



STATE CORPORATION COMMISSION

DEC 31 2007

*Spencer L. Coffey* Docket  
Room

**Kansas Electric  
Power Cooperative, Inc.**

---

Application for Proposed  
Changes in Wholesale Rates  
Using the Test Year Ending  
December 31, 2006

---

Before the  
State Corporation Commission  
of the State of Kansas

Docket No. **08-KEPE-597-RTS**

# **KANSAS ELECTRIC POWER COOPERATIVE, INC.**

## **TABLE OF CONTENTS**

|                 |   |
|-----------------|---|
| SECTION 1       | Letter of Transmittal, Application, Board Authorization |
| SECTION 2       | General Information and Publicity                       |
| SECTION 3       | Summary of Rate Base                                    |
| SECTION 4       | Utility Plant   |
| SECTION 5       | Accumulated Provision for Depreciation                  |
| SECTION 6       | Not Applicable  |
| SECTION 7       | Capital and Cost of Money                               |
| SECTION 8       | Financial and Operating Data                            |
| SECTION 9       | Test Year and Pro-Forma Income Statements               |
| SECTION 10      | Depreciation and Amortization Expense                   |
| SECTION 11      | Taxes   |
| SECTION 12      | Not Applicable  |
| SECTION 13      | Annual Report   |
| SECTION 14 & 15 | Financial Plan  |
| SECTION 16      | Audited Financial Statements                            |
| SECTION 17      | Proof of Revenues                                       |
| SECTION 18      | Rate Schedules  |

### **TESTIMONY –**

Stephen E. Parr  
Coleen Wells  
Robert D. Bowser  
Carl Stover  
David A. Naylor  
J. Bertram Solomon

# **Section 1**

## **Application, letter of transmittal, and authorization.**

**Section 1. *Application, letter of transmittal, and authorization.* This section shall contain a copy of the application, a copy of the letter of transmittal, and the appropriate document or documents authorizing the filing of the application, if any.**

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

STATE CORPORATION COMMISSION

DEC 21 2007

**In the Matter of the Application of )  
Kansas Electric Power Cooperative, Inc. )  
For Approval To Make Changes in its Charges )  
for Electric Service. )**

*Susan K. Duffy* Docket Room

Docket No. 08-KEPE-597-RTS

**APPLICATION**

COMES NOW Kansas Electric Power Cooperative, Inc. (KEPCo or Applicant) and files this Application with the State Corporation Commission of the State of Kansas (Commission or KCC) for the purpose of making changes to KEPCo's charges for electric service in accordance with K.S.A. 66-117 and K.A.R. 82-1-231. In support of its request, KEPCo states as follows:

1. KEPCo is a corporation organized and existing under the laws of the State of Kansas with its principal place of business located at 600 S.W. Corporate View, Topeka, Kansas 66615. Applicant's articles of incorporation are incorporated herein by reference. Applicant was granted authority to transact the business of an electric utility in the State of Kansas under a Limited Certificate of Convenience and Authority issued by this Commission on October 22, 1980, in Docket No. 120,783-U, which is incorporated herein by reference.

2. In addition to the undersigned, copies of all pleadings, documents, and correspondence in this docket should be sent to:

Stephen E. Parr  
Executive Vice President and CEO  
Kansas Electric Power Cooperative, Inc.  
600 S.W. Corporate View  
Topeka, KS 66615

and

Robert Bowser  
Vice President Regulatory and Technical Services

Kansas Electric Power Cooperative, Inc.  
600 S.W. Corporate View  
Topeka, KS 66615

3. KEPCo is a generation and transmission cooperative organized pursuant to the Kansas Electric Cooperative Act, K.S.A. 17-4601 *et seq.* KEPCo serves 19 rural electric cooperative member systems that distribute electric power to approximately 300,000 rural Kansans. KEPCo and all members of KEPCo are electric public utilities, as defined by K.S.A. 66-101a and K.S.A. 66-104. The 19 rural electric cooperative member systems for which KEPCo provides wholesale power and for whom KEPCo plans its resources are as follows: Ark Valley Electric Cooperative Association, Inc.; Bluestem Electric Cooperative, Inc.; Brown-Atchison Electric Cooperative Association, Inc.; Butler Rural Electric Cooperative Association, Inc.; Caney Valley Electric Cooperative Association, Inc.; CMS Electric Cooperative, Inc.; DS&O Rural Electric Cooperative Association, Inc.; Flint Hills Rural Electric Cooperative Association, Inc.; Heartland Rural Electric Cooperative, Inc.; Leavenworth-Jefferson Electric Cooperative, Inc.; Lyon-Coffey Electric Cooperative, Inc.; Ninnescah Electric Cooperative Association, Inc.; Prairie Land Electric Cooperative, Inc.; Radiant Electric Cooperative, Inc.; Rolling Hills Electric Cooperative, Inc.; Sedgwick County Electric Cooperative Association, Inc.; Sumner-Cowley Electric Cooperative, Inc.; Twin Valley Electric Cooperative, Inc.; and Victory Electric Cooperative Association, Inc. KEPCo's 19 distribution cooperatives are equal owners of KEPCo, and each member has a Trustee Representative who serves on KEPCo's Board and has one vote in matters affecting KEPCo's operations.

4. KEPCo's rates were last adjusted in Docket No. 01-KEPE-1106-RTS with new rates in effect in February 2002. In that proceeding, the Commission made certain specific rulings pertaining to KEPCo's Times Interest Earned Ratio (TIER) and Debt Service Coverage

ratio (DSC) and adopted a Stipulation and Agreement submitted by the parties. KEPCo submits that its currently effective rates and charges do not produce revenues sufficient to meet KEPCo's costs of operation. KEPCo thereby seeks to increase its rates to a level that meets all its costs of operation, its mortgage requirements, and which would allow KEPCo to build and to maintain reasonable cash balances. The proposed rates will produce financial results consistent with KEPCo's Financial Plan adopted unanimously by the Board of Trustees on August 15, 2007.

5. With this Application, KEPCo is submitting its proposed wholesale power rates along with applicable supporting schedules in Sections 1 – 18 as required by K.A.R. 82-1-231, and which are incorporated herein by reference. As the basis for its request to increase its charges for electric service, KEPCo is utilizing a calendar test year ending December 31, 2006. KEPCo's proposed wholesale power rates are based on a targeted margin level designed to produce a DSC of 1.2, which is discussed more fully in the testimony of J. Bertram Solomon. KEPCo is requesting an overall revenue requirement of \$107,876,815 which represents a 5.3% increase in revenue. KEPCo is proposing a uniform rate for all its members, which continues the format adopted in KEPCo's current M-9 tariff. Because each member has a different load factor, each member may experience a different impact from any two-part rate that utilizes both a demand charge and an energy charge. But, in order to mitigate this impact to the extent possible, the Board approved Resolution No. 07-27, which permits a phase-in of the effects of any member's rate increase that is above the average rate increase approved by the Commission. As part of this Application, KEPCo is also requesting Commission approval of this phase in, which is discussed more extensively in the testimony of Stephen Parr and Carl Stover.

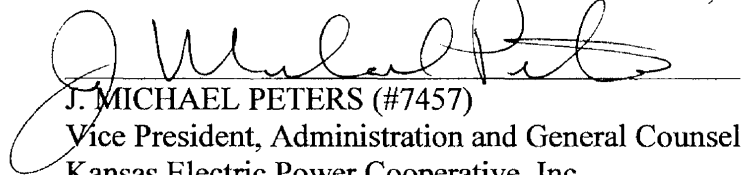
6. The testimony of six witnesses is being submitted in support of this application. The names of the witnesses and the subject matter of each witness' testimony are as follows:

| <u>Witness</u>     | <u>Subject Matter</u>   |
|--------------------|---|
| Stephen E. Parr    | Summary of Application and Description of KEPCo's Operations  |
| Robert D. Bowser   | Purchase Power and Transmission Costs, Weather Normalization, and Demand Cost Adjustment                            |
| Coleen M. Wells    | Accounting Data and Adjustments   |
| David A. Naylor    | Cost of Service and Revenue Requirement, High Voltage Discount, Rural Energy Credit, and Economic Development Rider |
| Carl N. Stover     | Development of All Requirement Member Wholesale Electric Service Tariff and Demand Cost Adjustment                  |
| J. Bertram Solomon | KEPCo Financial Plan  |

NOW, THEREFORE, Applicant requests this Commission to enter its Order authorizing KEPCo to increase its rates according to the supporting schedules, as supported by the KEPCo Board of Trustees in its Resolution No. 07-27, approved with all in agreement, but with two abstentions, on November 15, 2007, and for such other and further relief as the Commission deems just and reasonable.

Respectfully submitted,

KANSAS ELECTRIC POWER COOPERATIVE, INC.



J. MICHAEL PETERS (#7457)  
Vice President, Administration and General Counsel  
Kansas Electric Power Cooperative, Inc.  
600 S.W. Corporate View  
Topeka, KS 66615  
785-273-7010  
[mpeters@Kepco.org](mailto:mpeters@Kepco.org)

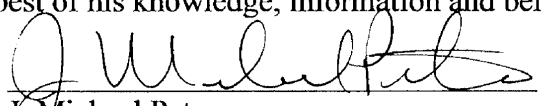
FRANK A. CARO, JR. (#11678)  
ANNE E. CALLENBACH (#18488)  
Polsinelli Shalton Flanigan Suelthaus, P.C.  
6201 College Boulevard, Suite 500  
Overland Park, Kansas 66211  
(913) 451-8788  
(913) 451-6205 Fax  
[fcaro@polsinelli.com](mailto:fcaro@polsinelli.com)  
[acallenbach@polsinelli.com](mailto:acallenbach@polsinelli.com)



**VERIFICATION**

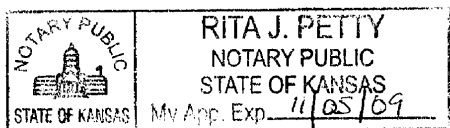
STATE OF KANSAS            )  
  ) ss:  
COUNTY OF SHAWNEE    )

J. Michael Peters, being first duly sworn, deposes and states that he is Vice President, Administration and General Counsel for Kansas Electric Power Cooperative, Inc., applicant in the above-captioned matter; that he has read the foregoing Application and verifies that the allegations therein contained are true to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
J. Michael Peters

Subscribed and sworn to before me on this 21<sup>st</sup> day of December, 2007.

(seal)



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

My Appointment Expires: 11/05/09

**CERTIFICATE OF SERVICE**

I hereby certify that on this 21<sup>st</sup> day of December, 2007, a true and correct copy of the above and foregoing Application with all supporting schedules was placed in the United States mail, first-class postage prepaid, property addressed to:

Tom Stratton  
Chief Litigation Counsel  
1500 SW Arrowhead Road  
Topeka, KS 66604

Don Low  
Kansas Corporation Commission  
1500 SW Arrowhead Road  
Topeka, KS 66604

David Springe  
Citizens' Utility Ratepayer Board  
1500 SW Arrowhead Road  
Topeka, KS 66604

A handwritten signature in black ink, appearing to read "J. M. ...", written over a horizontal line.

279825



**Kansas Electric  
Power Cooperative, Inc.**

*Stephen E. Parr, Executive Vice President and CEO*

P.O. Box 4877, Topeka, KS 66604-0877  
600 Corporate View, Topeka, KS 66615  
Phone (785) 271-4831 Fax (785) 271-4884  
www.kepco.org

December 21, 2007

Ms. Susan Duffy, Executive Director  
Kansas Corporation Commission  
1500 SW Arrowhead Rd.  
Topeka, KS 66604

RE: Rate Application of Kansas Electric Power Cooperative, Inc. Topeka,  
Kansas

Dear Ms. Duffy:

Pursuant to the KCC Rules of Practice and Procedure, Kansas Electric Power Cooperative, Inc. (KEPCo) hereby files an original, nine mechanical copies and one electronic copy of the attached Application, with supporting schedules, requesting an increase of its rates. KEPCo requests the increase be ordered effective as soon as reasonably possible.

Please process these documents in accordance with the Commission's prescribed practices. A copy of the Application will be provided to each of KEPCo's member distribution cooperatives.

If you have any questions or other requirements, please let me know.

Sincerely,

Stephen E. Parr  
Executive Vice President and  
Chief Executive Officer

Enclosures

## **CERTIFICATION**

I, J. Michael Peters, do hereby certify that I am the duly appointed and qualified Assistant Secretary of Kansas Electric Power Cooperative, Inc. and that the following is a true and correct copy of the Resolution duly adopted by the Board of Trustees of Kansas Electric Power Cooperative, Inc. at its Board of Trustees Meeting held November 15, 2007:

### **RESOLUTION NO. 07-27 AUTHORIZING RATE CASE APPLICATION**

WHEREAS, the Kansas Electric Power Cooperative, Inc. (KEPCo) is an electric cooperative organized under the laws of the State of Kansas and is authorized to engage in the business of an electric utility under a Limited Certificate of Convenience and Authority issued by the Kansas Corporation Commission (KCC) on October 22, 1980; and,

WHEREAS, KEPCo provides wholesale electric power to its 19 Member electric distribution cooperatives pursuant to Wholesale Power Contracts with each of its Members; and,

WHEREAS, in November of 2006, due to the high cost of natural gas, drought in the SWPA footprint, and the probable effects of the Sunflower PPA and Westar PPA, the KEPCo Board of Trustees decided there would be a need to file a rate case within the next 12 months; and,

WHEREAS, the KEPCo Board of Trustees met on January 18, 2007 and a motion was made to select C. H. Guernsey & Co. to perform a rate study; and,

WHEREAS, the KEPCo Board of Trustees met on February 15, 2007, when it adopted Rate Guidelines to establish the fundamental objectives for the rates to be adopted, including that "A two-thirds (13) majority vote of the Board will be required to revise KEPCo's rates;" and,

WHEREAS, the KEPCo Board of Trustees met with consultants from C. H. Guernsey & Co. during Board meetings held by KEPCo on February 15-16, April 18-19, May 16-17, July 18-19, August 15-16, September 19-20, and October 17-18, all in the year 2007, to try to reach decisions regarding the revenue requirement and rate design that would comply with Section 4.15 of its Mortgage with the United States Government, Section 4(b) and 4(c) of the

Wholesale Power Contract with each of its Members, its own Rate Guidelines, and its policies; and,

WHEREAS, at its July 18-19, 2007, Board of Trustees meeting, the Board passed motions to: 1) retain the Economic Development Rider in the rate design at the current level; 2) retain the Rural Energy Credit in the rate design at the current level; 3) retain the High Voltage Discount at levels currently in place in the rate design; and 4) include the institution of a Delivery Point Charge in the rate design; and,

WHEREAS, at its August 15-16, 2007, Board of Trustees meeting, the Board passed unanimously motions to: 1) include an annual demand adjuster in the rate design; 2) adopt proposed changes to Policy Bulletin No. 9, Financial Policy; 3) approve Resolution 07-21, adopting the 2007 KEPCo Financial Plan designed to comply with Section 4.15 of its Mortgage with the United States Government, Section 4(b) and 4(c) of the Wholesale Power Contract with each of its Members, its own Rate Guidelines, and its policies; 4) use a Debt Service Coverage (DSC) level of 1.2 in the rate study which set the revenue requirement to be used; 5) include all fuels in the Energy Cost Adjustment; and 6) continue the usage of the five-day coincident peak in the rate design; and,

WHEREAS, at its October 17-18, 2007, Board of Trustees meeting, the Board passed motions to: 1) use a capital substitution methodology to shift demand costs into energy recovery, resulting in a 39.8% tilt of demand costs into the energy rate in the rate design and 2) use rate design Option 2, which would continue the use of a base and excess rate design, but with the base demand updated using data from the 2006 test year, and that KEPCo's tariff include language to provide that if a Member lost 20% of its load, the Member could make a request to the KEPCo Board that their base demand be reduced; and,

WHEREAS, as a result of delay in achieving approval of the new power supply contract with Westar, the rate calculations previously considered and approved by the Board required modification using the existing power supply contract with Westar and such modification was made and presented to the Board at this meeting; and

WHEREAS, because KEPCo's purchased power demand costs will significantly increase at the time the new power supply contract with Westar is fully approved and becomes effective, KEPCo should request that the annual demand adjuster approved

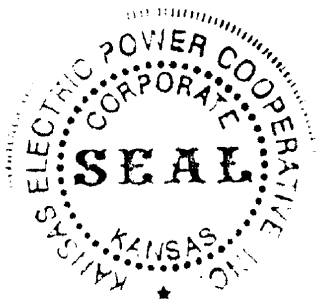
at the August Board meeting operate to provide a one-time adjustment to KEPCo's demand rate coincident with the implementation of the new Westar power supply contract.

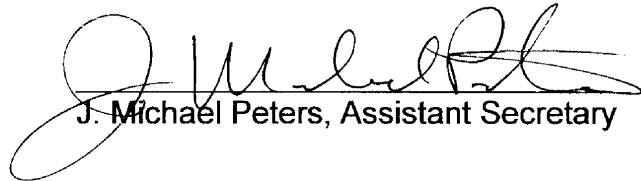
WHEREAS, it is desirable and fair to phase in the rate change by charging no more than the average rate increase to all Members when the rates go into effect and the balance of any rate increase in the subsequent year,

NOW, THEREFORE, BE IT RESOLVED that the KEPCo Staff is directed to file an Application with the KCC by December 31, 2007 requesting approval for KEPCo to adjust its rates using a 2006 test year, a Member revenue requirement of \$106,957,234.00, a capital substitution methodology to tilt demand costs into the energy rate, the rate design designated as Option 2, an annual demand cost adjuster with the ability to reflect the Westar power supply contract change when it occurs and a two-year phase in of the rate increase.

And that the action taken and Resolution adopted as above set out has never been rescinded, altered, amended, modified or repealed, and is on this date in full force and effect.

IN WITNESS WHEREOF, I hereby set my hand and attached the seal of the Corporation this 2/ st day of December, 2007.



  
J. Michael Peters, Assistant Secretary

## **Section 2**

### **General information and publicity.**

**Section 2. *General information and publicity.* This section shall describe the means generally employed by the utility to acquaint the general public that would be affected by the proposed rate change with the nature and extent of the proposal. This section may include statements concerning newspaper articles and advertisements, meetings with public officials, civic organizations and citizen groups, and shall include general information concerning the application that will be of interest to the public and suitable for publication. This information shall include the following, if applicable: (i) The aggregate annual revenue increase that the application proposes; (ii) names of communities affected; (iii) the number and classification of customers to be affected; (iv) the average, per customer increase sought in dollars and cents; (v) a summary of the reasons for filing the application; (vi) any other pertinent information that the applicant may desire to submit or that the commission may require; and (vii) copies of any press releases issued by the applicant before or at the time of filing the application for a rate review that relate to that review.**

Section 2 has limited applicability to KEPCo. All of KEPCo's customers are its Members and all Members are represented on KEPCo's Board of Trustees. As noted in the minutes of the November 15, 2007 meeting of the Board, all Members were represented when the Board directed KEPCo Staff to file an Application with the KCC by December 31, 2008 requesting approval for a change in KEPCo's rates. Further, the Board has participated in determination of all essential elements of the rate filing since inception of the rate workshop process at the February 15, 2007 meeting of the Board. No further publicity is deemed necessary.



## **Section 3**

### **Summary of rate base, operating income and rate of return.**

**Section 3. *Summary of rate base, operating income and rate of return.* This section shall contain schedules that show the components of the test year rate base, operating revenues, expenses and income as well as the rate of return under the present and proposed tariff or tariffs. The schedules shall be presented as follows: (i) The first schedule shall summarize, for each utility service for which the rate change is sought, the total Kansas and commission jurisdictional components of the rate base, operating revenues, expenses, net income and rate of return. (ii) Supporting schedules shall show the unadjusted commission jurisdictional figures and shall further set out each adjustment to arrive at the total adjustments. When added to the unadjusted total, the adjusted commission jurisdictional figures shall correspond with the commission jurisdictional figures presented on the first schedule of this section. (iii) Additional schedules not applicable to other sections of the application may be set out in this section.**

**Kansas Electric Power Cooperative, Inc.**  
**Electric Plant Rate Base and Return**  
**Test Year Ending December 31, 2006**

Section 3  
Schedule 1  
Page 1 of 1

| Line # | Description                      | Actual Test Year Ended 31-Dec-06 | Pro-Forma Adjustments | Adjusted Regulated Test Year | Rate Increase      | Adjusted Regulated Test Year After Increase | Add Back Commission Disallowed Adj | Adjusted Book Test Year | Reference            |
|--------|----------------------------------|----------------------------------|-----------------------|------------------------------|--------------------|---|------------------------------------|-------------------------|----------------------|
| 1      | <u>Rate Base:</u>                |                                  |                       |                              |                    |   |                                    |                         |                      |
| 2      | Total Utility Plant              | \$236,465,124                    | \$0                   | \$236,465,124                | \$0                | \$236,465,124                               | \$0                                | \$236,465,124           | Section 4 Schedule 1 |
| 3      | Less: Accumulated Depreciation   | (\$120,831,702)                  | \$0                   | (\$120,831,702)              | \$0                | (\$120,831,702)                             | \$0                                | (\$120,831,702)         | Section 5 Schedule 1 |
| 4      | Materials and Supplies           | \$2,983,476                      | \$0                   | \$2,983,476                  | \$0                | \$2,983,476                                 | \$0                                | \$2,983,476             |                      |
| 5      | Prepayments                      | \$410,508                        | \$0                   | \$410,508                    | \$0                | \$410,508                                   | \$0                                | \$410,508               |                      |
| 6      | Debt Service Reserve Investments | \$7,515,654                      | \$0                   | \$7,515,654                  | \$0                | \$7,515,654                                 | \$0                                | \$7,515,654             |                      |
| 7      | Total Rate Base                  | <u>\$126,543,059</u>             | <u>\$0</u>            | <u>\$126,543,059</u>         | <u>\$0</u>         | <u>\$126,543,059</u>                        | <u>\$0</u>                         | <u>\$126,543,059</u>    |                      |
|        | <u>Results of Operations:</u>    |                                  |                       |                              |                    |   |                                    |                         |                      |
|        | Operating Revenues:              |                                  |                       |                              |                    |   |                                    |                         |                      |
| 8      | Member Sales                     | \$110,707,844                    | (\$8,241,968)         | \$102,465,876                | \$5,410,938        | \$107,876,815                               | \$0                                | \$107,876,815           |                      |
| 9      | Other Operating Revenues         | \$66,475                         | \$0                   | \$66,475                     | \$0                | \$66,475                                    | \$0                                | \$66,475                |                      |
| 10     | Total Operating Revenues:        | <u>\$110,774,319</u>             | <u>(\$8,241,968)</u>  | <u>\$102,532,351</u>         | <u>\$5,410,938</u> | <u>\$107,943,289</u>                        | <u>\$0</u>                         | <u>\$107,943,289</u>    |                      |
| 11     | Total Operating Expenses         | <u>\$101,695,276</u>             | <u>(\$8,380,811)</u>  | <u>\$93,314,465</u>          | <u>\$0</u>         | <u>\$93,314,465</u>                         | <u>\$0</u>                         | <u>\$93,314,465</u>     |                      |
| 12     | Utility Operating Margins        | <u>\$9,079,043</u>               | <u>\$138,843</u>      | <u>\$9,217,886</u>           | <u>\$5,410,938</u> | <u>\$14,628,824</u>                         | <u>\$0</u>                         | <u>\$14,628,824</u>     |                      |
|        | Income Deductions:               |                                  |                       |                              |                    |   |                                    |                         |                      |
| 13     | Miscellaneous Income Deductions  | \$65,707                         | \$0                   | \$65,707                     | \$0                | \$65,707                                    | \$0                                | \$65,707                |                      |
| 14     | Interest on Long-Term Debt       | \$8,604,186                      | (\$1,094,680)         | \$7,509,505                  | \$0                | \$7,509,505                                 | \$636,372                          | \$8,145,878             |                      |
| 15     | Amortization of Debt Issue Costs | \$125,431                        | (\$4,889)             | \$120,542                    | \$0                | \$120,542                                   | \$0                                | \$120,542               |                      |
| 16     | Other Interest Expense           | \$108,761                        | \$0                   | \$108,761                    | \$0                | \$108,761                                   | \$0                                | \$108,761               |                      |
| 17     | Total Income Deductions          | <u>\$8,904,085</u>               | <u>(\$1,099,570)</u>  | <u>\$7,804,515</u>           | <u>\$0</u>         | <u>\$7,804,515</u>                          | <u>\$636,372</u>                   | <u>\$8,440,888</u>      |                      |
| 18     | Net Operating Margins            | <u>\$174,958</u>                 | <u>\$1,238,413</u>    | <u>\$1,413,371</u>           | <u>\$5,410,938</u> | <u>\$6,824,309</u>                          | <u>(\$636,372)</u>                 | <u>\$6,187,935</u>      |                      |
|        | Other Non-Operating Income:      |                                  |                       |                              |                    |   |                                    |                         |                      |
| 19     | Income from Merchandising        | \$0                              | \$0                   | \$0                          | \$0                | \$0   | \$0                                | \$0                     |                      |
| 21     | Other Non-Operating Income       | \$884,482                        | (\$252,468)           | \$632,014                    | \$0                | \$632,014                                   | \$0                                | \$632,014               |                      |
| 22     | Total Non-Operating Income       | <u>\$884,482</u>                 | <u>(\$252,468)</u>    | <u>\$632,014</u>             | <u>\$0</u>         | <u>\$632,014</u>                            | <u>\$0</u>                         | <u>\$632,014</u>        |                      |
| 23     | NET MARGINS                      | <u>\$1,059,440</u>               | <u>\$985,945</u>      | <u>\$2,045,385</u>           | <u>\$5,410,938</u> | <u>\$7,456,322</u>                          | <u>(\$636,372)</u>                 | <u>\$6,819,950</u>      |                      |
| 24     | Times Interest Earned Ratio      | <u>1.12</u>                      |                       | <u>1.27</u>                  |                    | <u>1.99</u>                                 |                                    | <u>1.84</u>             |                      |
| 25     | Debt Service Coverage Ratio      | <u>0.95</u>                      |                       | <u>0.95</u>                  |                    | <u>1.24</u>                                 |                                    | <u>1.20</u>             |                      |
| 26     | Rate of Return                   | <u>7.17%</u>                     |                       | <u>7.28%</u>                 |                    | <u>11.56%</u>                               |                                    | <u>11.56%</u>           |                      |

(1) Rate of Return calculated excludes working capital, and is calculated on allowed rate base only. Please see testimony of Ms. Coleen Wells.

# Section 4

## Plant investments.

**Section 4. *Plant investments.*** This section shall contain the items of plant investment, presented in the following manner: (i) The first schedule shall detail, by functional classification, unadjusted amounts, adjustments to these amounts and jurisdictional allocations. (ii) Supplemental schedules, by primary account, shall set forth year-end plant investment for the three calendar years preceding the test year, for the test year and for the 12-month period preceding the test year. Additional schedules setting forth pertinent information related to the plant may be submitted under this section. “Primary account,” as utilized in this regulation, shall mean the account classification provided in the uniform system of accounts prescribed by the commission for the utility.



**Kansas Electric Power Cooperative, Inc.**  
**Utility Plant**  
**Test Year Ending December 31, 2006**

Section 4  
Schedule 1  
Page 1 of 1

| Line # | Description                   | Year Ended           |                      |                      |            |
|--------|-------------------------------|----------------------|----------------------|----------------------|------------|
|        |                               | Dec. 31, 2006        | Dec. 31, 2005        | Dec. 31, 2004        |            |
|        | <u>Plant in Service:</u>      |                      |                      |                      |            |
| 1      | Intangible Plant              | \$1,070,204          | \$1,035,664          | \$1,069,524          | Schedule 2 |
| 2      | Production Plant              | \$206,599,388        | \$205,389,991        | \$204,921,569        | Schedule 2 |
| 3      | Other Production Plant        | \$5,438,973          | \$5,432,754          | \$5,427,939          | Schedule 2 |
| 4      | Transmission Plant            | \$2,147,624          | \$2,135,338          | \$2,029,540          | Schedule 2 |
| 5      | General Plant                 | \$9,736,818          | \$9,858,357          | \$9,831,451          | Schedule 2 |
| 6      | Total Plant in Service        | <u>\$224,993,008</u> | <u>\$223,852,105</u> | <u>\$223,280,023</u> |            |
| 7      | Construction Work in Progress | \$6,550,342          | \$2,278,799          | \$1,801,777          | Schedule 3 |
| 8      | Nuclear Fuel (Net)            | \$4,921,775          | \$3,491,532          | \$4,558,431          | Schedule 4 |
| 9      | Total Utility Plant           | <u>\$236,465,124</u> | <u>\$229,622,436</u> | <u>\$229,640,232</u> |            |

**Kansas Electric Power Cooperative, Inc.**  
**Plant in Service by Primary Account**  
**Test Year Ending December 31, 2006**

Section 4  
Schedule 2  
Page 1 of 1

| Acct #                           | Description                            | Year Ended           |                      |                      |
|----------------------------------|--|----------------------|----------------------|----------------------|
|                                  |  | Dec. 31, 2006        | Dec. 31, 2005        | Dec. 31, 2004        |
| <b>Intangible Plant:</b>         |  |                      |                      |                      |
| 303                              | Misc. Intangible Plant                 | \$1,070,204          | \$1,035,664          | \$1,069,524          |
|                                  | <b>Total Intangible Plant</b>          | <b>\$1,070,204</b>   | <b>\$1,035,664</b>   | <b>\$1,069,524</b>   |
| <b>Nuclear Production Plant:</b> |  |                      |                      |                      |
| 320                              | Land and Land Rights                   | \$435,521            | \$435,521            | \$435,521            |
| 321                              | Structures and Improvements            | \$63,537,184         | \$63,523,985         | \$63,424,243         |
| 322                              | Reactor Plant Equipment                | \$101,406,279        | \$100,944,575        | \$100,852,416        |
| 323                              | Turbo Generator Units                  | \$26,609,896         | \$26,591,152         | \$26,580,020         |
| 324                              | Accessory Electric Equipment           | \$21,284,050         | \$20,992,825         | \$20,860,932         |
| 325                              | Misc. Power Plant Equipment            | \$9,748,769          | \$9,697,900          | \$9,564,403          |
| 325.1                            | Disallowed Plant                       | (\$21,054,056)       | (\$21,054,056)       | (\$21,054,056)       |
| 326                              | Asset Retirement Obligation            | \$4,631,744          | \$4,258,089          | \$4,258,089          |
|                                  | <b>Total Nuclear Plant</b>             | <b>\$206,599,388</b> | <b>\$205,389,991</b> | <b>\$204,921,569</b> |
| <b>Other Production Plant:</b>   |  |                      |                      |                      |
| 341                              | Structures and Improvements            | \$78,560             | \$78,560             | \$78,560             |
| 344                              | Generators                             | \$3,563,447          | \$3,563,447          | \$3,563,447          |
| 345                              | Accessory Electric Equipment           | \$1,796,966          | \$1,790,747          | \$1,785,932          |
|                                  | <b>Total Other Production Plant</b>    | <b>\$5,438,973</b>   | <b>\$5,432,754</b>   | <b>\$5,427,939</b>   |
| <b>Transmission Plant:</b>       |  |                      |                      |                      |
| 350                              | Land and Land Rights                   | \$45                 | \$45                 | \$45                 |
| 352                              | Structures and Improvements            | \$33,000             | \$33,000             | \$33,000             |
| 353                              | Station Equipment                      | \$1,897,079          | \$1,886,868          | \$1,843,808          |
| 355                              | Poles and Fixtures                     | \$7,437              | \$7,437              | \$7,437              |
| 356                              | Overhead Conductors and Devices        | \$210,063            | \$207,988            | \$145,250            |
|                                  | <b>Total Transmission Plant</b>        | <b>\$2,147,624</b>   | <b>\$2,135,338</b>   | <b>\$2,029,540</b>   |
| <b>General Plant:</b>            |  |                      |                      |                      |
| 389                              | Land and Land Rights                   | \$320,133            | \$320,133            | \$320,133            |
| 390                              | Leasehold Structures and Improvements  | \$1,895,053          | \$1,895,053          | \$1,895,053          |
| 391                              | Office Furniture and Equipment         | \$1,010,081          | \$1,047,447          | \$968,530            |
| 392                              | Transportation Equipment               | \$306,210            | \$313,950            | \$298,632            |
| 394                              | Tools, Shop and Garage Equipment       | \$62,345             | \$57,530             | \$56,584             |
| 395                              | Laboratory Equipment                   | \$196,459            | \$192,008            | \$170,451            |
| 396                              | Power Operated Equipment               | \$16,110             | \$16,110             | \$15,127             |
| 397                              | Communications Equipment               | \$5,930,427          | \$6,016,126          | \$6,106,940          |
|                                  | <b>Total General Plant</b>             | <b>\$9,736,818</b>   | <b>\$9,858,357</b>   | <b>\$9,831,451</b>   |
|                                  | <b>Total Electric Plant in Service</b> | <b>\$224,993,008</b> | <b>\$223,852,105</b> | <b>\$223,280,023</b> |

**Kansas Electric Power Cooperative, Inc.**  
**Construction Work in Progress**  
**Test Year Ending December 31, 2006**

Section 4  
Schedule 3  
Page 1 of 1

| Acct<br># | Description                         | Year Ended         |                    |                    |
|-----------|-------------------------------------|--------------------|--------------------|--------------------|
|           |                                     | Dec. 31, 2006      | Dec. 31, 2005      | Dec. 31, 2004      |
| 107       | Construction Work in Progress-WCNO  | \$2,494,856        | \$1,935,788        | \$1,663,528        |
| 107       | Construction Work in Progress-KEPCo | \$4,055,485        | \$343,012          | \$138,249          |
|           | Total Construction Work in Progress | <u>\$6,550,342</u> | <u>\$2,278,799</u> | <u>\$1,801,777</u> |

**Kansas Electric Power Cooperative, Inc.**  
**Nuclear Fuel**  
**Test Year Ending December 31, 2006**

Section 4  
Schedule 4  
Page 1 of 1

| Acct<br># | Description                            | Year Ended         |                    |                    |
|-----------|--|--------------------|--------------------|--------------------|
|           |  | Dec. 31, 2006      | Dec. 31, 2005      | Dec. 31, 2004      |
| 120.1     | Nuclear Fuel in Process                | \$816,167          | \$552,250          | \$2,670,163        |
| 120.2     | Nuclear Fuel in Stock                  | \$0                | \$0                | \$62,655           |
| 120.3     | Nuclear Fuel Assemblies in Reactor     | \$6,586,331        | \$5,998,049        | \$5,708,800        |
| 120.4     | Spent Nuclear Fuel                     | \$10,440,581       | \$11,129,397       | \$11,678,819       |
| 120.5     | Accum. Amortization of Fuel Assemblies | (\$12,921,304)     | (\$14,188,165)     | (\$15,562,006)     |
|           | Total Nuclear Fuel (Net)               | <u>\$4,921,775</u> | <u>\$3,491,532</u> | <u>\$4,558,431</u> |



## **Section 5**

### **Accumulated provision for depreciation, amortization and depletion.**

**Section 5. *Accumulated provision for depreciation, amortization and depletion.* This section shall contain schedules which shall show by functional classification, using dates corresponding with the dates of plant investment data submitted under Section 4, the balances of the reserve accounts in which the credits representing provisions for depreciation, amortization, depletion, any adjustments thereto and jurisdictional allocations are accumulated. Upon commission request, or when considered relevant by the utility, schedules may be submitted showing analysis of the activities of the reserve accounts relating to the plant in service, segregated by primary accounts, or other segregation as is required by the uniform system of accounts prescribed by the commission for that utility.**

**Kansas Electric Power Cooperative, Inc.**  
**Accumulated Provision for Depreciation and Amortization**  
**Test Year Ending December 31, 2006**

Section 5  
Schedule 1  
Page 1 of 1

| Acct # | Description                            | Year Ended                  |                             |                             |
|--------|--|-----------------------------|-----------------------------|-----------------------------|
|        |  | Dec. 31, 2006<br>(1)        | Dec. 31, 2005<br>(2)        | Dec. 31, 2004<br>(3)        |
| 108    | Production Plant                       | \$113,675,632               | \$111,252,525               | \$108,754,606               |
| 108    | Other Production Plant                 | \$1,150,396                 | \$893,711                   | \$637,161                   |
| 108    | Transmission Plant                     | \$539,523                   | \$485,824                   | \$435,936                   |
| 108    | General Plant                          | \$4,468,085                 | \$4,152,005                 | \$3,506,844                 |
|        | Total Accum. Depr. Plant               | <u>\$119,833,636</u>        | <u>\$116,784,065</u>        | <u>\$113,334,547</u>        |
| 111    | Accum. Amort. Ltd. Term Electric Plant | \$998,066                   | \$967,924                   | \$944,684                   |
|        | Total Accum. Depr. and Amort.          | <u><u>\$120,831,702</u></u> | <u><u>\$117,751,989</u></u> | <u><u>\$114,279,231</u></u> |

## **Section 6**

### **Working capital.**

**Section 6. *Working capital.*** This section shall set forth in detail each component of the working capital items the applicant proposes to submit as elements in the composition of the rate base. This section shall be presented as follows: (i) The first schedule shall contain the components included in working capital, adjustments to this, and jurisdictional allocations. (ii) The method of calculation for each component of working capital and a complete explanation of any pro forma adjustments shall be included in supporting schedules.

**NO ENTRIES HAVE BEEN MADE  
IN THIS SECTION**

# Section 7

## Capital and cost of money.

**Section 7. *Capital and cost of money.* This section shall contain the following: (i) A schedule indicating the amounts of the major components of the capital structures of the utility, including long term debt, preferred stock, and common equity, outstanding at the beginning and at the end of the test year. This schedule shall contain the ratios of each component to the total capital including the percentage cost and the requested overall rate of return. If only a portion of the capital serves the utility operations involved in the proceeding, as would be the case in a multi-utility or multi-state operation, the schedule shall show an appropriate allocation of the capital items; (ii) a schedule disclosing the cost of each issue of debt and preferred stock outstanding, with due allowance for premiums, discounts and issuance expense. Data relating to the other components of capital as may be appropriate shall also be included; (iii) a schedule displaying historical interest coverage for at least the three calendar years preceding the test year, the test year and the 12-month period preceding the test year. The method used in the calculation shall be indicated and shall be consistent with the applicant's bond indenture requirements; and (iv) the consolidated capital structure, if the applicant is a part of a consolidated group or a division of another company.**

**Kansas Electric Power Cooperative, Inc**  
**Summary of Capital Structure**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 1  
Page 1 of 1

| Line #                                     | Description                                 | December 31, 2006    | % of Total     | December 31, 2005    | % of Total     |
|--|---|----------------------|----------------|----------------------|----------------|
| <u>Memberships &amp; Retained Margins:</u> |   |                      |                |                      |                |
| 1  | Memberships                                 | \$3,200              | 0.00%          | \$3,200              | 0.00%          |
| 2  | Unrealized Gain(Loss) on Equity Investments | \$0                  | 0.00%          | \$0                  | 0.00%          |
| 3  | Patronage Capital and Other Equities        | \$19,619,482         | 11.34%         | \$18,560,042         | 10.37%         |
| 4  | Total Memberships & Retained Margins        | <u>\$19,622,682</u>  | <u>11.34%</u>  | <u>\$18,563,242</u>  | <u>10.37%</u>  |
| <u>Long - Term Debt:</u>                   |   |                      |                |                      |                |
| 5  | Federal Financing Bank                      | \$79,232,070         | 45.78%         | \$81,792,204         | 45.71%         |
| 6  | Industrial Revenue Bonds                    | \$26,700,000         | 15.43%         | \$28,500,000         | 15.93%         |
| 7  | CFC Grantor Trust Certificates              | \$43,340,000         | 25.04%         | \$45,640,000         | 25.51%         |
| 8  | CFC Sharpe Loan                             | \$4,162,916          | 2.41%          | \$4,440,788          | 2.48%          |
| 9  | Total Long - Term Debt                      | <u>\$153,434,986</u> | <u>88.66%</u>  | <u>\$160,372,992</u> | <u>89.63%</u>  |
| 10   | Total Capitalization                        | <u>\$173,057,668</u> | <u>100.00%</u> | <u>\$178,936,234</u> | <u>100.00%</u> |

**Kansas Electric Power Cooperative, Inc**  
**Summary Cost of Debt**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 2  
Page 1 of 1

| Line # | Description                    | Debt Outstanding<br>Dec. 31, 2006 | 12/31/2006<br>Stated<br>Interest<br>Rate | Actual Interest<br>Dec. 31, 2006 | Debt Issue<br>Cost Amort.<br>Dec. 31, 2006 | Total Interest<br>and Issuance<br>Cost Amort<br>Dec. 31, 2006 | Effective<br>Rate |
|--------|--------------------------------|-----------------------------------|--|----------------------------------|--|---|-------------------|
| 1      | FFB Long-Term Maturities       | \$79,232,070                      | Various                                  | \$3,792,768                      | \$549,477                                  | \$4,342,245   | 5.480%            |
| 2      | Internal Revenue Bonds         | \$26,700,000                      | 3.594%                                   | \$1,140,328                      | \$28,410                                   | \$1,168,738   | 4.377%            |
| 3      | CFC Grantor Trust Certificates | \$43,340,000                      | 7.522%                                   | \$3,417,999                      | \$248,681                                  | \$3,666,680   | 8.460%            |
| 4      | CFC Sharpe Loan                | \$4,162,916                       | 5.950%                                   | \$253,091                        | \$0  | \$253,091   | 6.080%            |
| 5      | Total Debt/Interest Expense    | <u>\$153,434,986</u>              |  | <u>\$8,604,186</u>               | <u>\$826,569</u>                           | <u>\$9,430,755</u>  | <u>6.146%</u>     |

**Kansas Electric Power Cooperative, Inc**  
**FFB Debt Issues**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 3  
Page 1 of 1

| Line # | Description         | RUS Acct No. | Debt Outstanding Dec. 31, 2006 | Stated Interest Rate | Actual Interest 12 Months Ended Dec. 31, 2006 | Current Maturity Date |
|--------|---------------------|--------------|--------------------------------|----------------------|---|-----------------------|
| 1      | January 3, 1986     | 10           | \$5,878,959                    | 6.107%               | \$376,038                                     | December 31, 2015     |
| 2      | December 31, 1986   | 15           | \$26,697,078                   | 3.616%               | \$1,053,041                                   | December 31, 2016     |
| 3      | May 12, 1986        | 20           | \$713,597                      | 4.024%               | \$30,984                                      | December 31, 2016     |
| 4      | July 2, 1986        | 30           | \$1,228,965                    | 3.737%               | \$49,709                                      | December 31, 2016     |
| 5      | August 13, 1986     | 45           | \$627,009                      | 3.737%               | \$25,361                                      | December 31, 2016     |
| 6      | September 17, 1987  | 50           | \$3,237,195                    | 4.024%               | \$140,557                                     | December 31, 2016     |
| 7      | March 18, 1987      | 80           | \$371,471                      | 4.093%               | \$16,309                                      | December 31, 2017     |
| 8      | March 31, 1986      | 175          | \$3,164,731                    | 4.160%               | \$140,513                                     | December 31, 2018     |
| 9      | March 31, 1986      | 180          | \$1,039,456                    | 4.160%               | \$46,152                                      | December 31, 2018     |
| 10     | April 2, 1986       | 185          | \$2,030,377                    | 4.160%               | \$90,148                                      | December 31, 2018     |
| 11     | April 2, 1986       | 190          | \$777,854                      | 4.160%               | \$34,536                                      | December 31, 2018     |
| 12     | April 2, 1986       | 195          | \$757,277                      | 4.160%               | \$33,623                                      | December 31, 2018     |
| 13     | April 2, 1986       | 200          | \$846,448                      | 4.160%               | \$37,582                                      | December 31, 2018     |
| 14     | July 2, 1986        | 205          | \$3,095,098                    | 3.958%               | \$131,013                                     | December 31, 2018     |
| 15     | July 2, 1986        | 210          | \$654,628                      | 3.958%               | \$27,710                                      | December 31, 2018     |
| 16     | July 2, 1986        | 215          | \$1,008,004                    | 3.958%               | \$42,668                                      | December 31, 2018     |
| 17     | July 2, 1986        | 220          | \$356,085                      | 3.958%               | \$15,073                                      | December 31, 2018     |
| 18     | July 2, 1986        | 225          | \$1,116,998                    | 3.958%               | \$47,281                                      | December 31, 2018     |
| 19     | June 30, 1986       | 230          | \$637,675                      | 3.958%               | \$26,992                                      | December 31, 2018     |
| 20     | July 2, 1986        | 235          | \$3,806,804                    | 3.958%               | \$169,021                                     | December 31, 2018     |
| 21     | July 5, 1986        | 240          | \$839,164                      | 3.958%               | \$37,259                                      | December 31, 2018     |
| 22     | July 26, 1986       | 245          | \$1,041,314                    | 3.958%               | \$46,234                                      | December 31, 2018     |
| 23     | August 6, 1986      | 250          | \$1,034,615                    | 3.958%               | \$45,937                                      | December 31, 2018     |
| 24     | August 23, 1986     | 255          | \$1,738,264                    | 3.958%               | \$77,178                                      | December 31, 2018     |
| 25     | August 29, 1986     | 260          | \$614,650                      | 3.958%               | \$27,290                                      | December 31, 2018     |
| 26     | September 28, 1986  | 265          | \$867,741                      | 4.160%               | \$38,527                                      | December 31, 2018     |
| 27     | December 31, 1986   | 270          | \$3,788,934                    | 3.958%               | \$160,382                                     | December 31, 2018     |
| 28     | December 31, 1986   | 275          | \$1,176,726                    | 3.958%               | \$49,810                                      | December 31, 2018     |
| 29     | December 31, 1986   | 280          | \$629,093                      | 3.958%               | \$26,629                                      | December 31, 2018     |
| 30     | December 31, 1986   | 285          | \$752,995                      | 3.958%               | \$31,874                                      | December 31, 2018     |
| 31     | December 31, 1986   | 290          | \$575,014                      | 3.958%               | \$24,340                                      | December 31, 2018     |
| 32     | March 31, 1986      | 305          | \$827,822                      | 7.784%               | \$67,212                                      | December 31, 2015     |
| 33     | June 30, 1986       | 325          | \$3,128,860                    | 8.467%               | \$275,884                                     | December 31, 2015     |
| 34     | June 30, 1986       | 330          | \$509,679                      | 8.467%               | \$44,940                                      | December 31, 2015     |
| 35     | February 13, 1986   | 385          | \$890,453                      | 9.206%               | \$85,224                                      | December 31, 2015     |
| 36     | May 30, 1986        | 390          | \$311,599                      | 7.826%               | \$25,433                                      | December 31, 2015     |
| 37     | June 30, 1987       | 395          | \$824,011                      | 8.467%               | \$72,656                                      | December 31, 2015     |
| 38     | August 14, 1987     | 400          | \$36,248                       | 8.795%               | \$3,317                                       | December 31, 2015     |
| 39     | November 30, 1989   | 405          | \$1,599,180                    | 7.030%               | \$117,477                                     | December 31, 2015     |
| 40     | Total               |              | <u>\$79,232,072</u>            |                      | <u>\$3,791,915</u>                            |                       |
| 41     | Fee Paid March 2006 |              |                                |                      | \$853   |                       |



**Kansas Electric Power Cooperative, Inc**  
**City of Burlington Internal Revenue Bonds**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 4  
Page 1 of 1

| Line #                | Description  | Debt Outstanding<br>Dec. 31, 2006 | Interest Rate<br>Dec. 31, 2006 | Actual Test Year<br>Interest & Fees |
|-----------------------|--|-----------------------------------|--------------------------------|-------------------------------------|
| Rate Adjustment Date: |  |                                   |                                |                                     |
| 1                     | 1/4/2007   | \$8,200,000                       | 3.58%                          |                                     |
| 2                     | 2/7/2007   | \$7,500,000                       | 3.64%                          |                                     |
| 3                     | 2/7/2007   | \$1,500,000                       | 3.64%                          |                                     |
| 4                     | 3/7/2007   | \$5,000,000                       | 3.59%                          |                                     |
| 5                     | 4/5/2007   | \$900,000                         | 3.53%                          |                                     |
| 6                     | 4/5/2007   | \$3,600,000                       | 3.53%                          |                                     |
| 7                     |  | <u>\$26,700,000</u>               |                                |                                     |
| 8                     | Total Interest for the 12 Months Ended December 31, 2006 |                                   |                                | \$978,929                           |
| 9                     | Total  | <u>\$26,700,000</u>               |                                | <u>\$978,929</u>                    |
| 10                    | CFC Liquidity Fee  |                                   | 0.35000%                       | \$99,225                            |
| 11                    | Remarketing Fee  |                                   | 0.12500%                       | \$35,438                            |
| 12                    | Trustee & Annual Guarantee Fees                          |                                   |                                | \$26,736                            |
| 13                    | Total Fees   |                                   |                                | <u>\$161,399</u>                    |
| 14                    | Total Test Year IRB Debt Interest Expense                |                                   |                                | <u>\$1,140,328</u>                  |
| 15                    | Amortization of IRB Issuance Expense                     |                                   |                                | \$28,410                            |
| 16                    | Total Cost of IRB Debt                                   |                                   |                                | <u>\$1,168,738</u>                  |

**Kansas Electric Power Cooperative, Inc**  
**CFC Grantor Trust Certificates**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 5  
Page 1 of 1

| Line<br># | Description                            | Debt<br>Outstanding<br>December 31, 2006 | Interest<br>Rate | Actual Interest<br>Paid |
|-----------|--|--|------------------|-------------------------|
| 1         | Grantor Trust Certificates Series 1997 | \$43,340,000                             | 7.522%           | \$3,417,999             |
| 2         | Amortization of Issuance Fees          |  |                  | \$97,022                |
| 3         | Amortization of Penalty                |  |                  | \$151,659               |
| 4         | Actual Cost of Long-Term CFC Trusts    |  |                  | <u>\$3,666,680</u>      |

**Kansas Electric Power Cooperative, Inc**  
**CFC Sharpe Loan**  
**Test Year Ending December 31, 2006**

Section 7  
 Schedule 6  
 Page 1 of 1

| Line<br># | Description                              | Debt<br>Outstanding<br>December 31, 2006 | Interest<br>Rate | Actual Interest<br>Paid |
|-----------|--|--|------------------|-------------------------|
| 1         | Sharpe Generator Loan                    | \$3,888,410                              | 5.950%           | \$236,402               |
| 2         | CFC Equity Certificates                  | \$274,506                                | 5.950%           | \$16,689                |
| 3         | Actual Cost of Long-Term CFC Sharpe Loan |  |                  | <u>\$253,091</u>        |

**Kansas Electric Power Cooperative, Inc**  
**FFB Debt Issues - Wolf Creek Capital Additions Loan**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 7  
Page 1 of 1

| Quarter Ending | Principal Payment | Interest & Fee Payment | Total Payment | Loan Balance | Principal by Year | Interest & fees Year | Year |
|----------------|-------------------|------------------------|---------------|--------------|-------------------|----------------------|------|
| Mar 31, 2007   | 0                 | 0                      | 0             | 0            |                   |                      |      |
| Jun 30         | 0                 | 0                      | 0             | 0            |                   |                      |      |
| Sept 30        | 0                 | 0                      | 0             | 0            |                   |                      |      |
| Dec 31         | \$0               | \$37,988               | \$37,988      | \$5,923,000  | \$0               | \$37,988             | 2007 |
| Mar 31, 2008   | \$0               | \$62,564               | \$62,564      | \$5,923,000  |                   |                      |      |
| Jun 30         | \$0               | \$62,564               | \$62,564      | \$5,923,000  |                   |                      |      |
| Sept 30        | \$0               | \$63,251               | \$63,251      | \$5,923,000  |                   |                      |      |
| Dec 31         | \$0               | \$63,251               | \$63,251      | \$5,923,000  | \$0               | \$251,631            | 2008 |
| Mar 31, 2009   | \$96,119          | \$62,046               | \$158,165     | \$5,826,881  |                   |                      |      |
| Jun 30         | \$96,446          | \$61,719               | \$158,165     | \$5,730,436  |                   |                      |      |
| Sept 30        | \$96,798          | \$61,366               | \$158,165     | \$5,633,637  |                   |                      |      |
| Dec 31         | \$97,833          | \$60,332               | \$158,165     | \$5,535,804  | \$387,196         | \$245,463            | 2009 |
| Mar 31, 2010   | \$100,168         | \$57,997               | \$158,165     | \$5,435,637  |                   |                      |      |
| Jun 30         | \$100,583         | \$57,582               | \$158,165     | \$5,335,054  |                   |                      |      |
| Sept 30        | \$101,025         | \$57,140               | \$158,165     | \$5,234,029  |                   |                      |      |
| Dec 31         | \$100,277         | \$57,887               | \$158,165     | \$5,133,752  | \$402,053         | \$230,606            | 2010 |
| Mar 31, 2011   | \$106,166         | \$51,999               | \$158,165     | \$5,027,586  |                   |                      |      |
| Jun 30         | \$104,898         | \$53,266               | \$158,165     | \$4,922,687  |                   |                      |      |
| Sept 30        | \$105,435         | \$52,730               | \$158,165     | \$4,817,252  |                   |                      |      |
| Dec 31         | \$104,884         | \$53,281               | \$158,165     | \$4,712,368  | \$421,383         | \$211,276            | 2011 |
| Mar 31, 2012   | \$108,917         | \$49,248               | \$158,165     | \$4,603,452  |                   |                      |      |
| Jun 30         | \$109,519         | \$48,646               | \$158,165     | \$4,493,933  |                   |                      |      |
| Sept 30        | \$110,675         | \$47,490               | \$158,165     | \$4,383,258  |                   |                      |      |
| Dec 31         | \$111,843         | \$46,322               | \$158,165     | \$4,271,415  | \$440,953         | \$191,706            | 2012 |
| Mar 31, 2013   | \$112,900         | \$45,265               | \$158,165     | \$4,158,516  |                   |                      |      |
| Jun 30         | \$114,095         | \$44,070               | \$158,165     | \$4,044,421  |                   |                      |      |
| Sept 30        | \$115,302         | \$42,863               | \$158,165     | \$3,929,119  |                   |                      |      |
| Dec 31         | \$116,065         | \$42,100               | \$158,165     | \$3,813,054  | \$458,362         | \$174,297            | 2013 |
| Mar 31, 2014   | \$118,196         | \$39,969               | \$158,165     | \$3,694,858  |                   |                      |      |
| Jun 30         | \$119,003         | \$39,162               | \$158,165     | \$3,575,855  |                   |                      |      |
| Sept 30        | \$119,847         | \$38,318               | \$158,165     | \$3,456,009  |                   |                      |      |
| Dec 31         | \$121,130         | \$37,035               | \$158,165     | \$3,334,879  | \$478,175         | \$154,484            | 2014 |
| Mar 31, 2015   | \$123,203         | \$34,962               | \$158,165     | \$3,211,676  |                   |                      |      |
| Jun 30         | \$124,120         | \$34,045               | \$158,165     | \$3,087,556  |                   |                      |      |
| Sept 30        | \$125,075         | \$33,090               | \$158,165     | \$2,962,482  |                   |                      |      |
| Dec 31         | \$126,414         | \$31,751               | \$158,165     | \$2,836,068  | \$498,811         | \$133,848            | 2015 |
| Mar 31, 2016   | \$128,180         | \$29,985               | \$158,165     | \$2,707,888  |                   |                      |      |
| Jun 30         | \$129,534         | \$28,630               | \$158,165     | \$2,578,353  |                   |                      |      |
| Sept 30        | \$130,604         | \$27,561               | \$158,165     | \$2,447,750  |                   |                      |      |
| Dec 31         | \$131,143         | \$27,021               | \$158,165     | \$2,316,606  | \$519,462         | \$113,197            | 2016 |
| Mar 31, 2017   | \$134,681         | \$23,483               | \$158,165     | \$2,181,925  |                   |                      |      |
| Jun 30         | \$135,029         | \$23,136               | \$158,165     | \$2,046,896  |                   |                      |      |
| Sept 30        | \$135,744         | \$22,420               | \$158,165     | \$1,911,151  |                   |                      |      |
| Dec 31         | \$137,676         | \$20,489               | \$158,165     | \$1,773,475  | \$543,131         | \$89,528             | 2017 |
| Mar 31, 2018   | \$139,565         | \$18,600               | \$158,165     | \$1,633,911  |                   |                      |      |
| Jun 30         | \$140,837         | \$17,327               | \$158,165     | \$1,493,074  |                   |                      |      |
| Sept 30        | \$142,330         | \$15,834               | \$158,165     | \$1,350,743  |                   |                      |      |
| Dec 31         | \$143,839         | \$14,326               | \$158,165     | \$1,206,904  | \$566,571         | \$66,088             | 2018 |
| Mar 31, 2019   | \$145,364         | \$12,800               | \$158,165     | \$1,061,540  |                   |                      |      |
| Jun 30         | \$146,906         | \$11,259               | \$158,165     | \$914,634    |                   |                      |      |
| Sept 30        | \$148,463         | \$9,701                | \$158,165     | \$766,171    |                   |                      |      |
| Dec 31         | \$149,949         | \$8,216                | \$158,165     | \$616,222    | \$590,682         | \$41,977             | 2019 |
| Mar 31, 2020   | \$151,646         | \$6,519                | \$158,165     | \$464,576    |                   |                      |      |
| Jun 30         | \$153,250         | \$4,915                | \$158,165     | \$311,326    |                   |                      |      |
| Sept 30        | \$154,835         | \$3,330                | \$158,165     | \$156,491    |                   |                      |      |
| Dec 31         | \$156,491         | \$1,674                | \$158,165     | \$0          | \$616,222         | \$16,437             | 2020 |
|                | \$5,923,000       | \$1,958,527            | \$7,881,527   |              | \$5,923,000       | \$1,958,527          |      |

**Kansas Electric Power Cooperative, Inc**  
**Coverage Ratios**  
**Test Year Ending December 31, 2006**

Section 7  
Schedule 8  
Page 1 of 1

| Line # | Description                     | Year Ended    |               |               |
|--------|---------------------------------|---------------|---------------|---------------|
|        |                                 | Dec. 31, 2006 | Dec. 31, 2005 | Dec. 31, 2004 |
| 1      | Net Margins (Loss)              | \$1,059,440   | \$3,392,504   | \$3,180,613   |
| 2      | Interest on Long-Term Debt      | \$8,604,186   | \$8,836,180   | \$9,239,290   |
| 3      | Depreciation and Amortization   | \$8,356,932   | \$7,957,169   | \$7,869,865   |
| 4      | Principal Payments              | \$10,464,348  | \$9,907,799   | \$9,296,189   |
| 5      | Times Interest Earned Ratio (1) | <u>1.12</u>   | <u>1.38</u>   | <u>1.34</u>   |
| 6      | Debt Service Coverage Ratio (2) | <u>0.95</u>   | <u>1.08</u>   | <u>1.09</u>   |

(1) Times Interest Earned Ratio:  
(Net Margins + Interest on Long-Term Debt  
Interest on Long-Term Debt

(2) Debt Service Coverage Ratio:  
Net Margins + Interest on Long-Term Debt+Depreciation and Amortization  
Interest on Long-Term Debt + Principal Payments

# Section 8

## Financial and operating data.

**Section 8. *Financial and operating data.*** This section shall contain the following for each of the three calendar years immediately preceding the test year, the test year, and the 12-month period preceding the test year: (i) A balance sheet by primary account; (ii) comparative income and retained earnings statements. The primary account numbers shall be shown and dividends paid, by class of stock, shall be indicated; (iii) operating revenue and expenses by primary accounts; (iv) operating statistics appropriate to the type of utility, including kWh or mcf sales by rate schedules and customer consumption, power cost per kWh, minutes of use identified by access or toll and toll, and recurring and nonrecurring, and maintenance cost per subscriber. The statistics shall be presented in at least the same detail as is required in the annual reports to the commission; and (v) annual payrolls by primary account.

**Kansas Electric Power Cooperative, Inc**  
**Balance Sheet by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 1  
Page 1 of 2

**Assets and Other Debits**

| Acct.                                  | Description  | Year Ended           |                      |                      |
|--|--|----------------------|----------------------|----------------------|
|  |  | Dec. 31, 2006        | Dec. 31, 2005        | Dec. 31, 2004        |
| <b>ELECTRIC UTILITY PLANT:</b>         |  |                      |                      |                      |
| 101                                    | Electric Plant in Service  | \$224,993,008        | \$223,852,105        | \$223,280,023        |
| 107                                    | Construction Work In Progress                                    | \$6,550,341          | \$2,278,799          | \$1,801,777          |
| 108                                    | Less: Accumulated Provision for<br>Depreciation and Amortization | \$120,831,700        | \$117,751,989        | \$114,279,231        |
|  | Net Electric Plant   | \$110,711,649        | \$108,378,915        | \$110,802,569        |
| 120                                    | Nuclear Fuel   | \$4,921,775          | \$3,491,532          | \$4,558,431          |
|  | <b>TOTAL ELECTRIC UTILITY PLANT</b>                              | <b>\$115,633,424</b> | <b>\$111,870,447</b> | <b>\$115,361,000</b> |
| <b>OTHER PROPERTY AND INVESTMENTS:</b> |  |                      |                      |                      |
| 123                                    | Investments in Associated Organizations                          | \$7,667,960          | \$7,654,677          | \$7,637,353          |
| 124                                    | Other Investments  | \$236,234            | \$206,696            | \$177,158            |
| 125                                    | Decommissioning Fund   | \$9,245,665          | \$7,953,404          | \$7,165,662          |
| 128                                    | Other Special Funds  | \$12,452             | \$4,262              | \$1,289              |
|  | <b>TOTAL OTHER PROPERTY AND INVESTMENTS</b>                      | <b>\$17,162,311</b>  | <b>\$15,819,039</b>  | <b>\$14,981,462</b>  |
| <b>CURRENT ASSETS:</b>                 |  |                      |                      |                      |
| 131                                    | Cash - General   | \$49,277             | \$1,404              | \$62,054             |
| 131                                    | Cash - Construction Funds  | \$0                  | \$0                  | \$0                  |
| 134                                    | Other Special Deposits   | \$0                  | \$0                  | \$0                  |
| 135                                    | Working Funds  | \$0                  | \$0                  | \$0                  |
| 136                                    | Temporary Cash Investment  | \$3,151,855          | \$5,234,855          | \$5,123,656          |
| 142                                    | Accounts Receivable  | \$8,055,487          | \$8,607,050          | \$7,345,647          |
| 146                                    | Accounts Receivable from Associated Companies                    | \$235,145            | \$259,850            | \$260,874            |
| 154                                    | Materials and Supplies   | \$2,983,475          | \$2,827,387          | \$2,785,126          |
| 165                                    | Prepayments  | \$410,508            | \$595,676            | \$398,782            |
| 171                                    | Interest Receivable  | \$152,939            | \$152,954            | \$154,169            |
|  | <b>TOTAL CURRENT ASSETS</b>                                      | <b>\$15,038,686</b>  | <b>\$17,679,175</b>  | <b>\$16,130,308</b>  |
| <b>DEFERRED DEBITS:</b>                |  |                      |                      |                      |
| 181                                    | Unamortized Debt Expense   | \$855,402            | \$980,832            | \$440,238            |
| 182                                    | Extraordinary Property Losses                                    | \$74,712             | \$167,915            | \$254,598            |
| 184                                    | Clearing Accounts  | \$117                | \$325                | \$2,668              |
| 186                                    | Miscellaneous Deferred Debits                                    | \$57,408,777         | \$59,521,559         | \$63,410,065         |
|  | <b>TOTAL DEFERRED DEBITS</b>                                     | <b>\$58,339,008</b>  | <b>\$60,670,631</b>  | <b>\$64,107,569</b>  |
|  | <b>TOTAL ASSETS AND OTHER DEBITS</b>                             | <b>\$206,173,428</b> | <b>\$206,039,292</b> | <b>\$210,580,339</b> |

**Kansas Electric Power Cooperative, Inc**  
**Balance Sheet by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 1  
Page 2 of 2

**Liabilities and Other Credits**

| Acct.                                     | Description                                     | Year Ended           |                      |                      |
|---|---|----------------------|----------------------|----------------------|
|   |   | Dec. 31, 2006        | Dec. 31, 2005        | Dec. 31, 2004        |
| <b>EQUITIES AND MARGINS</b>               |   |                      |                      |                      |
| 200                                       | Memberships                                     | \$3,200              | \$3,200              | \$3,200              |
| 201                                       | Patronage Capital                               | \$19,619,482         | \$18,560,042         | \$15,167,539         |
| 215                                       | Special Equity Margins                          | \$0                  | \$0                  | \$0                  |
| 219.1                                     | Operating Margins                               | \$0                  | \$0                  | \$0                  |
| 219.2                                     | Nonoperating Margins                            | \$0                  | \$0                  | \$0                  |
|   | <b>TOTAL EQUITIES AND MARGINS</b>               | <b>\$19,622,682</b>  | <b>\$18,563,242</b>  | <b>\$15,170,739</b>  |
| <b>LONG - TERM DEBT:</b>                  |   |                      |                      |                      |
| 221                                       | Bonds   | \$26,700,000         | \$28,500,000         | \$30,100,000         |
| 224                                       | Other Long - Term Debt                          | \$126,734,986        | \$131,872,993        | \$139,482,021        |
|   | <b>TOTAL LONG - TERM DEBT</b>                   | <b>\$153,434,986</b> | <b>\$160,372,993</b> | <b>\$169,582,021</b> |
| <b>CURRENT AND ACCRUED LIABILITIES</b>    |   |                      |                      |                      |
| 231                                       | Notes Payable                                   | \$3,521,027          | \$0                  | \$0                  |
| 232                                       | Accounts Payable                                | \$7,886,517          | \$7,598,067          | \$7,410,704          |
| 236                                       | Taxes Accrued                                   | \$1,319,875          | \$1,294,342          | \$1,310,783          |
| 237                                       | Interest Accrued                                | \$576,562            | \$421,422            | \$370,090            |
| 242                                       | Other Current and Accrued Liabilities           | \$339,223            | \$336,169            | \$320,125            |
|   | <b>TOTAL CURRENT AND ACCRUED LIABILITIES</b>    | <b>\$13,643,204</b>  | <b>\$9,650,000</b>   | <b>\$9,411,702</b>   |
| <b>DEFERRED AND OTHER CREDIT ACCOUNTS</b> |   |                      |                      |                      |
| 228                                       | WCNOC Accumulated Provisions                    | \$854,083            | \$865,258            | \$853,355            |
| 230                                       | Asset Retirement Obligation Liability           | \$16,332,466         | \$13,916,214         | \$13,128,504         |
| 253                                       | WCNOC Long - Term Liabilities                   | \$2,286,007          | \$2,671,585          | \$2,434,018          |
|   | <b>TOTAL DEFERRED AND OTHER CREDIT ACCOUNTS</b> | <b>\$19,472,556</b>  | <b>\$17,453,057</b>  | <b>\$16,415,877</b>  |
|   | <b>TOTAL LIABILITIES AND EQUITIES</b>           | <b>\$206,173,428</b> | <b>\$206,039,292</b> | <b>\$210,580,339</b> |



**Kansas Electric Power Cooperative, Inc**  
**Comparative Statement of Margins**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 2  
Page 1 of 1

| Acct.   | Description                      | Dec. 31, 2006             | Dec. 31, 2005             | Dec. 31, 2004             |
|---------|----------------------------------|---------------------------|---------------------------|---------------------------|
|         | Operating Revenues:              |                           |                           |                           |
|         | Member Sales                     | \$110,707,844             | \$101,933,017             | \$89,827,520              |
|         | Other Operating Revenues         | \$66,475                  | \$321,345                 | \$638,030                 |
| 400     | Total Operating Revenues:        | <u>\$110,774,319</u>      | <u>\$102,254,362</u>      | <u>\$90,465,550</u>       |
|         | Operating Expenses:              |                           |                           |                           |
| 401-402 | Power Production                 | \$87,806,918              | \$77,042,774              | \$65,011,968              |
| 401-402 | Transmission                     | \$461,728                 | \$445,990                 | \$469,157                 |
| 401     | Customer Accounts                | \$200,443                 | \$191,381                 | \$176,858                 |
| 401     | Customer Service                 | \$120,470                 | \$126,002                 | \$163,026                 |
| 401     | Sales                            | \$529,262                 | \$475,654                 | \$474,230                 |
| 401-402 | Administration & General         | \$4,219,524               | \$4,108,577               | \$3,760,569               |
| 403     | Depreciation                     | \$3,704,711               | \$3,854,349               | \$3,784,495               |
| 404-405 | Amortization                     | \$4,652,221               | \$4,102,820               | \$4,085,369               |
| 408     | Taxes                            | \$0                       | \$0                       | \$0                       |
|         | Total Operating Expenses         | <u>\$101,695,276</u>      | <u>\$90,347,546</u>       | <u>\$77,925,674</u>       |
|         | Utility Operating Margins        | <u>\$9,079,043</u>        | <u>\$11,906,816</u>       | <u>\$12,539,876</u>       |
|         | Income Deductions:               |                           |                           |                           |
| 426     | Miscellaneous Income Deductions  | \$65,707                  | (\$73,312)                | \$62,067                  |
| 427     | Interest on Long-Term Debt       | \$8,604,186               | \$8,836,180               | \$9,239,290               |
| 428     | Amortization of Debt Issue Costs | \$125,431                 | \$1,226,873               | \$668,799                 |
| 431     | Other Interest Expense           | \$108,761                 | \$67,315                  | \$47,306                  |
|         | Total Income Deductions          | <u>\$8,904,085</u>        | <u>\$10,057,057</u>       | <u>\$10,017,463</u>       |
|         | Net Operating Margins            | <u>\$174,958</u>          | <u>\$1,849,759</u>        | <u>\$2,522,414</u>        |
|         | Other Non-Operating Income:      |                           |                           |                           |
| 415-416 | Income from Merchandising        | \$0                       | \$0                       | \$0                       |
| 417-423 | Other Non-Operating Income       | \$884,482                 | \$1,542,745               | \$658,200                 |
|         | Total Non-Operating Income       | <u>\$884,482</u>          | <u>\$1,542,745</u>        | <u>\$658,200</u>          |
|         | NET MARGINS                      | <u><u>\$1,059,440</u></u> | <u><u>\$3,392,504</u></u> | <u><u>\$3,180,613</u></u> |

**Kansas Electric Power Cooperative, Inc**  
**Operating Revenues by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 3  
Page 1 of 1

| Acct. | Description                    | Year Ended           |                      |                     |
|-------|--------------------------------|----------------------|----------------------|---------------------|
|       |                                | Dec. 31, 2006        | Dec. 31, 2005        | Dec. 31, 2004       |
|       | Operating Revenues:            |                      |                      |                     |
| 447   | Sales for Resale               | \$110,771,933        | \$102,251,707        | \$90,462,322        |
| 454   | WCNOC Rental Income            | \$2,386              | \$2,655              | \$3,228             |
| 400   | Total Operating Revenues       | <u>\$110,774,319</u> | <u>\$102,254,362</u> | <u>\$90,465,550</u> |
|       | Other Operating Revenues:      |                      |                      |                     |
| 414   | Other Utility Operating Income | \$0                  | \$0                  | \$0                 |
|       | Total Other Operating Revenues | <u>\$0</u>           | <u>\$0</u>           | <u>\$0</u>          |

**Kansas Electric Power Cooperative, Inc**  
**Operating Expenses by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 4  
Page 1 of 3

| Acct.                              | Description                             | Year Ended          |                     |                     |
|------------------------------------|---|---------------------|---------------------|---------------------|
|                                    |   | Dec. 31, 2006       | Dec. 31, 2005       | Dec. 31, 2004       |
| <b>NUCLEAR POWER GENERATION</b>    |   |                     |                     |                     |
| Operating Expenses:                |   |                     |                     |                     |
| 517                                | Supervision and Engineering             | \$955,028           | \$908,635           | \$840,445           |
| 518                                | Nuclear Fuel Expense                    | \$2,382,257         | \$2,281,038         | \$2,442,098         |
| 519                                | Coolants and Water                      | \$604,141           | \$638,052           | \$578,531           |
| 520                                | Steam Expense                           | \$3,026,040         | \$2,820,746         | \$2,524,905         |
| 523                                | Electric Expense                        | \$251,742           | \$245,566           | \$220,664           |
| 524                                | Miscellaneous Nuclear Power Expense     | \$3,096,510         | \$2,997,941         | \$2,845,723         |
| 524                                | Operating Expenses Deferred             | (\$202,175)         | (\$196,051)         | \$322,279           |
|                                    | <b>Total Operating Expenses</b>         | <b>\$10,113,543</b> | <b>\$9,695,926</b>  | <b>\$9,774,645</b>  |
| Maintenance Expenses:              |   |                     |                     |                     |
| 528                                | Supervision and Engineering             | \$838,256           | \$764,572           | \$445,567           |
| 529                                | Structures                              | \$319,556           | \$316,149           | \$332,290           |
| 530                                | Reactor Plant Equipment                 | \$1,187,253         | \$1,015,827         | \$631,051           |
| 531                                | Electric Plant                          | \$571,859           | \$553,646           | \$313,461           |
| 532                                | Miscellaneous Nuclear Power Expense     | \$316,473           | \$306,256           | \$277,054           |
| 532                                | Maintenance Expense Deferred            | (\$490,538)         | (\$288,191)         | \$634,222           |
|                                    | <b>Total Maintenance Expenses</b>       | <b>\$2,742,859</b>  | <b>\$2,668,259</b>  | <b>\$2,633,646</b>  |
|                                    | <b>TOTAL NUCLEAR POWER GENERATION</b>   | <b>\$12,856,401</b> | <b>\$12,364,185</b> | <b>\$12,408,291</b> |
| <b>OTHER POWER GENERATION</b>      |   |                     |                     |                     |
| Operating Expenses:                |   |                     |                     |                     |
| 546                                | Supervision and Engineering             | \$29,670            | \$22,478            | \$56,757            |
| 547                                | Fuel                                    | \$23,525            | \$50,086            | \$0                 |
| 548                                | Generation Expense                      | \$26,249            | \$19,988            | \$297               |
| 549                                | Miscellaneous Other Power Expense       | \$2,650             | \$2,719             | \$1,592             |
|                                    | <b>Total Operating Expenses</b>         | <b>\$82,094</b>     | <b>\$95,272</b>     | <b>\$58,646</b>     |
| Maintenance Expenses:              |   |                     |                     |                     |
| 553                                | Generating and Electric Equipment       | \$47,115            | \$48,625            | \$47,758            |
|                                    | <b>Total Maintenance Expenses</b>       | <b>\$47,115</b>     | <b>\$48,625</b>     | <b>\$47,758</b>     |
|                                    | <b>TOTAL OTHER POWER GENERATION</b>     | <b>\$129,209</b>    | <b>\$143,897</b>    | <b>\$106,404</b>    |
| <b>OTHER POWER SUPPLY EXPENSES</b> |   |                     |                     |                     |
| 555                                | Purchased Power                         | \$73,351,848        | \$63,050,719        | \$51,029,353        |
| 556                                | System control and load dispatching     | \$807,039           | \$793,885           | \$807,905           |
| 557                                | Other expenses                          | \$662,420           | \$690,088           | \$660,015           |
|                                    | <b>TOTAL OTHER POWER SUPPLY EXPENSE</b> | <b>\$74,821,307</b> | <b>\$64,534,692</b> | <b>\$52,497,274</b> |
|                                    | <b>TOTAL POWER PRODUCTION EXPENSES</b>  | <b>\$87,806,918</b> | <b>\$77,042,774</b> | <b>\$65,011,968</b> |

**Kansas Electric Power Cooperative, Inc**  
**Operating Expenses by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 4  
Page 2 of 3

| Acct.  | Description   | Year Ended              |                         |                         |
|--|---|-------------------------|-------------------------|-------------------------|
|  |   | Dec. 31, 2006           | Dec. 31, 2005           | Dec. 31, 2004           |
| <b>TRANSMISSION EXPENSES</b>                         |   |                         |                         |                         |
| Operation Expenses:                                  |   |                         |                         |                         |
| 560  | Operation Supervision & Engineering                       | \$89,255                | \$111,592               | \$110,015               |
| 562  | Station expenses  | \$14,021                | \$13,832                | \$13,393                |
| 566  | Misc. Transmission expenses                               | \$52,731                | \$39,873                | \$135,763               |
|  | Total Operation   | <u>\$156,007</u>        | <u>\$165,297</u>        | <u>\$259,172</u>        |
| Maintenance Expenses:                                |   |                         |                         |                         |
| 568  | Maint. Supervision & engineering                          | \$33,484                | \$22,996                | \$23,952                |
| 570  | Station Equipment   | \$272,237               | \$257,697               | \$186,034               |
|  | Total Maintenance   | <u>\$305,721</u>        | <u>\$280,693</u>        | <u>\$209,985</u>        |
|  | <b>TOTAL TRANSMISSION EXPENSES</b>                        | <u><b>\$461,728</b></u> | <u><b>\$445,990</b></u> | <u><b>\$469,157</b></u> |
| <b>CUSTOMER ACCOUNTS EXPENSES</b>                    |   |                         |                         |                         |
| 902  | Meter reading expenses                                    | \$0                     | \$0                     | \$0                     |
| 903  | Customer Records and Collection Expenses                  | \$200,443               | \$191,381               | \$176,858               |
|  | <b>TOTAL CUSTOMER ACCOUNT EXPENSES</b>                    | <u><b>\$200,443</b></u> | <u><b>\$191,381</b></u> | <u><b>\$176,858</b></u> |
| <b>CUSTOMER SERVICE &amp; INFORMATIONAL EXPENSES</b> |   |                         |                         |                         |
| 907  | Supervision   | \$0                     | \$0                     | \$0                     |
| 908  | Customer Assistance                                       | \$120,470               | \$126,002               | \$163,026               |
| 910  | Miscellaneous customer service and informational expenses | \$0                     | \$0                     | \$0                     |
|  | <b>TOTAL CUSTOMER SERVICE EXPENSES</b>                    | <u><b>\$120,470</b></u> | <u><b>\$126,002</b></u> | <u><b>\$163,026</b></u> |
| <b>SALES EXPENSES</b>                                |   |                         |                         |                         |
| 912  | Demonstrating & Selling Expenses                          | \$492,356               | \$427,196               | \$427,052               |
| 913  | Advertising Expenses                                      | \$36,906                | \$48,457                | \$47,178                |
|  | <b>TOTAL SALES EXPENSES</b>                               | <u><b>\$529,262</b></u> | <u><b>\$475,654</b></u> | <u><b>\$474,230</b></u> |

**Kansas Electric Power Cooperative, Inc**  
**Operating Expenses by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 4  
Page 3 of 3

| Acct.                                      | Description                                      | Year Ended          |                     |                     |
|--|--|---------------------|---------------------|---------------------|
|  |  | Dec. 31, 2006       | Dec. 31, 2005       | Dec. 31, 2004       |
| <b>ADMINISTRATIVE AND GENERAL EXPENSES</b> |  |                     |                     |                     |
| Operations:                                |  |                     |                     |                     |
| 920  | Administrative and General Salaries              | \$1,818,249         | \$1,742,802         | \$1,614,307         |
| 921  | Office Supplies and Expenses                     | \$198,764           | \$214,413           | \$222,255           |
| 922  | Administrative Expenses Transferred - Credit     | (\$5,237)           | (\$5,366)           | (\$5,888)           |
| 923  | Outside Services Employed                        | \$317,848           | \$372,038           | \$204,754           |
| 924  | Property Insurance                               | \$0                 | \$0                 | \$0                 |
| 926  | Employee Pensions and Benefits                   | \$11,956            | \$17,223            | \$12,861            |
| 928  | Regulatory Commission Expenses                   | \$322,456           | \$259,660           | \$191,709           |
| 930.1                                      | General Advertising Expenses                     | \$7,601             | \$2,035             | \$3,059             |
| 930.2                                      | Miscellaneous General Expenses                   | \$1,462,778         | \$1,416,426         | \$1,431,609         |
| 931  | Rents  | \$20,080            | \$17,826            | \$19,368            |
|  | <b>Total Operating Expenses</b>                  | <b>\$4,154,492</b>  | <b>\$4,037,058</b>  | <b>\$3,694,034</b>  |
| Maintenance:                               |  |                     |                     |                     |
| 932  | Maintenance of General Plant                     | \$65,032            | \$71,519            | \$66,535            |
|  | <b>Total Maintenance Expenses</b>                | <b>\$65,032</b>     | <b>\$71,519</b>     | <b>\$66,535</b>     |
|  | <b>TOTAL ADMINISTRATIVE AND GENERAL EXPENSES</b> | <b>\$4,219,524</b>  | <b>\$4,108,577</b>  | <b>\$3,760,569</b>  |
|  | <b>TOTAL OPERATIONS AND MAINTENANCE EXPENSES</b> | <b>\$93,338,344</b> | <b>\$82,390,377</b> | <b>\$70,055,809</b> |

**Kansas Electric Power Cooperative, Inc**  
**Operations and Maintenance**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 5  
Page 1 of 1

| Description                         | Year Ended<br>Dec. 31, 2006 |                    | Year Ended<br>Dec. 31, 2005 |                    | Year Ended<br>Dec. 31, 2004 |                    |
|-------------------------------------|-----------------------------|--------------------|-----------------------------|--------------------|-----------------------------|--------------------|
|                                     | OPS                         | MAINT.             | OPS                         | MAINT.             | OPS                         | MAINT.             |
| Power Production Expenses           | \$85,016,944                | \$2,789,974        | \$74,325,889                | \$2,716,884        | \$62,330,565                | \$2,681,404        |
| Transmission Expenses               | \$156,007                   | \$305,721          | \$165,297                   | \$280,693          | \$259,172                   | \$209,985          |
| Distribution Expenses               | \$0                         | \$0                | \$0                         | \$0                | \$0                         | \$0                |
| Customer Accounts Expenses          | \$200,443                   | \$0                | \$191,381                   | \$0                | \$176,858                   | \$0                |
| Customer Service Expenses           | \$120,470                   | \$0                | \$126,002                   | \$0                | \$163,026                   | \$0                |
| Sales Expenses                      | \$529,262                   | \$0                | \$475,654                   | \$0                | \$474,230                   | \$0                |
| Administrative and General Expenses | \$4,154,492                 | \$65,032           | \$4,037,058                 | \$71,519           | \$3,694,034                 | \$66,535           |
|                                     | <u>\$90,177,617</u>         | <u>\$3,160,727</u> | <u>\$79,321,281</u>         | <u>\$3,069,096</u> | <u>\$67,097,885</u>         | <u>\$2,957,924</u> |

**Kansas Electric Power Cooperative, Inc**  
**Comparative Operating Statistics**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 6  
Page 1 of 1

| Line # | Description                  | Year Ended    |               |               |
|--------|------------------------------|---------------|---------------|---------------|
|        |                              | Dec. 31, 2006 | Dec. 31, 2005 | Dec. 31, 2004 |
| 1      | Member Operating Revenues    | \$110,707,844 | \$101,933,017 | \$89,827,520  |
| 2      | Member kWh Sales (000's)     | 1,790,777     | 1,722,177     | 1,634,148     |
| 3      | Number of Members            | 19            | 19            | 19            |
| 4      | kWH Sales per Member (000's) | 94,251        | 90,641        | 86,008        |
| 5      | Revenue Per Member           | \$5,826,729   | \$5,364,896   | \$4,727,764   |
| 6      | Revenue Per kWh Sold         | 0.06182       | 0.05919       | 0.05497       |

**Kansas Electric Power Cooperative, Inc**  
**Summary of Payroll Expense by Primary Account**  
**Test Year Ending December 31, 2006**

Section 8  
Schedule 7  
Page 1 of 1

| Line # | Description                        | Year Ended         |                    |                    |
|--------|------------------------------------|--------------------|--------------------|--------------------|
|        |                                    | Dec. 31, 2006      | Dec. 31, 2005      | Dec. 31, 2004      |
| 1      | Production Expenses                | \$511,562          | \$349,669          | \$365,136          |
| 2      | Transmission Expenses              | \$222,517          | \$217,266          | \$232,528          |
| 3      | Distribution Expenses              | \$0                | \$0                | \$0                |
| 4      | Customer Accounting                | \$64,937           | \$64,189           | \$54,090           |
| 5      | Customer Service Expenses          | \$89,563           | \$88,626           | \$117,356          |
| 6      | Sales Promotion Expenses           | \$103,801          | \$112,186          | \$117,176          |
| 7      | Administrative and General         | \$867,827          | \$775,713          | \$748,509          |
| 8      | Construction and/or plant accounts | \$51,034           | \$51,940           | \$24,582           |
| 9      | Other                              | \$0                | \$0                | \$0                |
| 10     | Total Payroll                      | <u>\$1,911,241</u> | <u>\$1,659,589</u> | <u>\$1,659,377</u> |



# **Section 9**

## **Test year and pro forma income statements.**

**Section 9. *Test year and pro forma income statements.*** The first schedule shall present an operating income statement depicting the unadjusted test year operations, pro forma test year operations and allocations to jurisdictions. Supporting schedules shall set forth a full and complete explanation of the purpose and rationale for the pro forma adjustments. These proforma adjustments may include the following: (i) Adjustments to reflect the elimination or normalization of nonrecurring and unusual items; and (ii) adjustments for known or determinable changes in revenue and expenses.

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Statement of Margins**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 1  
Page 1 of 1

| Acct.                       | Description                      | Actual<br>Test Year Ended<br>December 31, 2006<br>(1) | Pro-Forma<br>Adjustments<br>(2) | Adjusted<br>Regulated<br>Test Year<br>(3) | Rate<br>Increase<br>(4) | Adjusted<br>Regulated<br>Test Year<br>After Increase<br>(5) | Add Back<br>Commission<br>Disallowed Adj<br>(6) | Adjusted<br>Book<br>Test Year<br>(7) |
|-----------------------------|----------------------------------|---|---------------------------------|---|-------------------------|---|---|--------------------------------------|
| Operating Revenues:         |                                  |   |                                 |   |                         |   |   |                                      |
|                             | Member Sales                     | \$110,707,844   | (\$8,241,968)                   | \$102,465,876                             | \$5,410,938             | \$107,876,815   | \$0   | \$107,876,815                        |
|                             | Other Operating Revenues         | \$66,475  | \$0                             | \$66,475                                  | \$0                     | \$66,475  | \$0   | \$66,475                             |
| 400                         | Total Operating Revenues:        | <u>\$110,774,319</u>                                  | <u>(\$8,241,968)</u>            | <u>\$102,532,351</u>                      | <u>\$5,410,938</u>      | <u>\$107,943,289</u>  | <u>\$0</u>                                      | <u>\$107,943,289</u>                 |
| Operating Expenses:         |                                  |   |                                 |   |                         |   |   |                                      |
| 401-402                     | Power Production                 | \$87,806,918  | (\$8,248,484)                   | \$79,558,434                              | \$0                     | \$79,558,434  | \$0   | \$79,558,434                         |
| 401-402                     | Transmission                     | \$461,728   | \$18,777                        | \$480,505                                 | \$0                     | \$480,505   | \$0   | \$480,505                            |
| 401                         | Customer Accounts                | \$200,443   | (\$3,831)                       | \$196,611                                 | \$0                     | \$196,611   | \$0   | \$196,611                            |
| 401                         | Customer Service                 | \$120,470   | (\$51,498)                      | \$68,971                                  | \$0                     | \$68,971  | \$0   | \$68,971                             |
| 401                         | Sales                            | \$529,262   | (\$7,651)                       | \$521,611                                 | \$0                     | \$521,611   | \$0   | \$521,611                            |
| 401-402                     | Administration & General         | \$4,219,524   | \$64,590                        | \$4,284,114                               | \$0                     | \$4,284,114   | \$0   | \$4,284,114                          |
| 403                         | Depreciation                     | \$3,704,711   | \$0                             | \$3,704,711                               | \$0                     | \$3,704,711   | \$0   | \$3,704,711                          |
| 404-405                     | Amortization                     | \$4,652,221   | (\$152,713)                     | \$4,499,508                               | \$0                     | \$4,499,508   | \$0   | \$4,499,508                          |
| 408                         | Taxes                            | \$0   | \$0                             | \$0                                       | \$0                     | \$0   | \$0   | \$0                                  |
|                             | Total Operating Expenses         | <u>\$101,695,276</u>                                  | <u>(\$8,380,811)</u>            | <u>\$93,314,465</u>                       | <u>\$0</u>              | <u>\$93,314,465</u>   | <u>\$0</u>                                      | <u>\$93,314,465</u>                  |
|                             | Utility Operating Margins        | <u>\$9,079,043</u>                                    | <u>\$138,843</u>                | <u>\$9,217,886</u>                        | <u>\$5,410,938</u>      | <u>\$14,628,824</u>   | <u>\$0</u>                                      | <u>\$14,628,824</u>                  |
| Income Deductions:          |                                  |   |                                 |   |                         |   |   |                                      |
| 426                         | Miscellaneous Income Deductions  | \$65,707  | \$0                             | \$65,707                                  | \$0                     | \$65,707  | \$0   | \$65,707                             |
| 427                         | Interest on Long-Term Debt       | \$8,604,186   | (\$1,094,680)                   | \$7,509,505                               | \$0                     | \$7,509,505   | \$636,372                                       | \$8,145,878                          |
| 428                         | Amortization of Debt Issue Costs | \$125,431   | (\$4,889)                       | \$120,542                                 | \$0                     | \$120,542   | \$0   | \$120,542                            |
| 431                         | Other Interest Expense           | \$108,761   | \$0                             | \$108,761                                 | \$0                     | \$108,761   | \$0   | \$108,761                            |
|                             | Total Income Deductions          | <u>\$8,904,085</u>                                    | <u>(\$1,099,570)</u>            | <u>\$7,804,515</u>                        | <u>\$0</u>              | <u>\$7,804,515</u>  | <u>\$636,372</u>                                | <u>\$8,440,888</u>                   |
|                             | Net Operating Margins            | <u>\$174,958</u>                                      | <u>\$1,238,413</u>              | <u>\$1,413,371</u>                        | <u>\$5,410,938</u>      | <u>\$6,824,309</u>  | <u>(\$636,372)</u>                              | <u>\$6,187,936</u>                   |
| Other Non-Operating Income: |                                  |   |                                 |   |                         |   |   |                                      |
| 415-416                     | Income from Merchandising        | \$0   | \$0                             | \$0                                       | \$0                     | \$0   | \$0   | \$0                                  |
| 417-423                     | Other Non-Operating Income       | \$884,482   | (\$252,468)                     | \$632,014                                 | \$0                     | \$632,014   | \$0   | \$632,014                            |
|                             | Total Non-Operating Income       | <u>\$884,482</u>                                      | <u>(\$252,468)</u>              | <u>\$632,014</u>                          | <u>\$0</u>              | <u>\$632,014</u>  | <u>\$0</u>                                      | <u>\$632,014</u>                     |
|                             | NET MARGINS                      | <u>\$1,059,440</u>                                    | <u>\$985,945</u>                | <u>\$2,045,385</u>                        | <u>\$5,410,938</u>      | <u>\$7,456,323</u>  | <u>(\$636,372)</u>                              | <u>\$6,819,951</u>                   |
|                             | TIER                             | 1.12  |                                 | 1.27                                      |                         | 1.99  |   | 1.84                                 |
|                             | DSC                              | 0.95  |                                 | 0.95                                      |                         | 1.24  |   | 1.20                                 |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustments Summary**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 2  
Page 1 of 1

| Acct.   | Description                        | Interest<br>Income<br>Adj #1 | Purchased<br>Power<br>Adj #2 | Sales<br>Adj #3      | WCNOC<br>NEIL Refund<br>Adj #4 | WCNOC<br>CSC Refund<br>Adj #5 | Amort<br>Coop Wireless<br>Adj #6 | Amort<br>Expense<br>Adj #7 | Interest<br>Expense<br>Adj #8 | Labor<br>Adj #9    | Interest<br>Disallowed<br>Adj #10 | Total<br>Adjustments |
|---------|------------------------------------|------------------------------|------------------------------|----------------------|--------------------------------|-------------------------------|----------------------------------|----------------------------|-------------------------------|--------------------|-----------------------------------|----------------------|
|         | <b>Operating Revenues:</b>         |                              |                              |                      |                                |                               |                                  |                            |                               |                    |                                   |                      |
|         | Member Sales                       | \$0                          | \$0                          | (\$8,241,968)        | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | (\$8,241,968)        |
|         | Other Operating Revenues           | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
| 400     | Total Operating Revenues:          | \$0                          | \$0                          | (\$8,241,968)        | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | (\$8,241,968)        |
|         | <b>Operating Expenses:</b>         |                              |                              |                      |                                |                               |                                  |                            |                               |                    |                                   |                      |
| 401-402 | Power Production                   | \$0                          | (\$8,376,457)                | \$0                  | \$4,067                        | \$0                           | \$0                              | \$0                        | \$0                           | \$123,906          | \$0                               | (\$8,248,484)        |
| 401-402 | Transmission                       | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$18,777           | \$0                               | \$18,777             |
| 401     | Customer Accounts                  | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | (\$3,831)          | \$0                               | (\$3,831)            |
| 401     | Customer Service                   | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | (\$51,498)         | \$0                               | (\$51,498)           |
| 401     | Sales                              | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | (\$7,651)          | \$0                               | (\$7,651)            |
| 401-402 | Administration & General           | \$0                          | \$0                          | \$0                  | \$4,067                        | \$0                           | \$0                              | \$0                        | \$0                           | \$60,524           | \$0                               | \$64,590             |
| 403     | Depreciation Expense               | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
| 404-405 | Amortization Expense               | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | (\$33,860)                       | (\$118,853)                | \$0                           | \$0                | \$0                               | (\$152,713)          |
| 408     | Taxes                              | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
|         | Total Operating Expenses           | \$0                          | (\$8,376,457)                | \$0                  | \$8,133                        | \$0                           | (\$33,860)                       | (\$118,853)                | \$0                           | \$140,227          | \$0                               | (\$8,380,811)        |
|         | Utility Operating Margins          | \$0                          | \$8,376,457                  | (\$8,241,968)        | (\$8,133)                      | \$0                           | \$33,860                         | \$118,853                  | \$0                           | (\$140,227)        | \$0                               | \$138,843            |
|         | <b>Income Deductions:</b>          |                              |                              |                      |                                |                               |                                  |                            |                               |                    |                                   |                      |
| 426     | Miscellaneous Income Deductions    | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
| 427     | Interest on Long-Term Debt         | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | (\$458,308)                   | \$0                | (\$636,372)                       | (\$1,094,680)        |
| 428     | Amortization of Debt Issue Costs   | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | (\$4,889)                  | \$0                           | \$0                | \$0                               | (\$4,889)            |
| 431     | Other Interest Expense             | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
|         | Total Income Deductions            | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | (\$4,889)                  | (\$458,308)                   | \$0                | (\$636,372)                       | (\$1,099,570)        |
|         | Net Operating Margins              | \$0                          | \$8,376,457                  | (\$8,241,968)        | (\$8,133)                      | \$0                           | \$33,860                         | \$123,743                  | \$458,308                     | (\$140,227)        | \$636,372                         | \$1,238,413          |
|         | <b>Other Non-Operating Income:</b> |                              |                              |                      |                                |                               |                                  |                            |                               |                    |                                   |                      |
| 415-416 | Income from Subsidiary             | \$0                          | \$0                          | \$0                  | \$0                            | \$0                           | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | \$0                  |
| 417-423 | Other Non-Operating Income         | (\$153,348)                  | \$0                          | \$0                  | \$0                            | (\$99,120)                    | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | (\$252,468)          |
|         | Total Non-Operating Income         | (\$153,348)                  | \$0                          | \$0                  | \$0                            | (\$99,120)                    | \$0                              | \$0                        | \$0                           | \$0                | \$0                               | (\$252,468)          |
|         | <b>NET MARGINS</b>                 | <b>(\$153,348)</b>           | <b>\$8,376,457</b>           | <b>(\$8,241,968)</b> | <b>(\$8,133)</b>               | <b>(\$99,120)</b>             | <b>\$33,860</b>                  | <b>\$123,743</b>           | <b>\$458,308</b>              | <b>(\$140,227)</b> | <b>\$636,372</b>                  | <b>\$985,945</b>     |
|         |                                    | Schedule 3                   | Schedule 4                   | Schedule 5           | Schedule 6                     | Schedule 7                    | Schedule 8                       | Schedule 9                 | Schedule 10                   | Schedule 11        | Schedule 12                       |                      |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2-Calculation of Interest Income Decrease**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 2 of 2

|  | <u>January</u>     | <u>February</u>    | <u>March</u>     | <u>April</u>       | <u>May</u>       | <u>June</u>        | <u>July</u>        | <u>August</u>      | <u>September</u>   | <u>October</u>     | <u>November</u>    | <u>December</u>    | <u>Total</u>       |
|--|--------------------|--------------------|------------------|--------------------|------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2006 Actual<br>Beginning Month Cash                    | \$5,236,713        | \$6,642,362        | \$6,388,535      | \$5,757,933        | \$6,122,565      | \$6,033,258        | \$4,844,291        | \$8,469,396        | \$11,051,497       | \$14,579,564       | \$13,112,685       | \$11,359,452       |                    |
| 2007 Actual/Projected<br>Beginning Month Cash          | \$3,201,498        | \$4,175,213        | \$5,841,631      | \$4,569,125        | \$5,956,374      | \$6,341,404        | \$1,121,536        | \$2,642,966        | \$4,304,087        | \$4,846,427        | \$10,202,095       | \$12,318,600       |                    |
| Difference   | <u>\$2,035,215</u> | <u>\$2,467,149</u> | <u>\$546,904</u> | <u>\$1,188,809</u> | <u>\$166,191</u> | <u>(\$308,146)</u> | <u>\$3,722,755</u> | <u>\$5,826,430</u> | <u>\$6,747,411</u> | <u>\$9,733,136</u> | <u>\$2,910,590</u> | <u>(\$959,148)</u> | <u>\$2,839,775</u> |
| 2007 Wght Avg Return<br>Commerce Bank<br>Interest Rate | 5.40%              | 5.40%              | 5.40%            | 5.40%              | 5.40%            | 5.40%              | 5.40%              | 5.40%              | 5.40%              | 5.40%              | 5.40%              | 5.40%              | 5.40%              |
| Lost Interest Income                                   | <u>\$9,158</u>     | <u>\$11,102</u>    | <u>\$2,481</u>   | <u>\$5,350</u>     | <u>\$748</u>     | <u>(\$1,387)</u>   | <u>\$16,752</u>    | <u>\$26,219</u>    | <u>\$30,363</u>    | <u>\$43,799</u>    | <u>\$13,098</u>    | <u>(\$4,316)</u>   | <u>\$153,348</u>   |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 1 of 8

|  | 12 Months Ended<br>31-Dec-06<br>(1) | Bill Correction<br>Pro-Forma<br>Adjustments<br>(2) | Weather<br>Normalized<br>Adjustment<br>(3) | Other<br>Pro-Forma<br>Adjustments<br>(4) | Total<br>Adjustments<br>(5) | Total<br>After<br>Adjustments<br>(6) |
|--|-------------------------------------|--|--|--|-----------------------------|--------------------------------------|
| <u>Purchased Power Expense</u>           |                                     |  |  |  |                             |                                      |
| Aquila Networks - WPK                    | \$4,506,003                         | \$0  | (\$96,547)                                 | \$0                                      | (\$96,547)                  | \$4,409,456                          |
| City of St. Marys                        | \$7,769                             | \$0  | \$0  | (\$0)                                    | \$0                         | \$7,769                              |
| Empire District Electric                 | \$617,254                           | \$0  | \$0  | (\$617,254)                              | (\$617,254)                 | \$0                                  |
| Kansas City Power & Light                | \$1,977,414                         | \$20   | (\$56,016)                                 | \$524,013                                | \$468,017                   | \$2,445,430                          |
| Southwest Power Pool                     | \$6,768,534                         | (\$116,958)  | (\$0)                                      | \$0                                      | (\$116,959)                 | \$6,651,575                          |
| Southwestern Power Administration        | \$6,502,720                         | \$0  | (\$0)                                      | (\$1,264,493)                            | (\$1,264,493)               | \$5,238,227                          |
| Sunflower Power Corporation              | \$10,997,644                        | \$58,890   | (\$708,671)                                | \$218,639                                | (\$431,142)                 | \$10,566,502                         |
| Westar Energy                            | \$41,084,801                        | (\$58,777)   | (\$6,259,302)                              | \$0                                      | (\$6,318,079)               | \$34,766,722                         |
| Western Power Administration             | \$1,717,261                         | \$0  | \$0  | \$0                                      | \$0                         | \$1,717,261                          |
| Amortization of Outage Replacement Power | (\$827,550)                         | \$0  | \$0  | \$0                                      | \$0                         | (\$827,550)                          |
| <b>Totals</b>                            | <b>\$73,351,848</b>                 | <b>(\$116,826)</b>                                 | <b>(\$7,120,536)</b>                       | <b>(\$1,139,095)</b>                     | <b>(\$8,376,457)</b>        | <b>\$64,975,391</b>                  |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 2 of 8

**Non-Rate Pro Forma Adjustments**

January 2006 Billing Adjustment for December 2005 Billing

|                    | As Billed 12/2005 | Pro Forma Adjustment | As Corrected 1/2006 |
|--------------------|-------------------|----------------------|---------------------|
| Westar Energy      |                   |                      |                     |
| Energy Units - MWh | 70,334.322        |                      | 70,334.322          |
| Rate \$/MWh        | 30.18             | (0.38)               | 30.56               |
| Dollars            | \$2,122,710       | (\$26,829)           | \$2,149,539         |

December 2006 Billing Adjustment

|                             | As Billed 12/2006 | Pro Forma Adjustment | As Corrected 12/2006 |
|-----------------------------|-------------------|----------------------|----------------------|
| Westar Energy               |                   |                      |                      |
| Energy Units - MWh          | 61,040.653        |                      | 61,040.653           |
| Rate \$/MWh                 | 22.10             | (\$0.56)             | 21.53                |
| Dollars                     | \$1,348,794       | (\$34,327)           | \$1,314,468          |
| Maintenance Energy - MWh    | 25.000            |                      | 25.000               |
| Rate \$/MWh                 | \$31.00           | (\$13.63)            | \$17.37              |
| Dollars                     | \$ 775.00         | (\$341)              | 434.29               |
| Sunflower Power Corporation |                   |                      |                      |
| Energy Units - MWh          | 18,577.338        |                      | 18,577.338           |
| Rate \$/MWh                 | \$28.91           | \$3.17               | \$32.08              |
| Dollars                     | \$537,127         | \$58,890             | \$596,017            |

August 2006 Billing Adjustment

|                                      | As Billed 8/2006 |            |             |
|--------------------------------------|------------------|------------|-------------|
| Westar Energy                        |                  |            |             |
| Credit for Sharpe Maintenance        | (\$2,719)        | \$2,719    | \$0         |
| Total Westar Energy \$               | (\$775,859)      | (\$58,777) | (\$834,637) |
| Total Sunflower Power Corporation \$ | \$537,127        | \$58,890   | \$596,017   |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 3 of 8

**Non-Rate Pro Forma Adjustments**

|  | As Billed   | Pro Forma Adjustment |  | As Corrected |
|--|-------------|----------------------|--|--------------|
| Southwest Power Pool Adjustment                      |             |                      |  |              |
| Remove Extra MWM Billing from Sep-06                 |             | (\$96,430)           |  |              |
| Correction to WR MWM Billing Sep-06 from Oct-06 Bill |             | (\$2,084)            |  |              |
| Remove PTP in NITS Billing from Oct-06               |             | (\$8,709)            |  |              |
| Remove Extra MWM Billing from Oct-06                 |             | (\$13,371)           |  |              |
| <u>Westar Rate Increase</u>                          |             | <u>\$3,636</u>       |  |              |
| Total SPP Billing                                    | \$6,768,534 | (116,958)            |  | \$6,651,575  |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 4 of 8

Weather Normalization

|                                      | Actual Billing Units | Weather Normalization<br>Pro Forma Adjustment | Weather Normalized Billing<br>Units |
|--------------------------------------|----------------------|---|-------------------------------------|
| <b>Aquila Networks - WPK</b>         |                      |   |                                     |
| Energy Units - MWh                   | 478,328              | (24,362)                                      | 453,966                             |
| Energy Rate - \$/MWh                 | \$3.78               | \$0.01  | \$3.79                              |
| 2 Mo. Energy Units - kW              | 476,042              | (20,472)                                      | 455,570                             |
| 2 Mo. Energy Rate - \$/kW            | (\$0.18)             | (\$0.03)                                      | (\$0.21)                            |
| <u>Total Demand and Energy \$</u>    | <u>\$1,723,443</u>   | <u>(\$96,547)</u>                             | <u>\$1,626,896</u>                  |
| <b>Kansas City Power &amp; Light</b> |                      |   |                                     |
| Energy Units - MWh                   | 58,062               | (1,517)                                       | 56,545                              |
| Energy Rate - \$/MWh                 | \$18.74              | (\$0.11)                                      | \$18.64                             |
| 12.5 kV Demand Units - kW            | 21,693               | (218)   | 21,475                              |
| 12.5 kV Demand Rate - \$/kW          | \$7.20               | \$0.00  | \$7.20                              |
| 34.5 kV Demand Units - kW            | 104,184              | (2,859)                                       | 101,325                             |
| 34.5 kV Demand Rate - \$/kW          | \$7.00               | \$0.00  | \$7.00                              |
| <u>Total Demand and Energy \$</u>    | <u>\$1,973,833</u>   | <u>(\$56,016)</u>                             | <u>\$1,917,817</u>                  |
| <b>Sunflower Power Corporation</b>   |                      |   |                                     |
| Energy Units - MWh                   | 232,264              | (16,118)                                      | 216,147                             |
| Energy Rate - \$/MWh                 | \$31.35              | (\$0.08)                                      | \$31.27                             |
| Demand Units - kW                    | 445,110              | (16,041)                                      | 429,069                             |
| Demand Rate - \$/kW                  | \$8.30               | (\$0.12)                                      | \$8.18                              |
| <u>Total Demand and Energy \$</u>    | <u>\$10,976,898</u>  | <u>(\$708,671)</u>                            | <u>\$10,268,228</u>                 |
| <b>Westar Energy</b>                 |                      |   |                                     |
| Energy Units - MWh                   | 722,611              | (79,064)                                      | 643,547                             |
| Energy Rate - \$/MWh                 | \$36.47              | (\$0.92)                                      | \$35.56                             |
| Demand Units - kW                    | 2,165,520            | (551,772)                                     | 1,613,748                           |
| Demand Rate - \$/kW                  | \$4.95               | \$0.00  | \$4.95                              |
| Ancillary Energy Units - MWh         | 1,339,632            | (79,064)                                      | 1,260,568                           |
| Ancillary Energy Rate - \$/MWh       | \$0.2761             | \$0.0000                                      | \$0.2761                            |
| Ancillary Demand Units - kW          | 1,999,621            | (278,769)                                     | 1,720,852                           |
| Ancillary Demand Rate - \$/kW        | \$0.12               | \$0.00  | \$0.12                              |
| <u>Total Demand and Energy \$</u>    | <u>\$37,684,433</u>  | <u>(\$6,259,302)</u>                          | <u>\$31,425,131</u>                 |



**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 5 of 8

Rate Related Pro Forma Adjustment 1

|                            | Weather Normalized | Adjustment  | Weather Normalized and Adjusted |
|----------------------------|--------------------|-------------|---------------------------------|
| Empire District Electric   |                    |             |                                 |
| Demand Units - kW          | 580,000            | (580,000)   | 0                               |
| Demand Rate - \$/kW        | \$0.98             | \$0.00      | \$0.98                          |
| Energy Units - MWh         | 57,475             | (57,475)    | 0                               |
| Energy Rate - \$/MWh       | \$0.85             | \$0.00      | \$0.85                          |
| Total Demand and Energy \$ | \$617,254          | (\$617,254) | \$0                             |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 6 of 8

Rate Related Pro Forma Adjustment 2

|                             | Weather Normalized | Adjustment       | Weather Normalized and Adjusted |
|-----------------------------|--------------------|------------------|---------------------------------|
| Kansas City Power & Light   |                    |                  |                                 |
| Number of Delivery Points   | 96                 | (12)             | 84                              |
| Deliver Point Rate - \$/DP  | \$25.00            | (\$25.00)        | \$0.00                          |
| Number of Cooperatives      | 24                 | 0                | 24                              |
| Cooperative Rate - \$/Coop  | \$50.00            | (\$50.00)        | \$0.00                          |
| 34.5 kV Demand Units - kW   | 101,325            | 1                | 101,326                         |
| 34.5 kV Demand Rate - \$/kW | \$7.00             | (\$5.85)         | \$1.15                          |
| 12.5 kV Demand Units - kW   | 21,475             | 0                | 21,475                          |
| 12.5 kV Demand Rate - \$/kW | \$7.20             | (\$6.05)         | \$1.15                          |
| Energy Units - MWh          | 56,545             | 0                | 56,545                          |
| Energy Rate - \$/MWh        | \$18.64            | \$22.11          | \$40.75                         |
| <u>Total Dollars</u>        | <u>\$1,921,417</u> | <u>\$524,013</u> | <u>\$2,445,430</u>              |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 7 of 8

Rate Related Pro Forma Adjustment 3

|                                | Weather Normalized | Adjustment    | Weather Normalized and Adjusted |
|--------------------------------|--------------------|---------------|---------------------------------|
| Southwest Power Administration |                    |               |                                 |
| Special Purchase Energy - MWh  | 14,700             | 0             | 14,700                          |
| Special Purchase Rate - \$/MWh | \$97.12            | (\$86.02)     | \$11.10                         |
| Special Purchase Dollars       | \$1,427,664        | (\$1,264,494) | \$163,170                       |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #2**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 4  
Page 8 of 8

Rate Related Pro Forma Adjustment 4

|                                    | Weather Normalized | Adjustment       | Weather Normalized and Adjusted |
|------------------------------------|--------------------|------------------|---------------------------------|
| <b>Sunflower Power Corporation</b> |                    |                  |                                 |
| January - May                      |                    |                  |                                 |
| Number of Delivery Points          | 110                | 0                | 110                             |
| Deliver Point Rate - \$/DP         | \$0.00             | \$105.00         | \$105.00                        |
| Billing Demand - kW                | 211,245            | (84,118)         | 127,127                         |
| Billing Demand Rate - \$/kW        | \$5.86             | \$3.48           | \$9.34                          |
| Transmission Demand - kW           | 10,000             | (540)            | 9,460                           |
| Transmission Rate - \$/kW          | \$1.86             | \$1.41           | \$3.27                          |
| Energy - MWh                       | 79,122             | 0                | 79,122                          |
| Energy Rate - \$/MWh               | \$27.89            | \$3.05           | \$30.94                         |
| <u>Total Dollars January-May</u>   | <u>\$3,463,289</u> | <u>\$214,812</u> | <u>\$3,678,100</u>              |
| <b>June-July</b>                   |                    |                  |                                 |
| Billing Demand - kW                | 60,663             | 108              | 60,771                          |
| Billing Demand Rate - \$/kW        | \$11.68            | \$0.00           | \$11.68                         |
| Transmission Demand - kW           | 2,000              | (108)            | 1,892                           |
| Transmission Rate - \$/kW          | \$1.86             | \$1.46           | \$3.32                          |
| <u>Total Dollars June-July</u>     | <u>\$712,264</u>   | <u>\$3,827</u>   | <u>\$716,091</u>                |
| <b>Total Dollars</b>               | <b>\$4,175,552</b> | <b>\$218,639</b> | <b>\$4,394,191</b>              |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #3**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 5  
Page 1 of 1

Components of Operating Revenue:

|   | 12 Months Ended<br>December 31, 2000 | Non Rate<br>Pro Forma<br>Adjustment | Weather<br>Normalization | Rate<br>Pro Forma<br>Adjustment | Total<br>Pro Forma   | Total<br>After<br>Adjustments |
|---|--------------------------------------|-------------------------------------|--------------------------|---------------------------------|----------------------|-------------------------------|
| <u>Account Sales for Resale</u>         | (1)                                  | (2)                                 | (3)                      | (4)                             | (5)                  | (6)                           |
| 447 Net Member Sales                    | \$110,707,844                        | \$35,828                            | (\$8,277,795)            | \$0                             | (\$8,241,968)        | \$102,465,876                 |
| Sales to Non-Members                    | \$64,089                             | \$0                                 | \$0                      | \$0                             | \$0                  | \$64,089                      |
|   | <u>\$110,771,933</u>                 | <u>\$35,828</u>                     | <u>(\$8,277,795)</u>     | <u>\$0</u>                      | <u>(\$8,241,968)</u> | <u>\$102,529,965</u>          |
| <u>Account Other Operating Revenues</u> |                                      |                                     |                          |                                 |                      |                               |
| 454 WCNOG Rental Income                 | \$3,120                              | \$0                                 | \$0                      | \$0                             | \$0                  | \$3,120                       |
|   | <u>\$110,775,053</u>                 | <u>\$35,828</u>                     | <u>(\$8,277,795)</u>     | <u>\$0</u>                      | <u>(\$8,241,968)</u> | <u>\$102,533,085</u>          |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #4**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 6  
Page 1 of 1

|   | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|---|--|--------------------------|------------------------------------|
| Wolf Creek Operations:                    |  |                          |                                    |
| NEIL Refund credited to insurance expense | (\$152,028)                            | \$8,133                  | (\$143,895)                        |
|   | (\$152,028)                            | \$8,133                  | (\$143,895)                        |

| Calculation of Average NEIL Refund:    |           |
|--|-----------|
| Year Refund Received:                  | Amount    |
| 2003                                   | \$150,725 |
| 2004                                   | \$121,202 |
| 2005                                   | \$151,623 |
| 2006                                   | \$152,028 |
|  | \$575,578 |
| Total Years                            | 4         |
| Average Refund to Include in Test Year | \$143,895 |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #5**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 7  
Page 1 of 1

| Account | Interest Income          | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|---------|--------------------------|--|--------------------------|------------------------------------|
|         | 419 Interest Income-WCNO | \$99,259                               | (\$99,120)               | \$139                              |

Note: Adjustment to back out refund of Nebraska Central States Compact litigation settlement.

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #6**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 8  
Page 1 of 1

| Account | Interest Income          | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|---------|--------------------------|--|--------------------------|------------------------------------|
|         | 405 Amortization Expense | \$33,860                               | (\$33,860)               | \$0                                |

Note: Adjustment to back out Cooperative Wireless Amortization. 2006 was final year.



**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #7**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 9  
Page 1 of 1

| Account                              | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|--------------------------------------|--|--------------------------|------------------------------------|
| 407 Amortization of Deferred Charges | \$701,136                              | (\$118,853)              | \$582,283                          |
| 428 Amortization of Debt Issue Costs | \$125,431                              | (\$4,889)                | \$120,542                          |
|                                      | <u>\$826,567</u>                       | <u>(\$123,743)</u>       | <u>\$702,824</u>                   |

Note: Adjustment to amortization costs to reflect amortization costs that will be incurred in 2007.

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #8**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 10  
Page 1 of 1

| Account              | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|----------------------|--|--------------------------|------------------------------------|
| 427 Interest Expense | \$8,540,243                            | (\$458,308)              | \$8,081,935                        |
|                      | <u>\$8,540,243</u>                     | <u>(\$458,308)</u>       | <u>\$8,081,935</u>                 |

Note: Adjustment to interest expense to reflect the amount of interest that will be incurred in 2007.

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #9**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 11  
Page 1 of 1

| Account                          | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|----------------------------------|--|--------------------------|------------------------------------|
| 401-402 Power Production         | \$819,494                              | \$123,906                | \$943,400                          |
| 401-402 Transmission             | \$157,531                              | \$18,777                 | \$176,308                          |
| 401 Customer Accounts            | \$87,293                               | (\$3,831)                | \$83,461                           |
| 401 Customer Service             | \$120,470                              | (\$51,498)               | \$68,971                           |
| 401 Sales                        | \$140,007                              | (\$7,651)                | \$132,357                          |
| 401-402 Administration & General | \$1,168,332                            | \$60,524                 | \$1,228,856                        |
|                                  | <u>\$2,493,125</u>                     | <u>\$140,227</u>         | <u>\$2,633,352</u>                 |

Kansas Electric Power Cooperative, Inc.  
Pro Forma Adjustment #10  
Test Year Ending December 31, 2006

Section 9  
Schedule 12  
Page 1 of 2

| Account | Interest Income                         | Actual<br>Test Year Ended<br>31-Dec-06 | Pro-Forma<br>Adjustments | Adjusted<br>Regulated<br>Test Year |
|---------|---|--|--------------------------|------------------------------------|
|         | 427 Interest Expense - Disallowed Plant | \$0                                    | (\$636,372)              | (\$636,372)                        |

**Kansas Electric Power Cooperative, Inc.**  
**Pro Forma Adjustment #10-Depreciation/Amortization-Wolf Creek Plant**  
**Test Year Ending December 31, 2006**

Section 9  
Schedule 12  
Page 2 of 2

| Year No. | Year | Interest Expense | Principal           | Total       | Rate           | Principal Balance | Accumulated Amortization |
|----------|------|------------------|---------------------|-------------|----------------|-------------------|--------------------------|
|          |      |                  |                     |             |                | \$12,142,287      | \$7,334,915              |
| 1        | 2002 | \$712,267        | \$323,449           | \$1,035,716 | 2.66%          | \$11,818,838      | \$8,092,079              |
| 2        | 2003 | \$693,293        | \$323,449           | \$1,016,742 | 2.66%          | \$11,495,388      | \$8,849,244              |
| 3        | 2004 | \$674,319        | \$323,449           | \$997,769   | 2.66%          | \$11,171,939      | \$9,606,408              |
| 4        | 2005 | \$655,346        | \$323,449           | \$978,795   | 2.66%          | \$10,848,490      | \$10,363,572             |
| 5        | 2006 | \$636,372        | \$323,449           | \$959,822   | 2.66%          | \$10,525,040      | \$11,120,737             |
| 6        | 2007 | \$617,399        | \$323,449           | \$940,848   | 2.66%          | \$10,201,591      | \$11,877,901             |
| 7        | 2008 | \$598,425        | \$323,449           | \$921,875   | 2.66%          | \$9,878,142       | \$12,635,065             |
| 8        | 2009 | \$579,452        | \$323,449           | \$902,901   | 2.66%          | \$9,554,693       | \$13,392,229             |
| 9        | 2010 | \$560,478        | \$323,449           | \$883,928   | 2.66%          | \$9,231,243       | \$14,149,394             |
| 10       | 2011 | \$541,505        | \$323,449           | \$864,954   | 2.66%          | \$8,907,794       | \$14,906,558             |
| 11       | 2012 | \$522,531        | \$323,449           | \$845,980   | 2.66%          | \$8,584,345       | \$15,663,722             |
| 12       | 2013 | \$503,558        | \$323,449           | \$827,007   | 2.66%          | \$8,260,895       | \$16,420,887             |
| 13       | 2014 | \$484,584        | \$323,449           | \$808,033   | 2.66%          | \$7,937,446       | \$17,178,051             |
| 14       | 2015 | \$465,611        | \$323,449           | \$789,060   | 2.66%          | \$7,613,997       | \$17,935,215             |
| 15       | 2016 | \$446,637        | \$323,449           | \$770,086   | 2.66%          | \$7,290,547       | \$18,692,380             |
| 16       | 2017 | \$427,664        | \$323,449           | \$751,113   | 2.66%          | \$6,967,098       | \$19,015,829             |
| 17       | 2018 | \$408,690        | \$323,449           | \$732,139   | 2.66%          | \$6,643,649       | \$19,339,278             |
| 18       | 2019 | \$389,716        | \$323,449           | \$713,166   | 2.66%          | \$6,320,199       | \$19,662,728             |
| 19       | 2020 | \$370,743        | \$323,449           | \$694,192   | 2.66%          | \$5,996,750       | \$19,986,177             |
| 20       | 2021 | \$351,769        | \$323,449           | \$675,219   | 2.66%          | \$5,673,301       | \$20,309,626             |
| 21       | 2022 | \$332,796        | \$323,449           | \$656,245   | 2.66%          | \$5,349,852       | \$20,633,075             |
| 22       | 2023 | \$313,822        | \$323,449           | \$637,272   | 2.66%          | \$5,026,402       | \$20,956,525             |
| 23       | 2024 | \$294,849        | \$323,449           | \$618,298   | 2.66%          | \$4,702,953       | \$21,279,974             |
| 24       | 2025 | \$275,875        | \$323,449           | \$599,325   | 2.66%          | \$4,379,504       | \$21,603,423             |
| 25       | 2026 | \$256,902        | \$323,449           | \$580,351   | 2.66%          | \$4,056,054       | \$21,926,873             |
| 26       | 2027 | \$237,928        | \$323,449           | \$561,377   | 2.66%          | \$3,732,605       | \$22,250,322             |
| 27       | 2028 | \$218,955        | \$323,449           | \$542,404   | 2.66%          | \$3,409,156       | \$22,573,771             |
| 28       | 2029 | \$199,981        | \$323,449           | \$523,430   | 2.66%          | \$3,085,706       | \$22,897,221             |
| 29       | 2030 | \$181,008        | \$323,449           | \$504,457   | 2.66%          | \$2,762,257       | \$23,220,670             |
| 30       | 2031 | \$162,034        | \$323,449           | \$485,483   | 2.66%          | \$2,438,808       | \$23,544,119             |
| 31       | 2032 | \$143,060        | \$323,449           | \$466,510   | 2.66%          | \$2,115,358       | \$23,867,569             |
| 32       | 2033 | \$124,087        | \$323,449           | \$447,536   | 2.66%          | \$1,791,909       | \$24,191,018             |
| 33       | 2034 | \$105,113        | \$323,449           | \$428,563   | 2.66%          | \$1,468,460       | \$24,514,467             |
| 34       | 2035 | \$86,140         | \$323,449           | \$409,589   | 2.66%          | \$1,145,011       | \$24,837,916             |
| 35       | 2036 | \$67,166         | \$323,449           | \$390,616   | 2.66%          | \$821,561         | \$25,161,366             |
| 36       | 2037 | \$48,193         | \$323,449           | \$371,642   | 2.66%          | \$498,112         | \$25,484,815             |
| 37       | 2038 | \$29,219         | \$323,449           | \$352,669   | 2.66%          | \$174,663         | \$25,808,264             |
| 38       | 2039 | \$10,246         | \$174,663           | \$184,909   | 1.44%          | (\$0)             | \$25,982,927             |
|          |      |                  | <u>\$12,142,287</u> |             | <u>100.00%</u> |                   |                          |

|   |                     |
|---|---------------------|
| Gross Disallowed Costs  | \$25,982,921        |
| Total amount of PMA disallowance recovered through amortization<br>(sinking fund methodology used in years 1987 through 2001) | \$7,334,915         |
| Less true-up of changing PMA disallowance from S.F. amort. to S.L. amort.<br>(Docket No. 01-KEPE-1106-RTS)                    | \$6,505,719         |
| Net PMA disallowance @ 12/31/01 on which to calculate S.L. amortization   | <u>\$12,142,287</u> |

Average LTD Interest Rate 5.866%

# Section 10

## Depreciation and amortization.

**Section 10. *Depreciation and amortization.*** This section shall include the schedules indicating depreciation rates by primary account, depreciation expense for the test year, and amounts charged to operations, clearing accounts and construction. If items or amortization appear in the income statements, schedules showing the basis for those items shall also be included in this section or made available. If new depreciation rates are proposed, a copy of the depreciation study shall be provided or made available.

**Kansas Electric Power Cooperative, Inc.**  
**Section 10-Depreciation/Amortization**  
**Test Year Ending December 31, 2006**

Section 10  
Schedule 1  
Page 1 of 1

| Line #                                   | Description                           | Gross Plant Balance<br>Dec. 31, 2006<br>(1) | Accum Depr Balance<br>Dec. 31, 2006<br>(2) | Net Plant Balance<br>Dec. 31, 2006<br>(3) | Depreciation/<br>Amortization<br>Dec. 31, 2006<br>(4) | Effective Rate on<br>Gross Plant<br>(5) |            |
|--|---------------------------------------|---|--|---|---|---|------------|
| <u>Plant in Service:</u>                 |                                       |   |  |   |   |   |            |
| Wolf Creek:                              |                                       |   |  |   |   |   |            |
| 1  | Intangible Plant                      | \$1,070,204                                 | \$998,066                                  | \$72,138                                  | \$30,142  | 2.82%                                   |            |
| 2  | Depreciable Plant                     | \$207,834,136                               | \$113,675,632                              | \$94,158,504                              | \$2,759,808   | 1.33%                                   |            |
|  | Land                                  | \$435,567                                   | \$0  | \$435,567                                 | \$0   |   |            |
| 4  | Subtotal Wolf Creek                   | <u>\$209,339,907</u>                        | <u>\$114,673,698</u>                       | <u>\$94,666,209</u>                       | <u>\$2,789,950</u>                                    |   |            |
| 5  | KEPCo General Plant                   | \$15,653,101                                | \$6,158,003                                | \$9,495,098                               | \$944,903   | 6.04%                                   |            |
| 6  | KEPCo Intangible Plant                | \$0   | \$0  | \$0                                       | \$33,860  |   |            |
|  | Subtotal KEPCo                        | <u>\$15,653,101</u>                         | <u>\$6,158,003</u>                         | <u>\$9,495,098</u>                        | <u>\$978,763</u>                                      |   |            |
| 7  | Total Plant in Service                | <u>\$224,993,008</u>                        | <u>\$120,831,701</u>                       | <u>\$104,161,307</u>                      | <u>\$3,768,713</u>                                    |   |            |
| Wolf Creek Disallowed & Deferred Assets: |                                       |   |  |   |   |   |            |
| 8  | Disallowed Plant                      | \$25,982,921                                | \$15,457,879                               | \$10,525,042                              | \$323,449   | 1.24%                                   | Schedule 3 |
|  |                                       | (\$6,505,719)                               | (\$6,505,719)                              | \$0                                       |   |   |            |
| 9  | Disallowed Plant SL vs SF             | \$6,505,719                                 | \$2,168,575                                | \$4,337,144                               | \$433,715   | 6.67%                                   | Schedule 2 |
| 10                                       | WC Def Plant Costs SL vs SF           | \$46,948,793                                | \$15,649,600                               | \$31,299,193                              | \$3,129,920   | 6.67%                                   | Schedule 2 |
| 11                                       | Asset Retirement Obligation           | <u>\$13,360,049</u>                         | <u>\$9,245,664</u>                         | <u>\$4,114,386</u>                        | <u>\$0</u>  |   | Schedule 4 |
| 12                                       | Total WC Disallowed & Deferred Assets | <u>\$86,291,763</u>                         | <u>\$36,015,999</u>                        | <u>\$50,275,765</u>                       | <u>\$3,887,084</u>                                    |   |            |
| Early Call/Refinancing Premium:          |                                       |   |  |   |   |   |            |
| 13                                       | Early Call Premium - Grantor Trust    | \$2,497,691                                 | \$1,562,482                                | \$935,209                                 | \$151,659   | 6.07%                                   | Schedule 5 |
| 14                                       | FFB Refinancing Premium               | <u>\$7,206,223</u>                          | <u>\$4,543,771</u>                         | <u>\$2,662,452</u>                        | <u>\$549,477</u>                                      | 7.63%                                   | Schedule 5 |
| 15                                       | Total Refinancing Premium             | <u>\$9,703,914</u>                          | <u>\$6,106,253</u>                         | <u>\$3,597,661</u>                        | <u>\$701,136</u>                                      |   |            |
| 16                                       | Total Depreciation and Amortization   |   |  |   | <u>\$8,356,933</u>                                    |   |            |

**Kansas Electric Power Cooperative, Inc.**  
**Section 10- Amortization-Regulatory Asset Sinking Fund vs. Straight Line**  
**Test Year Ending December 31, 2006**

Section 10  
Schedule 2  
Page 1 of 1

| Year | Wolf Creek PMA Disallowance |                          |             | Wolf Creek Depreciation |                          |              | Total Regulatory Asset |                          |              |
|------|-----------------------------|--------------------------|-------------|-------------------------|--------------------------|--------------|------------------------|--------------------------|--------------|
|      | Amortization                | Accumulated Amortization | Balance     | Amortization            | Accumulated Amortization | Balance      | Amortization           | Accumulated Amortization | Balance      |
| 2001 |                             |                          | \$6,505,719 |                         |                          | \$46,948,793 |                        |                          | \$53,454,512 |
| 2002 | \$433,715                   | \$433,715                | \$6,072,004 | \$3,129,920             | \$3,129,920              | \$43,818,873 | \$3,563,634            | \$3,563,634              | \$49,890,878 |
| 2003 | \$433,715                   | \$867,429                | \$5,638,290 | \$3,129,920             | \$6,259,839              | \$40,688,954 | \$3,563,634            | \$7,127,268              | \$46,327,244 |
| 2004 | \$433,715                   | \$1,301,144              | \$5,204,575 | \$3,129,920             | \$9,389,759              | \$37,559,034 | \$3,563,634            | \$10,690,902             | \$42,763,610 |
| 2005 | \$433,715                   | \$1,734,858              | \$4,770,861 | \$3,129,920             | \$12,519,678             | \$34,429,115 | \$3,563,634            | \$14,254,537             | \$39,199,975 |
| 2006 | \$433,715                   | \$2,168,573              | \$4,337,146 | \$3,129,920             | \$15,649,598             | \$31,299,195 | \$3,563,634            | \$17,818,171             | \$35,636,341 |
| 2007 | \$433,715                   | \$2,602,288              | \$3,903,431 | \$3,129,920             | \$18,779,517             | \$28,169,276 | \$3,563,634            | \$21,381,805             | \$32,072,707 |
| 2008 | \$433,715                   | \$3,036,002              | \$3,469,717 | \$3,129,920             | \$21,909,437             | \$25,039,356 | \$3,563,634            | \$24,945,439             | \$28,509,073 |
| 2009 | \$433,715                   | \$3,469,717              | \$3,036,002 | \$3,129,920             | \$25,039,356             | \$21,909,437 | \$3,563,634            | \$28,509,073             | \$24,945,439 |
| 2010 | \$433,715                   | \$3,903,431              | \$2,602,288 | \$3,129,920             | \$28,169,276             | \$18,779,517 | \$3,563,634            | \$32,072,707             | \$21,381,805 |
| 2011 | \$433,715                   | \$4,337,146              | \$2,168,573 | \$3,129,920             | \$31,299,195             | \$15,649,598 | \$3,563,634            | \$35,636,341             | \$17,818,171 |
| 2012 | \$433,715                   | \$4,770,861              | \$1,734,858 | \$3,129,920             | \$34,429,115             | \$12,519,678 | \$3,563,634            | \$39,199,975             | \$14,254,537 |
| 2013 | \$433,715                   | \$5,204,575              | \$1,301,144 | \$3,129,920             | \$37,559,034             | \$9,389,759  | \$3,563,634            | \$42,763,610             | \$10,690,902 |
| 2014 | \$433,715                   | \$5,638,290              | \$867,429   | \$3,129,920             | \$40,688,954             | \$6,259,839  | \$3,563,634            | \$46,327,244             | \$7,127,268  |
| 2015 | \$433,715                   | \$6,072,004              | \$433,715   | \$3,129,920             | \$43,818,873             | \$3,129,920  | \$3,563,634            | \$49,890,878             | \$3,563,634  |
| 2016 | \$433,715                   | \$6,505,719              | \$0         | \$3,129,920             | \$46,948,793             | \$0          | \$3,563,634            | \$53,454,512             | \$0          |



**Kansas Electric Power Cooperative, Inc.**  
**Section 10-Depreciation/Amortization-Wolf Creek Plant**  
**Test Year Ending December 31, 2006**

Section 10  
Schedule 3  
Page 1 of 1

|   |              |
|---|--------------|
| Wolf Creek PMA disallowance - Gross plant   | \$25,982,921 |
| Total amount of PMA disallowance recovered through amortization<br>(sinking fund methodology used in years 1987 through 2001) | 7,334,915    |
| Net PMA disallowance @ 12/31/01 using sinking fund amortization   | 18,648,006   |
| Less true-up of changing PMA disallowance from S.F. amort. to S.L. amort.   | 6,505,719    |
| Net PMA disallowance @ 12/31/01 on which to calculate S.L. amortization   | 12,142,287   |
| Estimated remaining life  | 37.54        |
| Annual straight line amortization for PMA disallowance  | \$323,449    |
| Total amount of PMA disallowance recovered through amortization (2002 to 2006)  | 1,617,247    |
| Net Wolf Creek PMA disallowance   | \$10,525,040 |

| Year | PMA<br>Disallowance | PMA<br>Disallowance<br>27.736 Yr<br>SL Amort.<br>151,191-U (A) | PMA<br>Disallowance<br>Accumulated<br>SL Amort. | PMA<br>SF Actual<br>Amortization<br>Expense | PMA<br>Actual<br>Accumulated<br>Amortization | Difference<br>Between<br>SL Amort<br>& SF Amort |
|------|---------------------|--|---|---|--|---|
| 1985 | (\$25,982,921)      | \$0  | \$0   | \$0   | \$0  | \$0   |
| 1986 | (25,982,921)        | 0  | 0   | 0   | 0  | 0   |
| 1987 | (25,982,921)        | 936,794  | 936,794   | 278,553                                     | 278,553                                      | 658,241   |
| 1988 | (25,982,921)        | 936,794  | 1,873,588                                       | 300,662                                     | 579,215                                      | 636,132   |
| 1989 | (25,982,921)        | 936,794  | 2,810,382                                       | 324,525                                     | 903,740                                      | 612,269   |
| 1990 | (25,982,921)        | 936,794  | 3,747,176                                       | 350,283                                     | 1,254,023                                    | 586,511   |
| 1991 | (25,982,921)        | 936,794  | 4,683,970                                       | 378,085                                     | 1,632,108                                    | 558,709   |
| 1992 | (25,982,921)        | 936,794  | 5,620,764                                       | 418,597                                     | 2,050,705                                    | 518,197   |
| 1993 | (25,982,921)        | 936,794  | 6,557,558                                       | 471,515                                     | 2,522,220                                    | 465,279   |
| 1994 | (25,982,921)        | 936,794  | 7,494,352                                       | 480,751                                     | 3,002,971                                    | 456,043   |
| 1995 | (25,982,921)        | 936,794  | 8,431,146                                       | 518,908                                     | 3,521,879                                    | 417,886   |
| 1996 | (25,982,921)        | 936,794  | 9,367,940                                       | 560,094                                     | 4,081,973                                    | 376,700   |
| 1997 | (25,982,921)        | 936,794  | 10,304,734                                      | 604,548                                     | 4,686,521                                    | 332,246   |
| 1998 | (25,982,921)        | 883,975  | 11,188,709                                      | 652,531                                     | 5,339,052                                    | 231,444   |
| 1999 | (25,982,921)        | 883,975  | 12,072,684                                      | 615,170                                     | 5,954,222                                    | 268,805   |
| 2000 | (25,982,921)        | 883,975  | 12,956,659                                      | 663,996                                     | 6,618,218                                    | 219,979   |
| 2001 | (25,982,921)        | 883,975  | 13,840,634                                      | 716,697                                     | 7,334,915                                    | 167,278   |

|       |             |
|-------|-------------|
| Total | \$6,505,719 |
|-------|-------------|

**Kansas Electric Power Cooperative, Inc.**  
**Section 10- Asset Retirement Obligation**  
**Test Year Ending December 31, 2006**

Section 10  
Schedule 4  
Page 1 of 1

|  | Decom Trust<br>Fund | Plant<br>accounts<br>(new) | Plant<br>reserve     | Regulatory<br>Asset<br>(New) | ARO Liability<br>(New) | Decom<br>Liability |
|--|---------------------|----------------------------|----------------------|------------------------------|------------------------|--------------------|
|  | 12800-00            | 32600-00                   | 10800-00             | 18230-00                     | 23000-00               |                    |
| 0. Beginning balances per books  | \$4,751,284         |                            |                      |                              |                        | (\$4,751,284)      |
| 1. <i>To record the initial present value of the ARO liability</i>               |                     |                            |                      |                              |                        |                    |
| Account 101 (326) - Asset retirement costs for nuclear production plant (1)      |                     | 4,258,089                  |                      |                              |                        |                    |
| Account 230 - Asset retirement obligations (1)                                   |                     |                            |                      |                              | (4,258,089)            |                    |
| 2. <i>To record the cumulative effect of ARO amortization</i>                    |                     |                            |                      |                              |                        |                    |
| Account 182.3 - Regulatory asset   |                     |                            |                      | 7,426,232                    |                        |                    |
| Account 230 - Asset retirement obligations (1)                                   |                     |                            |                      |                              | (7,426,232)            |                    |
| 3. <i>To record accumulated depreciation on ARO plant</i>                        |                     |                            |                      |                              |                        |                    |
| Account 182.3 - Regulatory asset   |                     |                            |                      | 1,241,585                    |                        |                    |
| Accumulated depreciation   |                     |                            | (1,241,585)          |                              |                        |                    |
| 4. <i>To net the decommissioning liability against the new regulatory asset.</i> |                     |                            |                      |                              |                        |                    |
| Decommissioning Liability  |                     |                            |                      |                              |                        | 4,751,284          |
| Regulatory asset   |                     |                            |                      | (4,751,284)                  |                        |                    |
| <br>Transition journal entry   | <u>\$4,751,284</u>  | <u>\$4,258,089</u>         | <u>(\$1,241,585)</u> | <u>\$3,916,533</u>           | <u>(\$11,684,321)</u>  | <u>\$0</u>         |
| 4. 2003 annual entry   |                     |                            |                      | 772,027                      |                        |                    |
| Regulatory asset   |                     |                            |                      |                              |                        |                    |
| Plant reserve  |                     |                            | (70,968)             |                              |                        |                    |
| ARO  |                     |                            |                      |                              | (701,059)              |                    |
| Decommissioning asset  | 1,338,561           |                            |                      |                              |                        |                    |
| Decommissioning liability  |                     |                            |                      | (1,338,561)                  |                        |                    |
| Balances as of December 31, 2003   | <u>\$6,089,845</u>  | <u>\$4,258,089</u>         | <u>(\$1,312,553)</u> | <u>\$3,349,999</u>           | <u>(\$12,385,380)</u>  | <u>\$0</u>         |
| (1) New account proposed by FERC in Docket RM02-7-000 on October 30, 2002.       |                     |                            |                      |                              |                        |                    |
| <b>FUTURE JOURNAL ENTRIES</b>  |                     |                            |                      |                              |                        |                    |
| 2004   |                     |                            |                      |                              |                        |                    |
| To record investment returns on trust fund                                       | 1,075,816           |                            |                      | (1,075,816)                  |                        |                    |
| To record amortization on the ARO  |                     |                            |                      | 743,123                      | (743,123)              |                    |
| To record depreciation on the ARO plant  |                     |                            | (70,968)             | 70,968                       |                        |                    |
|  | <u>\$7,165,661</u>  | <u>\$4,258,089</u>         | <u>(\$1,383,521)</u> | <u>\$3,088,274</u>           | <u>(\$13,128,503)</u>  | <u>\$0</u>         |
| 2005   |                     |                            |                      |                              |                        |                    |
| To record investment returns on trust fund                                       | 787,743             |                            |                      | (787,743)                    |                        |                    |
| To record amortization on the ARO  |                     |                            |                      | 787,710                      | (787,710)              |                    |
| To record depreciation on the ARO plant  |                     |                            | (70,968)             | 70,968                       |                        |                    |
|  | <u>\$7,953,404</u>  | <u>\$4,258,089</u>         | <u>(\$1,454,489)</u> | <u>\$3,159,209</u>           | <u>(\$13,916,213)</u>  | <u>\$0</u>         |
| 2006   |                     |                            |                      |                              |                        |                    |
| To record investment returns on trust fund                                       | 1,292,260           |                            |                      | (1,292,260)                  |                        |                    |
| To record amortization on the ARO  |                     |                            |                      | 834,972                      | (834,972)              |                    |
| To record depreciation on the ARO plant  |                     |                            | (70,968)             | 70,968                       |                        |                    |
| Adjust Balances per 2005 Decommissioning Study                                   |                     | 373,655                    | (127,643)            | 1,231,820                    | (1,477,832)            |                    |
| To record amortization on the ARO (2005 layer)                                   |                     |                            |                      | 103,448                      | (103,448)              |                    |
| To record depreciation on the ARO plant (2005 layer)                             |                     |                            | (6,228)              | 6,228                        |                        |                    |
|  | <u>\$9,245,664</u>  | <u>\$4,631,744</u>         | <u>(\$1,659,328)</u> | <u>\$4,114,385</u>           | <u>(\$16,332,465)</u>  | <u>\$0</u>         |

**Kansas Electric Power Cooperative, Inc.**  
**Section 10-Depreciation/Amortization-Refinancing Premium**  
**Test Year Ending December 31, 2006**

Section 10  
Schedule 5  
Page 1 of 1

| Debt Issue Cost<br>Year Incurred<br>Years to Amortize | IRB'S            |                       | FFB                                      |           | GTC'S                                 |                    | Total                   |
|---|------------------|-----------------------|--|-----------|---------------------------------------|--------------------|-------------------------|
|   | \$               | 852,285<br>1985<br>30 | From Support<br>Schedule<br>FFBPAMRT.xls |           | From Support<br>Schedule<br>TRUST.xls |                    |                         |
|   | Debt Issue Costs |                       | Refinancing Premium                      |           | Debt Issue Costs                      | Early Call Premium |                         |
| 1985  | \$               | -                     | \$                                       | -         | \$                                    | -                  | \$                      |
| 1986  | \$               | 28,409                | \$                                       | -         | \$                                    | -                  | \$                      |
| 1987  | \$               | 28,409                | \$                                       | -         | \$                                    | -                  | \$                      |
| 1988  | \$               | 28,409                | \$                                       | -         | \$                                    | 27,780             | \$                      |
| 1989  | \$               | 28,409                | \$                                       | -         | \$                                    | 33,837             | \$                      |
| 1990  | \$               | 28,409                | \$                                       | -         | \$                                    | 33,756             | \$                      |
| 1991  | \$               | 28,409                | \$                                       | -         | \$                                    | 33,634             | \$                      |
| 1992  | \$               | 28,409                | \$                                       | -         | \$                                    | 33,390             | \$                      |
| 1993  | \$               | 28,409                | \$                                       | -         | \$                                    | 33,105             | \$                      |
| 1994  | \$               | 28,409                | \$                                       | 69,897    | \$                                    | 32,794             | \$                      |
| 1995  | \$               | 28,409                | \$                                       | 68,307    | \$                                    | 32,441             | \$                      |
| 1996  | \$               | 28,409                | \$                                       | 295,454   | \$                                    | 32,035             | \$                      |
| 1997  | \$               | 28,409                | \$                                       | 288,493   | \$                                    | 31,601             | \$                      |
| 1998  | \$               | 28,409                | \$                                       | 281,126   | \$                                    | 122,000            | \$ 190,704              |
| 1999  | \$               | 28,409                | \$                                       | 273,330   | \$                                    | 119,874            | \$ 187,381              |
| 2000  | \$               | 28,409                | \$                                       | 265,079   | \$                                    | 117,536            | \$ 183,726 \$ 594,750   |
| 2001  | \$               | 28,409                | \$                                       | 256,347   | \$                                    | 114,985            | \$ 179,738 \$ 579,479   |
| 2002  | \$               | 28,409                | \$                                       | 247,106   | \$                                    | 112,009            | \$ 175,086 \$ 562,610   |
| 2003  | \$               | 28,409                | \$                                       | 317,313   | \$                                    | 109,139            | \$ 170,600 \$ 625,461   |
| 2004  | \$               | 28,409                | \$                                       | 534,865   | \$                                    | 105,525            | \$ 164,951 \$ 833,750   |
| 2005  | \$               | 28,409                | \$                                       | 1,096,977 | \$                                    | 101,486            | \$ 158,637 \$ 1,385,510 |
| 2006  | \$               | 28,409                | \$                                       | 549,477   | \$                                    | 97,022             | \$ 151,659 \$ 826,568   |
| 2007  | \$               | 28,409                | \$                                       | 438,267   | \$                                    | 92,132             | \$ 144,016 \$ 702,825   |
| 2008  | \$               | 28,409                | \$                                       | 403,121   | \$                                    | 86,818             | \$ 135,709 \$ 654,058   |
| 2009  | \$               | 28,409                | \$                                       | 366,385   | \$                                    | 80,866             | \$ 126,405 \$ 602,065   |
| 2010  | \$               | 28,409                | \$                                       | 327,983   | \$                                    | 74,276             | \$ 116,104 \$ 546,772   |
| 2011  | \$               | 28,409                | \$                                       | 287,836   | \$                                    | 66,835             | \$ 104,473 \$ 487,555   |
| 2012  | \$               | 28,409                | \$                                       | 245,860   | \$                                    | 58,545             | \$ 91,514 \$ 424,329    |
| 2013  | \$               | 28,409                | \$                                       | 201,968   | \$                                    | 49,404             | \$ 77,225 \$ 357,007    |
| 2014  | \$               | 28,409                | \$                                       | 156,068   | \$                                    | 39,200             | \$ 61,275 \$ 284,953    |
| 2015  | \$               | 28,409                | \$                                       | 108,064   | \$                                    | 27,933             | \$ 43,663 \$ 208,070    |
| 2016  |                  |                       | \$                                       | 65,852    | \$                                    | 15,391             | \$ 24,058 \$ 105,301    |
| 2017  |                  |                       | \$                                       | 41,474    | \$                                    | 8,310              | \$ 10,766 \$ 60,550     |
| 2018  |                  |                       | \$                                       | 19,572    |                                       |                    | \$ 19,572               |
|   | \$               | 852,285               | \$                                       | 7,206,223 | \$                                    | 1,923,657          | \$ 2,497,691            |

Debt Issuance  
Cost

Deferred Charge

Debt Issuance  
Cost

Deferred Charge

# Section 11

## Taxes.

**Section 11. *Taxes.*** This section shall contain the following information: (i) The first schedule shall detail the various taxes chargeable to operations, allocated jurisdictionally. Appropriate supporting schedules for taxes other than income taxes shall be provided if pro forma adjustments are presented. (ii) A schedule disclosing the calculation of taxable income shall be included. (iii) A description of adjustments to arrive at taxable income, including method of computation, shall be provided. (iv) A schedule shall be provided depicting the calculation of income taxes, the jurisdictional allocation of those taxes and a division of those taxes to reflect current and deferred taxes. (v) A schedule shall also be included for deferred investment tax credits showing the annual charges, credits and the balance to that account for a period of not less than 10 years. Furthermore, those schedules shall show the accumulated investment tax credits by the pertinent effective rate or rates for the test and the 12-month period preceding the test year. (vi) A schedule shall be included for deferred income taxes showing the annual charges, credits and balance to the account for a period of not less than 10 years and for the test year and the year preceding the test year. For both the investment tax credits and deferred income tax schedules, the test year and the 12-month period preceding the test year balances shall be allocated to the jurisdictions.

**Kansas Electric Power Cooperative, Inc.**  
**Section 11- Summary of Taxes Chargeable to Operations**  
**Test Year Ending December 31, 2006**

Section 11  
Schedule 1  
Page 1 of 1

| Line # | Description                                       | Tax Expense for<br>The Year Ended<br>December 31, 2006 |
|--------|---|--|
| 1      | Taxes Other Than Income Chargeable to Operations: |  |
| 2      | <u>Property Tax-Wolf Creek Only</u>               |  |
| 3      | 519 Operations-Coolants and Water                 | \$281,501  |
| 4      | 520 Operations-Steam Expense                      | \$1,353,563  |
| 5      | 523 Operations-Electric Expense                   | \$110,528  |
| 6      | 930 Administrative and General                    | \$730,121  |
|        |   | <u>\$2,475,714</u>                                     |
| 7      | <u>Property Tax-KEPCo Only</u>                    |  |
| 8      | 556 System Control and Load Dispatching           | \$141,903  |
| 9      | 562 Operations-Station Equipment                  | \$12,370   |
| 10     | 930 Administrative and General                    | \$79,768   |
|        |   | <u>\$234,041</u>                                       |
| 11     | Total Property Tax                                | <u>\$2,709,755</u>                                     |
| 12     | <u>Payroll Tax-Wolf Creek Only</u>                |  |
| 13     | 517 Operations-Supervision and Engineering        | \$42,304   |
| 14     | 519 Operations-Coolants and Water                 | \$11,287   |
| 15     | 520 Operations-Steam Expense                      | \$63,686   |
| 16     | 523 Operations-Electric Expense                   | \$7,295  |
| 17     | 524 Operations-Misc. Nuclear Power                | \$91,216   |
| 18     | 528 Maintenance-Supervision and Engineering       | \$24,579   |
| 19     | 529 Maintenance-Structures                        | \$15,481   |
| 20     | 530 Maintenance-Reactor Plant Equipment           | \$15,855   |
| 21     | 531 Maintenance-Electric Equipment                | \$13,595   |
| 22     | 532 Maintenance-Misc. Nuclear Power               | \$9,327  |
| 23     | 920 Administrative and General                    | \$37,370   |
|        |   | <u>\$331,995</u>                                       |
| 24     | <u>Payroll Tax-KEPCo Only</u>                     |  |
| 25     | 524 Operations-Misc. Nuclear Power                | \$2,705  |
| 26     | 546 Operations-Power Generation Supervision       | \$569  |
| 27     | 548 Operations-Generation Expense                 | \$1,350  |
| 28     | 553 Maintenance-Generator Equipment               | \$69   |
| 29     | 556 Operations-System Control & Load Dispatch     | \$10,876   |
| 30     | 557 Operations-Other Power Supply                 | \$19,294   |
| 31     | 560 Operations-Transmission Supervision           | \$4,615  |
| 32     | 566 Operations-Misc. Transmission                 | \$1,864  |
| 33     | 568 Maintenance-Transmission Supervision          | \$1,704  |
| 34     | 570 Maintenance-Station Equipment                 | \$7,136  |
| 35     | 903 Customer Records and Collection Expenses      | \$4,497  |
| 36     | 908 Customer Assistance Expenses                  | \$6,117  |
| 37     | 912 Demonstrating and Selling Expenses            | \$6,738  |
| 38     | 913 Advertising Expenses                          | \$598  |
| 39     | 920 Administrative and General                    | \$56,728   |
| 40     | 928 Regulatory Commission Expenses                | \$3,627  |
|        |   | <u>\$128,487</u>                                       |
| 41     | Total Payroll Tax Chargeable to Operations        | <u>\$460,482</u>                                       |
| 42     | Total Taxes Other Than Income                     | <u>\$3,170,237</u>                                     |
| 43     | Income Taxes                                      | \$0  |
| 44     | Total Taxes                                       | <u>\$3,170,237</u>                                     |

# Section 12

## Allocation ratios.

**Section 12. *Allocation ratios.* This section shall contain a complete detail for all ratios used in the allocations between jurisdictions, areas of operations, departments, classes of customers and other allocable items. In addition, this section shall include a narrative description of the rationale for the allocation ratio, the components included in the calculation of the ratio and their source, the allocation percentages applicable to jurisdictions or departments and what is being allocated by the ratio.**

**NO ENTRIES HAVE BEEN MADE  
IN THIS SECTION**