

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

In the Matter of the Joint Application of                     )  
Sunflower Electric Power Corporation and                     )  
Mid-Kansas Electric Company, Inc. for an                     )  
Order Approving the Merger of Mid-Kansas                     ) Docket No. 19-SEPE-054-MER  
Electric Company, Inc. into Sunflower                     )  
Electric Power Corporation.                     )

**TESTIMONY IN SUPPORT OF UNANIMOUS SETTLEMENT AGREEMENT**

**H. DAVIS ROONEY**

**VICE PRESIDENT AND CHIEF FINANCIAL OFFICER**

**ON BEHALF OF**

**SUNFLOWER ELECTRIC POWER CORPORATION**

**and**

**MID-KANSAS ELECTRIC COMPANY, INC.**

**March 8, 2019**

1   **Q.     Please state your name.**

2   A.     My name is H. Davis Rooney.

3   **Q.     By whom are you employed and what is your business address?**

4   A.     I am employed by Sunflower Electric Power Corporation ("Sunflower"). My  
5         business address is 301 W. 13th Street, Hays, Kansas.

6   **Q.     Are you the same Davis Rooney who filed direct and rebuttal testimony in  
7         this docket?**

8   A.     Yes.

9   **Q.     What is the purpose of your testimony?**

10  A.     The purpose of my testimony is to provide support for the Unanimous Settlement  
11         Agreement ("SA") reached by the Signatories and filed March 5, 2019.

12

13   **Testimony Summary**

14   **Q.     Please summarize your testimony in support of the Unanimous Settlement  
15         Agreement.**

16  A.     The testimony of Stuart Lowry addresses Sunflower and Mid-Kansas' overall  
17         support for the Unanimous Settlement Agreement. My testimony will address in  
18         additional detail the Transition Method and Transition Adjustment described in  
19         paragraph 17d. of the SA and in Exhibit SA-1 to the SA.

20   **Q.     What settlement issue is the Transition Method intending to address?**

21  A.     The testimony of KEPCo witnesses Mark Doljac and Dr. Dismukes proposed a  
22         merger condition listed in Exhibit DED-2 of the Direct Testimony of Dr. Dismukes

1 as Merger Condition 11. This condition was primarily described and supported by  
2 KEPCo witness Mark Doljac in his direct testimony.<sup>1</sup> Joint Applicants' testimony  
3 stated it was Joint Applicants' intent to file at FERC<sup>2</sup> for approval to combine the  
4 Sunflower and Mid-Kansas transmission zones into a single transmission zone  
5 with a single transmission formula rate ("TFR") and move directly to rate  
6 consolidation (the same rate for similar service) upon FERC approval,  
7 contending that any cost shifts from consolidating rates would be relatively small  
8 and would not be unjust, unreasonable or unduly discriminatory.<sup>3</sup> KEPCo  
9 expressed concern with this approach, both with Joint Applicants'  
10 characterization of the cost shifts as small, and with the Joint Applicants'  
11 proposed handling of the true-ups in the existing Formula Rates.<sup>4</sup> KEPCo  
12 asserted it was not appropriate to combine the Sunflower and Mid-Kansas true-  
13 ups that arose in the separate formula rates from projected rates charged prior to  
14 merger and flow them back through the consolidated rate to the combined  
15 customers.<sup>5</sup>

16 **Q. What resolution was proposed by KEPCo?**

17 A. KEPCo proposed that Joint Applicants file with FERC a transition method for the  
18 annual true-up adjustments that preserved the separate company handling of the  
19 true-ups for projected rate years prior to the consolidation of transmission rates.

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<sup>1</sup> Mark Doljac Direct Testimony including 27:17-32:13 and Exhibit MD-1.

<sup>2</sup> File at FERC or, through SPP, cause to be filed at FERC.

<sup>3</sup> Davis Rooney Direct and Rebuttal Testimony including Rooney Rebuttal 5:19-9:6 and 18:7-28:4.

<sup>4</sup> Mark Doljac Direct Testimony including 24:11-28:18.

<sup>5</sup> Mark Doljac Direct Testimony including 24:11-28:18.

1 KEPCo asserted that such a transition method would help address issues of  
2 transmission rate consolidation cost shifts.<sup>6</sup>

3 **Q. Were the parties able to reach resolution?**

4 A. Yes. After numerous discussions and several compromises by all parties, the  
5 parties were able to reach agreement on a method to address transmission rate  
6 consolidation cost shifts. The cost shifts were resolved through the calculations  
7 described in Exhibit SA-1. I will describe the nuances of the calculations and the  
8 compromises in my following testimony.

9 **Q. What does the Transition Method do?**

10 A. The Transition Method intends to fulfill the spirit of KEPCo's Merger Condition 11.  
11 The calculations of the Transition Method are described in Exhibit SA-1 and a  
12 calculation illustration is attached to that exhibit. For the wholesale transmission  
13 customers located in the Sunflower and Mid-Kansas zones (Zonal Customers),  
14 for two years the Transition Method allocates the zonal portions of the TFR true-  
15 ups to the Zonal Customers in a manner similar to what would have occurred  
16 absent the merger of the Sunflower and Mid-Kansas transmission zones into a  
17 single zone and the merger of the Sunflower and Mid-Kansas transmission  
18 formula rates into a single transmission formula rate.

19 **Q. What is the Transition Adjustment?**

20 A. The Converged TFR is the converged transmission formula rate (single rate) that  
21 will be implemented upon the effective date of the Converged TFR and will be

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<sup>6</sup> Mark Doljac Direct Testimony 32:3-6 and Exhibit MD-1.

1 billed by SPP. The calculations described in Exhibit SA-1 calculate the difference  
2 between the allocation of the true-ups under the Converged TFR and the  
3 allocation of the true-ups under the Transition Method. The difference, the  
4 Transition Adjustment, is the net adjustment needed to give effect of the  
5 Transition Method to each Zonal Customer.

6 **Q. Is the KCC ordering the implementation of the Transition Method?**

7 A. No. The parties recognize the unique roles of the KCC and of FERC and have  
8 crafted language that recognizes these distinctions. The Signatories are agreeing  
9 that Joint Applicants will propose and support in good faith the Transition Method  
10 in its filing and responses at FERC. In return, KEPCo and KPP will file comments  
11 at FERC in support of a single zone and a single formula rate. The parties  
12 recognize that FERC has jurisdiction over the rates of SPP and formula rates that  
13 contribute to the rates of SPP. The parties understand that FERC may ultimately  
14 order something other than the Transition Method as proposed, but its adoption  
15 by FERC is made more likely by the uniform support of the parties. It is the  
16 agreement by Joint Applicants to cause to be filed the Transition Method and by  
17 KEPCo and KPP to file support for the converging of the two zones and formula  
18 rates at FERC that satisfies the needs of the Signatories to reach agreement on  
19 the approval of the merger by the KCC.

20 **Q. Who is administering the Transition Method?**

21 A. Sunflower will administer the Transition Method. In the initial discussions, it was  
22 the expectation of the parties that the Transition Method would be administered

1 by SPP (SPP's billing system and billing staff). As discussions developed, and  
2 SPP was brought into the conversation regarding administration, it become  
3 apparent that SPP could not administer the Transition Method within its existing  
4 billing systems.

5 **Q. Does the Transition Method perfectly mirror the charges to all customers**  
6 **for the true-ups in the stand-alone formula rates absent converging the**  
7 **zones and formula rates?**

8 A. No. Without using SPP's billing processes it would be impossible to exactly  
9 mirror the stand-alone charges. The Transition Method is an agreed upon  
10 calculation that substantially mirrors the true-up charges that would have resulted  
11 from SPP calculations for the Zonal Customers under the stand-alone formulas.  
12 The Transition Method only applies to the zonal portions of the true-ups (charges  
13 assigned directly to the Sunflower and Mid-Kansas zones). The Transition  
14 Method does not apply to the regionally allocated charges or the customers who  
15 receive regionally allocated portions of the true-ups.

16 **Q. Please describe the "two years" of Transition Method mentioned above.**

17 A. Exhibit SA-1 describes in sections (a) through (d) how the two-year Transition  
18 Period will be handled. Essentially it is the two years beginning on the effective  
19 date of a Converged TFR. As described in Exhibit SA-1 section (d), for  
20 administrative ease, corrections to TFR years prior to the implementation of the  
21 Converged TFR which are discovered after the Transition Period, will be included  
22 in the converged formula true-ups. Sunflower will only be administering this

1 Transition Method for a limited period. After the two years, the administration of  
2 the Converged TFR will be fully handled by SPP.

3 **Q. Can the Transition Method result in either charges or refunds to the Zonal**  
4 **Customers?**

5 A. Yes. Each Zonal Customer will be impacted uniquely by the Transition Method,  
6 depending on their load ratio share of the stand-alone zone, their load ratio share  
7 of the merged zone, and the stand-alone true-up calculations that determine  
8 whether a refund or charge is appropriate. As a result of the calculations  
9 described in Exhibit SA-1, each Zonal Customer may have either a charge or a  
10 refund.

11 **Q. How will settlements under the Transition Method be handled?**

12 A. Exhibit SA-1 section (n) describes settlement and timing. Once annually for each  
13 of the two-year Transition period, the Transition Method calculations will be  
14 performed. Twelve equal monthly bills or payments will be issued or made to  
15 each Zonal Customer after the Zonal Customers have had an opportunity to  
16 review the calculation.

17 **Q. Are there any other important elements?**

18 A. Yes. The Wholesale Power Agreement ("WPA") between Sunflower and KEPCo  
19 includes charges that are based on the transmission charges paid by Sunflower  
20 Members. KEPCo and Sunflower have agreed that this charge shall also reflect  
21 the Transition Method.

1    **Q.     Does this conclude your testimony?**

2    **A.     Yes.**



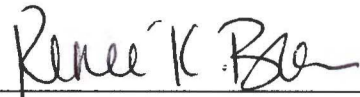
**VERIFICATION**

STATE OF KANSAS                    )  
  ) ss:  
COUNTY OF ELLIS                )

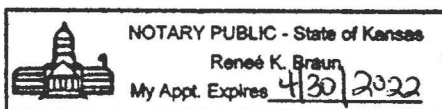
H. Davis Rooney, being first duly sworn, deposes and says that he is the H. Davis Rooney referred to in the foregoing document entitled "TESTIMONY OF H. DAVIS ROONEY IN SUPPORT OF UNANIMOUS SETTLEMENT AGREEMENT" before the State Corporation Commission of the State of Kansas and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

  
\_\_\_\_\_  
H. Davis Rooney

**SUBSCRIBED AND SWORN** to before me this 8th day of March, 2019.

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

My Appointment Expires:



**CERTIFICATE OF SERVICE**

I do hereby certify that on the 8th day of March, 2019, I electronically filed via the Kansas Corporation Commission's Electronic Filing System a true and correct copy of the above and foregoing Rebuttal Testimony with an electronic copy e-mailed to the Service List:

*/s/ Renee K. Braun*

As of 3/8/2019 and last modified 3/7/2019

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