the Historical Test Year Ending December 31, 2019

Exhibit EKL-2C
Page 8 of 8

Account	Description	Date	Vendor	Reference	Total Amount	Percent Excluded	Total Adjustment
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See Filing Exhibit 9

Western Electric Cooperative Association, Inc.

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to Western Cooperative Electric Association, Inc. ("Western" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Western shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Western, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Western files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Western. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Western that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Western's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Western shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Western, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Western and all customers taking wholesale Local Access Delivery Service from Western will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Western's 34.5kV FBR.
5. A Western contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
- December Trial Balance.
- December Payroll Journal.
- December Balance Sheet.

² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Western. Specific details concerning the calculation are as follows:

1. Adjustments to actual results for the historical Test Year will be made as follows:
 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Western will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Western's system utilized to provide 34.5kV service on the Mid-Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
 - d. Other Deductions: allocated on NP ratio.
 - e. Interest on Long-Term Debt: allocated on NP ratio.
 - f. Interest-Other: allocated on NP ratio.
 - g. Principal Payments: allocated on NP ratio.
 - h. Offsets to Margin Requirements: allocated on NP ratio.

³ If any distribution plant that provides Local Access Delivery Service is present as detailed in D. 1. a above, Distribution O&M Expenses will be allocated using a Distribution O&M ratio ("DOM"). The DOM ratio is calculated as a ratio of Net Distribution Plant used in provision of Local Access Delivery Service to Total Distribution Plant. As applicable, this allocator should be calculated and submitted with Annual Update filings.

3. Margin - Western will utilize the 1.8 OTIER or 1.8 MDSC. The ratio resulting in greater net margins required will be used.
4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Western's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Western shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
2. A complete RUS, CFC, or Co-Bank Form 7 (or successor document) detailing the consolidated financial position of Western (the combined financial position of the acquired/Mid-Kansas division and the native division).
3. Unaudited financial statements detailing the consolidated financial position of Western (the combined financial position of the acquired/Mid-Kansas division and the native division). An audited financial statement shall be filed no later than June 1.
4. Western's Comparative Operating Income Statement and Balance Sheet, for the Test Year and two previous calendar years.
5. Completed formulas as contained in the 34.5kV FBR template approved for Western by the Commission in *[insert current Docket No.]*. In addition to the PDF version, each Annual Update filing shall be supplemented with a populated formula template in fully functional spreadsheets, with all work papers attached, showing the 34.5kV FBR calculations.
6. Trial Balance for the Test Year and two previous years.
7. Payroll Journal for the Test Year and two previous years.

8. Any other applicable supplemental schedules necessary to audit the filing for the Test Year.
9. A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year.
10. A summary explanation of any material increases (more than 10% in a cost of service item from the previous year). This explanation should include at a minimum a discussion of the drivers behind this change in costs and any steps the Cooperative took to lessen the impact of this cost increase on its customers. This explanation may be contained within the pre-filed testimony included in the Annual Update filing.
11. A detailed and substantive narrative describing the process used to allocate any costs to the Mid-Kansas/acquired division from the native division or from the consolidated financials of Western. This narrative should also discuss in detail, any changes during the Test Year in the allocation process from the previous calendar year and the rationale for the allocation change.
12. Proposed tariff sheets including the proposed rate adjustment.

All required information will be e-mailed or made accessible on Western's Box.net site or a similar service, with a notification provided to Staff and Interveners alerting them of when the data becomes available.

F. TECHNICAL CONFERENCE AND STATUS CALL

Within 35 days from the Filing Date, Western will work with Staff and Interveners to schedule a one-day Technical Conference, if necessary, to be held no later than 75 days from the Filing Date. The Technical Conference will be held at the Western's home office. Western will make its staff available to review requested documents and respond to questions. The parties shall submit to Western at least 10 business days before the conference a list of questions and a list of documents that the parties want Western to be prepared to answer and produce, respectively, at the technical conference. If requested, Western will make available to Staff, Interveners and the parties' consultants who are unable to travel to the home office, access to the conference via "GoToMeeting" or a similar internet-based conference program.

Within days 110-115 from the Filing Date, Western will work with Staff and Interveners to schedule a telephone conference call to discuss the status of any outstanding issues with the Annual Update filing. If there are no outstanding issues to discuss, the parties will consider Staff's filing of a Report and Recommendation indicating the results of the Annual Update filing are just and reasonable.

G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Western's distribution equity ratio reaches 37.60 percent,⁴ Western shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

H. TERM

The 34.5kV FBR plan as described herein shall be implemented for a period of five calendar years, inclusive of the year adopted, with the initial filing occurring in year 2021, and the final filing occurring in 2025. During the final year of the 34.5kV FBR plan, Western shall advise the Commission whether it wishes to continue the 34.5kV FBR plan and provide the Commission support and rationale for its position in a separate application and docket. Staff of the Commission and any Intervener granted intervention by the Commission for the Annual Updates shall have the right to comment on the merits of such a request.

I. MISCELLANEOUS PROVISIONS

1. Nothing in these Protocols limits or deprives Western, Staff of the Commission or any Intervener of any rights or obligations it may otherwise have under any applicable provision of applicable law. The provisions of the Protocols addressing review of and objection to of the Annual Update filings are not intended to, nor shall they be construed as limiting Western, Staff of the Commission or any Intervener's rights or obligations under any applicable provision of applicable law, including all applicable laws pertaining to the burden of proof or the just and reasonableness of the rates.
2. Entities granted intervention in [insert Docket No.] who either are or represent customers of Western at the time of the Annual Update filing will be considered automatically approved for intervention upon the filing an Entry of Appearance in any individual Annual Update filing, provided they are not prohibited from participation by statute or otherwise.

J. DEFINITIONS

CFC - National Rural Utilities Cooperative Finance Corporation.

Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Western's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Western's sub-transmission system as defined in Western's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Western's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Western's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Western's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Western's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Western for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Western's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Western's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Western's wholesale and retail

customers' monthly billing demands for the Test Year (work paper detailing calculation is contained in Western's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 20XX

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line			Unadjusted		Adjusted			FBR
No	Description	Source	Historical Test Year 20XX	No. Amount	Historical Test Year 20XX	Allocation Factor	Factor	Revenue Requirement
				Source: WP2		Source: WP3		
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -		0.000000 \$	-
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ -		\$ -		0.000000 \$	-
4	Transmission O&M	WP1, L31, Col (d)	\$ -		\$ -		1.000000 \$	-
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ -	[1] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ -	[2] \$ -	\$ -	DOM	#DIV/0!	#DIV/0!
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ -		\$ -		0.000000 \$	-
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ -		\$ -		0.000000 \$	-
9	Sales Expense	WP1, L36, Col (d)	\$ -		\$ -		0.000000 \$	-
10	Administration & General	WP1, L37, Col (d)	\$ -	[3] \$ -	\$ -	LAB	#DIV/0!	#DIV/0!
11	Total O&M Expense	Sum (L2:L10)						#DIV/0!
12	Depreciation and Amortization						\$	-
13	Transmission	WP1, L40, Col (d)	\$ -		\$ -		1.000000 \$	-
14	General Plant	WP1, L41, Col (d)	\$ -		\$ -	LAB	#DIV/0!	#DIV/0!
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
17	L.T. Interest	WP1, L45, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
19	Interest-Other	WP1, L47, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
20	Other Deductions	WP1, L48, Col (d)	\$ -	[4] \$ -	\$ -	NP	#DIV/0!	#DIV/0!
21	Total Cost of Electric Service							#DIV/0!
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ -		\$ -	NP	#DIV/0!	#DIV/0!
25	L.T. Interest	L17	\$ -	\$ -	\$ -	NP	#DIV/0!	#DIV/0!
26	Subtotal	Sum (L24:L25)						#DIV/0!
27	Required Coverage Ratio	WP1, L64, Col (d)					1.80	1.80
28	Gross Margin Requirements	L26 x L27					#DIV/0!	#DIV/0!
29	Less: Offsets to Margin Requirements	WP4, L4 or L13, Col (i)					#DIV/0!	#DIV/0!
30	Net Margin Requirement	L28 - L29					#DIV/0!	#DIV/0!
31								
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30						#DIV/0!
34	Divided By Total Billing Demand							0 kW
35	Unadjusted Unit Rate							#DIV/0!
36	Less: Property Tax Surcharge	N/A						
37	Resultant Unit Rate	L35 - L36						#DIV/0!
38								

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 20XX

Line No	Description (a)	Source (b)	Amount (c) (d)		Notes (e)
1	<u>A. Net Plant in Service - Using Average Monthly Balance</u>		<u>20XX</u>		
2			<u>Plant in Service</u>	<u>Accum. Res. for Depr.</u>	
3	1. Facilities Used to Provide Local Access Delivery Service				
4	Transmission Facilities				
5	350 Land and Land Rights	Trial Balance - 12 month avg.			
6	352 Structures and Improvements	Trial Balance - 12 month avg.			
7	353 Station Equipment	Trial Balance - 12 month avg.			
8	355 Poles and Fixtures	Trial Balance - 12 month avg.			
9	356 O.H. Conductors and Devices	Trial Balance - 12 month avg.			
10	358 U.G. Conductors and Devices	Trial Balance - 12 month avg.			
11	Subtotal	Sum(L5:L10)	\$ -		GL acct 108.5
12	Distribution Facilities (If Applicable)				
13	360 Land and Land Rights	Company Direct Assessment	N/A	N/A	
14	361 Structures and Improvements	Company Direct Assessment	N/A	N/A	
15	362 Station Equipment	Company Direct Assessment	N/A	N/A	
16	Subtotal	L13 + L15	\$ -	\$ -	
17	Total	L11 + L16	\$ -	\$ -	
18					
19	2. All Facilities				
20	301-301 Intangible Plant	Trial Balance - 12 month avg.	-	-	
21	350-359 Transmission Plant	Trial Balance - 12 month avg.	\$ -	\$ -	GL acct 108.5
22	360-373 Distribution Plant	Trial Balance - 12 month avg.			GL acct. 108.6,108.61
23	389-399 General Plant	Trial Balance - 12 month avg.			GL acct. 108.7-108.78
24	Total		\$ -	\$ -	
25					
26					
27	<u>B. Operating Expenses</u>		<u>EOY</u>		
28	Power Production Expense	Statement of Operations			
29	Cost of Purchased Power	Statement of Operations			
30	Transmission O&M	Statement of Operations			
31	Distribution Expense-Operation	Statement of Operations			
32	Distribution Expense-Maintenance	Statement of Operations			
33	Consumer Accounts Expense	Statement of Operations			
34	Customer Service and Informational Expense	Statement of Operations			
35	Sales Expense	Statement of Operations			
36	Administrative and General	Statement of Operations			
37	Depreciation and Amortization	Statement of Operations			-
38	Depreciation Expense - Distribution	Trial Balance - 12/31/20XX			GL a/c 403.6
39	Depreciation Expense - Transmission	Trial Balance - 12/31/20XX			GL a/c 403.5
40	Depreciation Expense - General Plant	Trial Balance - 12/31/20XX			GL a/c 403.7
41	Amortization of AP (booked within Depreciation Expense)	Trial Balance - 12/31/20XX			GL a/c 403.8
42	Property Tax	Statement of Operations			
43	Other Taxes	Statement of Operations			
44	L.T. Interest	Statement of Operations			
45	Interest Charged to Construction - Credit	Statement of Operations			
46	Interest-Other	Statement of Operations			
47	Other Deductions	Statement of Operations			
48					
49					
50	<u>C. Payroll</u>				Part of GL acct
51	Transmission	Payroll Journal (Labor Amt)			560-573
52	Distribution	Payroll Journal (Labor Amt)			580-598
53	Customer Accounting	Payroll Journal (Labor Amt)			901-905
54	Customer Service and Information	Payroll Journal (Labor Amt)			907-910
55	Sales	Payroll Journal (Labor Amt)			911-916
56	Administration and General	Payroll Journal (Labor Amt)			920-935
57	Total		\$ -		Non-capitalized items
58					
59					
60	<u>D. Miscellaneous</u>				
61	1. Debt Service				
62	Principal Payments	Company records			
63					
64	2. Target OTIER/MDSC				1.80 Protocols, Calculation section D, part 3
65					
66	3. Margin Requirement Offsets		Prior TY		
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet			Ln 8
68	Generation & Transmission Capital Credits	Statement of Operations			
69	Other Capital Credits and Patronage Dividends	Statement of Operations			
70	Non-Operating Margins - Interest	Statement of Operations			
71	Cash Received from G&T/Lenders	Company records			
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	Trial Balance - 12/31/20XX	\$ -		
75					

**Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 20XX**

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, Calculation section D, parts 1.b
10	Applicable Disallowance - A&G	WP6	\$ -	
11	Total Adjustment	L10	<u>\$ -</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, Calculation section D, parts 1.d
14	Historical Amount	WP1, L48, Col (d)	\$ -	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	
16	Historical Amount with AP removed	L14 - L15	\$ -	
17	Sub-total Adjustment	L14 - L16	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ -	
19	Total Adjustment	L17 - L18	<u>\$ -</u>	
20				

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors for the True-Up Calculation
For the Historical Test Year Ending December 31, 20XX

Line	No.	Description	Source	Allocator	Amount
1		Distribution O&M Allocation Factor			
2		Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3		Total Distribution Plant	WP1, L22, Col (c)		\$ -
4					
5		Allocation Factor	L2 / L3	DOM	#DIV/0!
6					
7		Labor Allocation Factor			
8		Transmission Wages	WP1, L51, Col (d)		\$ -
9		Allocated Distribution Wages			
10		Total Distribution Wages	WP1, L52, Col (d)		\$ -
11		Allocation Factor	L5	DOM	#DIV/0!
12			L10 * L11		#DIV/0!
13		Total LAC Wages	L8 + L12		#DIV/0!
14					
15		Total Wages Other than A&G			
16		Total Wages	WP1, L57, Col (d)		\$ -
17		Less: Administration & General Wages	WP1, L56, Col (d)		-
18			L16 - L17		\$ -
19					
20		Transmission Labor Allocator	L13 / L18	LAB	#DIV/0!
21					
22		Net Plant Allocation Factor			
23		Plant-in-Service			
24		Transmission	WP1, L11, Col (c)		\$ -
25		Distr. used to provide Local Access Service	L2		\$ -
26		General Plant			
27		Total General Plant	WP1, L23, Col (c)		\$ -
28		Allocation Factor	L20	LAB	#DIV/0!
29			L27 * L28		#DIV/0!
30		Total LAC Plant-in-Service	L24 + L25 + L29		#DIV/0!
31					
32		Accumulated Reserves for Depreciation			
33		Transmission	WP1, L11, Col (d)		\$ -
34		Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35		Allocated General Plant			
36		Total General Plant	WP1, L23, Col (d)		\$ -
37		Allocation Factor	L20	LAB	#DIV/0!
38			L36 * L37		#DIV/0!
39		Total LAC Accum. Depr. Res.	L33 + L34 + L38		#DIV/0!
40					
41		Net Plant Used in LAC	L30 - L39		#DIV/0!
42					
43		Total Plant in Service	WP1, L24, Col (c)		\$ -
44		Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		\$ -
45		Total Net Plant	L43 - L44		\$ -
46					
47		Transmission Net Plant Allocator	L41 / L45	NP	#DIV/0!

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 20XX

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Name	(h) Factor	(i) Allocated to FBR
					WP3	
1	OTIER					
2	LT Interest Expense	Pg.1, L17, Col (d)	\$ -	NP	#DIV/0!	#DIV/0!
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ -	NP	#DIV/0!	#DIV/0!
4			\$ -			#DIV/0!
5						
6	MDSC					
7	LT Interest Expense	L2	\$ -	NP	#DIV/0!	#DIV/0!
8	Depreciation Expense					
9	Transmisison	Pg.1, L13, Col (d)	\$ -		1.000000	\$ -
10	General Plant	Pg.1, L14, Col (d)	\$ -	LAB	#DIV/0!	#DIV/0!
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ -	NP	#DIV/0!	#DIV/0!
12	Cash Patronage Capital*	L20	\$ -	NP	#DIV/0!	#DIV/0!
13	Resultant Amount	Sum (L7:L12)	\$ -			#DIV/0!
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ -			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ -			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ -			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19 - L16	\$ -			

**Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Billing Demand ¹
For the Historical Test Year Ending December 31, 20XX**

<u>Line</u>	<u>Description</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
1	Total Local Access System ²													-
2	CP Date													
3	CP Time (hour Ending)													
4														
5	Wholesale Customers @ Del. Pt.													
6	Hoisington (KMEA)--Metered													-
7	Hoisington (KMEA)--Generation													-
8	Subtotal--Hoisington	-	-	-	-	-	-	-	-	-	-	-	-	-
9	Lincoln (KMEA)--Metered													-
10	Lincoln (KMEA)--Generation													-
11	Subtotal--Lincoln	-	-	-	-	-	-	-	-	-	-	-	-	-
12	Russell (KMEA)--Metered													-
13	Russell (KMEA)--Generation													-
14	Subtotal--Russell	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Holyrood (KPP)													-
16	Lucas (KPP)													-
17	Luray (KPP)													-
18	KEPCo													-
19	Subtotal	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Losses @ x.x% of 34.5 kV Output	-	-	-	-	-	-	-	-	-	-	-	-	-
21	Subtotal with Losses (@ Source)	-	-	-	-	-	-	-	-	-	-	-	-	-
22														
23	Western Retail													
24	Retail with Losses (@ Source)	-	-	-	-	-	-	-	-	-	-	-	-	-
25	Losses @ x.x% of 34.5 kV Input	-	-	-	-	-	-	-	-	-	-	-	-	-
26	Retail @ Delivery Point	-	-	-	-	-	-	-	-	-	-	-	-	-
27														
28	Wholesale plus Retail													-

¹ Provided by G&T.

² With "behind the meter" generation added back in.

**Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 20XX**

ACCOUNT	DESCRIPTION	Total Amount	Total Adjustment
920	ADMINISTRATIVE & GENERAL SALARIES		
921	OFFICE SUPPLIES & EXPENSES		
925	LOSS CONTROL & SAFETY		
926	EMPLOYEE PENSIONS AND BENEFITS		
930.1	GENERAL ADVERTISING EXPENSE		
930.2	MISCELLANEOUS GENERAL EXPENSE		
930.4	MISC GENERAL EXPENSE-MEETINGS		
930.41	MISCELLANEOUS GENERAL EXPENSE-ANNUAL MEETING		
930.42	MISCELLANEOUS EXPENSE-DIRECTORS		
930.5	DIRECTORS FEE AND MILEAGE		
935.1	MAINT PLANT-OFFICE FURNITURE & EQUIPMENT		
935.2	MAINT PLANT-COMMUNICATION EQUIPMENT		
		-	-

Notes:

Western's review of General and Administrative expenses by category:

Employee Benefits:

Meals provided to employees, clothing purchased for promotional reasons, and retirement party expenses and gifts were excluded 100%. Costs associated with short term disability, safety related clothing, and expenses for job-required physicals were not excluded.

Advertising:

Expenses related to company image and general advertising were excluded at 100%, all other advertising related to member safety, legal ads, and meeting announcements were not excluded.

Misc General:

Miscellaneous & General expenses were carefully looked at to the true business expense versus other indirect expenses. Expenses related to travel, software support fees, property taxes, liability insurance, and labor were not excluded. Expenses for meals, subscriptions to publications, and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50%

Dues:

Dues to associated organization were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment due. KEC provides needed service and programs to electric cooperatives for the mutual benefit of its member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training, and administrative functions on a statewide level.

Donations:

50% of all donations were excluded.

Annual Meeting:

Expenses with the publication, balloting, office notice mailings, and expenses with regard to holding the annual meeting were not excluded. However, expenses concerning gifts for members were excluded 100%

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail of Exclusions
For the Historical Test Year Ending December 31, 20XX

Account	Description	Date	Vendor	Reference	Total Amount	Percent Excluded	Total Adjustment
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SEE FILING EXHIBIT 9

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 2019

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line			Unadjusted		Adjusted			FBR
No	Description	Source	Historical Test Year 2019	Adjustments No. Amount	Historical Test Year 2019	Allocation Factor Name Factor		Revenue Requirement
				Source: WP2		Source: WP3		
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -		0.000000 \$	-
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ 10,174,097		\$ 10,174,097		0.000000 \$	-
4	Transmission O&M	WP1, L31, Col (d)	\$ 236,567		\$ 236,567		1.000000 \$	236,567
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ 1,025,954	[1] \$ -	\$ 1,025,954	DOM	0.000000 \$	-
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ 978,233	[2] \$ -	\$ 978,233	DOM	0.000000 \$	-
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ 245,974		\$ 245,974		0.000000 \$	-
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ 162,109		\$ 162,109		0.000000 \$	-
9	Sales Expense	WP1, L36, Col (d)	\$ -		\$ -		0.000000 \$	-
10	Administration & General	WP1, L37, Col (d)	\$ 1,309,521	[3] \$ (18,068)	\$ 1,291,453	LAB	0.015675 \$	20,244
11	Total O&M Expense	Sum (L2-L10)					\$	256,811
12	Depreciation and Amortization						\$	-
13	Transmission	WP1, L40, Col (d)	\$ 268,395		\$ 268,395		1.000000 \$	268,395
14	General Plant	WP1, L41, Col (d)	\$ 145,618		\$ 145,618	LAB	0.015675 \$	2,283
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP	0.246375 \$	-
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP	0.246375 \$	-
17	L.T. Interest	WP1, L45, Col (d)	\$ 844,346		\$ 844,346	NP	0.246375 \$	208,026
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP	0.246375 \$	-
19	Interest-Other	WP1, L47, Col (d)	\$ -		\$ -	NP	0.246375 \$	-
20	Other Deductions	WP1, L48, Col (d)	\$ -	[4] \$ -	\$ -	NP	0.246375 \$	-
21	Total Cost of Electric Service						\$	735,515
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ 1,033,528		\$ 1,033,528	NP	0.246375	OTIER \$ 254,636
25	L.T. Interest	L17	\$ 844,346	\$ -	\$ 844,346	NP	0.246375	MDSC \$ 208,026
26	Subtotal	Sum (L24:25)					\$	\$ 208,026 \$ 462,662
27	Required Coverage Ratio	WP1, L64, Col (d)					1.80	1.80
28	Gross Margin Requirements	L26 x L27						374,447 832,791
29	Less: Offsets to Margin Requirements	WP4, L4 or L13, Col (i)						281,181 551,859
30	Net Margin Requirement	L28 - L29					\$	\$ 93,266 \$ 280,932
31								
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30						\$1,016,447
34	Divided By Total Billing Demand							799,125 kW
35	Unadjusted Unit Rate							\$1.27/kW-mo.
36	Less: Property Tax Surcharge	N/A						
37	Resultant Unit Rate	L35 - L36						\$1.27/kW-mo.
38								

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 2019

Line No	Description	Source	Amount		Notes
	(a)	(b)	(c)	(d)	(e)
1	<u>A. Net Plant in Service - Using Average Monthly Balance</u>		2019		
2			Plant in Service	Accum. Res. for Depr.	
3	1. Facilities Used to Provide Local Access Delivery Service				
4	Transmission Facilities				
5	350 Land and Land Rights	Trial Balance - 12 month avg.	\$ 38,031		
6	352 Structures and Improvements	Trial Balance - 12 month avg.	\$ 247,519		
7	353 Station Equipment	Trial Balance - 12 month avg.	\$ 6,230,546		
8	355 Poles and Fittings	Trial Balance - 12 month avg.	\$ 2,849,267		
9	356 O.H. Conductors and Devices	Trial Balance - 12 month avg.	\$ 2,934,063		
10	358 U.G. Conductors and Devices	Trial Balance - 12 month avg.	\$ -		
11	Subtotal	Sum(L5:L10)	\$ 12,299,426	\$ 5,805,349	GL acct 108.5
12	Distribution Facilities (If Applicable)				
13	360 Land and Land Rights	Company Direct Assessment	N/A	N/A	
14	361 Structures and Improvements	Company Direct Assessment	N/A	N/A	
15	362 Station Equipment	Company Direct Assessment	N/A	N/A	
16	Subtotal	L13 + L15	\$ -	\$ -	
17	Total	L11 + L16	\$ 12,299,426	\$ 5,805,349	
18					
19	2. All Facilities				
20	301-301 Intangible Plant	Trial Balance - 12 month avg.	-	-	
21	350-359 Transmission Plant	Trial Balance - 12 month avg.	\$ 12,299,426	\$ 5,805,349	GL acct 108.5
22	360-373 Distribution Plant	Trial Balance - 12 month avg.	\$ 23,318,810	\$ 6,343,909	GL acct. 108.6,108.61
23	389-399 General Plant	Trial Balance - 12 month avg.	\$ 5,549,327	\$ 2,463,502	GL acct. 108.7-108.78
24	Total		\$ 41,167,563	\$ 14,612,760	
25					
26					
27					
28	<u>B. Operating Expenses</u>		EOY		
29	Power Production Expense	Statement of Operations	\$ -		
30	Cost of Purchased Power	Statement of Operations	\$ 10,174,097		
31	Transmission O&M	Statement of Operations	\$ 236,567		
32	Distribution Expense-Operation	Statement of Operations	\$ 1,025,954		
33	Distribution Expense-Maintenance	Statement of Operations	\$ 978,233		
34	Consumer Accounts Expense	Statement of Operations	\$ 245,974		
35	Customer Service and Informational Expense	Statement of Operations	\$ 162,109		
36	Sales Expense	Statement of Operations	\$ -		
37	Administrative and General	Statement of Operations	\$ 1,309,521		
38	Depreciation and Amortization	Statement of Operations	\$ 1,164,533		
39	Depreciation Expense - Distribution	Trial Balance - 12/31/2019	\$ 631,399	GL a/c 403.6	
40	Depreciation Expense - Transmission	Trial Balance - 12/31/2019	\$ 268,395	GL a/c 403.5	
41	Depreciation Expense - General Plant	Trial Balance - 12/31/2019	\$ 145,618	GL a/c 403.7	
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance - 12/31/2019	\$ 119,121	GL a/c 403.8	
43	Property Tax	Statement of Operations	\$ -		
44	Other Taxes	Statement of Operations	\$ -		
45	L.T. Interest	Statement of Operations	\$ 844,346		
46	Interest Charged to Construction - Credit	Statement of Operations	\$ -		
47	Interest-Other	Statement of Operations	\$ -		
48	Other Deductions	Statement of Operations	\$ -		
49					
50	<u>C. Payroll</u>			Part of GL acct	
51	Transmission	Payroll Journal (Labor Amt)	\$ 12,840	560-573	
52	Distribution	Payroll Journal (Labor Amt)	\$ 643,134	580-598	
53	Customer Accounting	Payroll Journal (Labor Amt)	\$ 117,781	901-905	
54	Customer Service and Information	Payroll Journal (Labor Amt)	\$ 45,361	907-910	
55	Sales	Payroll Journal (Labor Amt)	\$ -	911-916	
56	Administration and General	Payroll Journal (Labor Amt)	\$ 632,601	920-935	
57	Total		\$ 1,451,718	Non-capitalized items	
58					
59					
60	<u>D. Miscellaneous</u>				
61	1. Debt Service				
62	Principal Payments	Company records	\$ 1,033,528		
63					
64	2. Target OTIER/MDSC			1.80 Protocols, Calculation section D, part 3	
65					
66	3. Margin Requirement Offsets				
67	Investment in Associate Organizations - Patronage Capital	Balance Sheet	\$ 5,375,915	\$ 5,878,448	Ln 8
68	Generation & Transmission Capital Credits	Statement of Operations	\$ 799,459		
69	Other Capital Credits and Patronage Dividends	Statement of Operations	\$ -		
70	Non-Operating Margins - Interest	Statement of Operations	\$ -		
71	Cash Received from G&T/Lenders	Company records	\$ 296,926		
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	N/A	\$ -		N/A
75					

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 2019

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, Calculation section D, parts 1.b
10	Applicable Disallowance - A&G	WP6	\$ 18,068	
11	Total Adjustment	L10	<u>\$ (18,068)</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, Calculation section D, parts 1.d
14	Historical Amount	WP1, L48, Col (d)	\$ -	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	not applicable
16	Historical Amount with AP removed	L14 - L15	\$ -	
17	Sub-total Adjustment	L14 - L16	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ -	not applicable
19	Total Adjustment	L17 - L18	<u>\$ -</u>	
20				

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors for the True-Up Calculation
For the Historical Test Year Ending December 31, 2019

<u>Line</u> <u>No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ 23,318,810
4				
5	Allocation Factor	L2 / L3	DOM	-
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ 12,840
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ 643,134
11	Allocation Factor	L5	DOM	\$ -
12		L10 * L11		\$ -
13	Total LAC Wages	L8 + L12		<u>\$ 12,840</u>
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ 1,451,718
17	Less: Administration & General Wages	WP1, L56, Col (d)		632,601
18		L16 - L17		<u>\$ 819,117</u>
19				
20	Transmission Labor Allocator	L13 / L18	LAB	<u>0.015675</u>
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ 12,299,426
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ 5,549,327
28	Allocation Factor	L20	LAB	0.015675
29		L27 * L28		<u>\$ 86,988</u>
30	Total LAC Plant-in-Service	L24 + L25 + L29		<u>\$ 12,386,414</u>
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ 5,805,349
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ 2,463,502
37	Allocation Factor	L20	LAB	0.015675
38		L36 * L37		<u>\$ 38,616</u>
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		<u>\$ 5,843,965</u>
40				
41	Net Plant Used in LAC	L30 - L39		<u>\$ 6,542,449</u>
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ 41,167,563
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		<u>\$ 14,612,760</u>
45	Total Net Plant	L43 - L44		<u>\$ 26,554,803</u>
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	<u>0.246375</u>

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 2019

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Factor Name	(h) Factor	(i) Allocated to FBR
					WP3	
1	OTIER					
2	LT Interest Expense	Pg.1, L17, Col (d)	\$ 844,346	NP	0.246375	\$ 208,026
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ 296,926	NP	0.246375	\$ 73,155
4			<u>\$ 1,141,273</u>			<u>\$ 281,181</u>
5						
6	MDSC					
7	LT Interest Expense	L2	\$ 844,346	NP	0.246375	\$ 208,026
8	Depreciation Expense					
9	Transmisison	Pg.1, L13, Col (d)	\$ 268,395		1.000000	\$ 268,395
10	General Plant	Pg.1, L14, Col (d)	\$ 145,618	LAB	0.015675	\$ 2,283
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ -	NP	0.246375	\$ -
12	Cash Patronage Capital*	L20	\$ 296,926	NP	0.246375	\$ 73,155
13	Resultant Amount	Sum (L7:L12)	<u>\$ 1,555,286</u>			<u>\$ 551,859</u>
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ 5,878,448			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ 5,375,915			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ 799,459			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19 - L16	<u>\$ 296,926</u>			

**Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Billing Demand ¹
For the Historical Test Year Ending December 31, 2019**

<u>Line</u>	<u>Description</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
1	Total Local Access System ²	63,172	64,374	60,977	57,264	59,069	80,466	84,088	85,026	80,333	60,359	56,983	60,680	812,790
2	CP Date	22	18	05	11	16	28	19	20	03	01	27	16	
3	CP Time (hour Ending)	1900	1200	900	1100	1600	1600	1500	1600	1600	1200	900	1000	
4														
5	Wholesale Customers @ Del. Pt.													
6	Hoisington (KMEA)--Metered	3,208	3,002	3,033	2,465	3,883	5,528	5,880	6,386	5,559	3,612	2,638	2,745	47,936
7	Hoisington (KMEA)--Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
8	Subtotal--Hoisington	3,208	3,002	3,033	2,465	3,883	5,528	5,880	6,386	5,559	3,612	2,638	2,745	47,936
9	Lincoln (KMEA)--Metered	1,827	2,057	2,044	2,159	2,433	3,736	3,887	3,487	3,095	2,797	1,799	1,863	31,182
10	Lincoln (KMEA)--Generation	-	-	-	-	-	-	-	-	-	-	-	-	-
11	Subtotal--Lincoln	1,827	2,057	2,044	2,159	2,433	3,736	3,887	3,487	3,095	2,797	1,799	1,863	31,182
12	Russell (KMEA)--Metered	16,820	16,387	16,183	14,318	17,993	21,035	21,447	9,939	9,783	15,751	14,168	14,845	188,668
13	Russell (KMEA)--Generation	-	-	-	-	-	-	1,023	12,394	12,605	-	-	-	26,021
14	Subtotal--Russell	16,820	16,387	16,183	14,318	17,993	21,035	22,469	22,333	22,388	15,751	14,168	14,845	214,689
15	Holyrood (KPP)	629	415	421	457	571	821	934	1,044	908	567	330	373	7,468
16	Lucas (KPP)	972	1,184	1,210	1,126	1,067	1,061	1,137	1,486	1,393	1,061	1,116	1,072	13,882
17	Luray (KPP)	208	167	182	145	188	373	388	369	323	193	156	166	2,858
18	KEPCo	13,632	14,435	10,629	12,343	7,502	14,395	13,078	14,211	15,056	9,804	11,922	13,744	150,748
19	Subtotal	37,294	37,646	33,700	33,012	33,635	46,948	47,772	49,316	48,721	33,784	32,129	34,806	468,762
20	Losses @ 1.71% of 34.5 kV Output	638	644	576	564	575	803	817	843	833	578	549	595	8,016
21	Subtotal with Losses (@ Source)	37,932	38,289	34,277	33,576	34,210	47,751	48,589	50,159	49,554	34,361	32,678	35,401	476,778
22														
23	Western Retail													
24	Retail with Losses (@ Source)	25,240	26,084	26,700	23,688	24,859	32,715	35,499	34,867	30,778	25,997	24,305	25,279	336,012
25	Losses @ 1.68% of 34.5 kV Input	424	439	449	398	418	550	597	586	517	437	409	425	5,649
26	Retail @ Delivery Point	24,816	25,645	26,251	23,289	24,441	32,165	34,902	34,281	30,261	25,560	23,897	24,854	330,363
27														
28	Wholesale plus Retail													799,125

¹ Provided by G&T.

² With "behind the meter" generation added back in.

**Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 2019**

ACCOUNT	DESCRIPTION	Total Amount	Total Adjustment
920	ADMINISTRATIVE & GENERAL SALARIES		19.92
921	OFFICE SUPPLIES & EXPENSES		726.30
925	LOSS CONTROL & SAFETY		1,895.26
926	EMPLOYEE PENSIONS AND BENEFITS		5,958.14
930.1	GENERAL ADVERTISING EXPENSE		4,833.15
930.2	MISCELLANEOUS GENERAL EXPENSE		3,322.02
930.4	MISC GENERAL EXPENSE-MEETINGS		321.32
930.41	MISCELLANEOUS GENERAL EXPENSE-ANNUAL MEETING		194.93
930.42	MISCELLANEOUS EXPENSE-DIRECTORS		796.59
930.5	DIRECTORS FEE AND MILEAGE		-
935.1	MAINT PLANT-OFFICE FURNITURE & EQUIPMENT		-
935.2	MAINT PLANT-COMMUNICATION EQUIPMENT		-
		-	18,067.62

Notes:

Western's review of General and Administrative expenses by category:

Employee Benefits:

Meals provided to employees, clothing purchased for promotional reasons, and retirement party expenses and gifts were excluded 100%. Costs associated with short term disability, safety related clothing, and expenses for job-required physicals were not excluded.

Advertising:

Expenses related to company image and general advertising were excluded at 100%, all other advertising related to member safety, legal ads, and meeting announcements were not excluded.

Misc General:

Miscellaneous & General expenses were carefully looked at to the true business expense versus other indirect expenses. Expenses related to travel, software support fees, property taxes, liability insurance, and labor were not excluded. Expenses for meals, subscriptions to publications, and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50%

Dues:

Dues to associated organization were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment due. KEC provides needed service and programs to electric cooperatives for the mutual benefit of its member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training, and administrative functions on a statewide level.

Donations:

50% of all donations were excluded.

Annual Meeting:

Expenses with the publication, balloting, office notice mailings, and expenses with regard to holding the annual meeting were not excluded. However, expenses concerning gifts for members were excluded 100%

Western Cooperative Electric Association
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail of Exclusions
For the Historical Test Year Ending December 31, 2019

Exhibit EKL-3C
Page 8 of 8

Account	Description	Date	Vendor	Reference	Total Amount	Percent Excluded	Total Adjustment
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SEE FILING EXHIBIT 9