

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

In the Matter of the Joint Application of )  
Westar Energy, Inc. and Kansas Gas and )  
Electric Company for Approval of their ) Docket No. 14-WSEE-428-ACA  
Annual Energy Cost Correction )  
Adjustment Factor )

**JOINT APPLICATION**

COME NOW Westar Energy, Inc. (Westar North) and Kansas Gas and Electric Company (Westar South) (collectively referred to as “Westar”) and file this Joint Application for approval of their Annual Correction Adjustment (ACA) factors under their Retail Energy Cost Adjustment (RECA) clauses. In support of this Joint Application, Westar states:

1. Westar is a corporation duly incorporated under the laws of the State of Kansas and is engaged, among other matters, in the retail electric public utility business, as defined by K.S.A. 66-104, in legally designated areas within the state of Kansas. Westar holds certificates of convenience and authority issued by this Commission authorizing it to engage in such utility business.

2. The testimony of Rebecca Fowler and Jerry D. Kroeker is attached to this Joint Application. Ms. Fowler explains the calculations and assumptions underlying the requested ACA factor. She also describes the calculation of asset-based margins following the procedures agreed upon in the Stipulation and Agreement in Docket No. 08-WSEE-1041-RTS and the Stipulation and Agreement in Docket No. 09-WSEE-925-RTS. Mr. Kroeker addresses the assumptions and methodologies relied upon in making the 2014 energy cost forecast, including Westar’s planning for fuel supply and generation resources and the supply side resources Westar currently has available to meet the needs of its customers.

3. In Docket No. 09-WSEE-925-RTS, the Commission approved a Stipulation and Agreement that result in the consolidation of the majority of Westar North's and Westar South's rates, including the RECA's and all other riders and surcharges. Thus, the ACA proposed in this Application was calculated on a consolidated basis and will be applied to all customers in Westar's combined service territory.

4. There are several exhibits attached to Ms. Fowler's testimony and incorporated herein by reference. Exhibit A summarizes the actual energy costs incurred and all components of the RECA incurred by Westar during the ACA period beginning January 1, 2013, through December 31, 2013. Exhibit A also shows the over/under recovery of energy costs and the calculation of the ACA factors for the period January 1, 2013, through December 31, 2013, to be reflected in the Westar RECA commencing with the first billing cycle in April 2014. Because there was an under-recovery of costs, Westar's ACA is 0.0303 cents/kWh.

5. Exhibit B has the same information contained in Exhibit A by month for the 2013 ACA period. Exhibit B includes a summary of the asset-based margins credited to customers through the RECA.

6. As part of the Stipulation and Agreement in Docket No. 08-WSEE-1041-RTS, Westar agreed to begin forecasting and estimating asset-based off-system margins on a calendar quarter basis. Exhibit C calculates the asset-based margin factor for Westar the first quarter of 2014. This factor will remain constant for the billing months of January through March 2014.

7. Exhibit D contains the forecasted RECA factor for each month of calendar year 2014. This forecast combines the results of the over/under recovery of energy costs, the forward-looking projection of asset-based margins, and the non-binding estimate of 2014 fuel

and energy costs to arrive at monthly estimated RECA factors for Westar on a consolidated basis.

8. Some information contained in the exhibits to Ms. Fowler's testimony has not been publicly disclosed and, if disclosed, could place Westar at a significant competitive disadvantage in negotiating future fuel contracts. Therefore, a redacted version of Ms. Fowler's exhibits is also enclosed. Accordingly, Westar requests Exhibits A through D that are marked confidential be designated and treated as confidential in accordance with applicable Commission and statutory standards and practices.

9. Westar submits that the energy costs recovered through the RECA mechanism for the period January 1, 2013, through December 31, 2013, were reasonable and complied in all respects with applicable standards established by the Commission in Docket No. 106,850-U (75-GIMC-009-GIG) and Docket No. 05-WSEE-981-RTS.

WHEREFORE, Westar requests that an ACA factor of 0.0303 cents/kWh for the period April 2014 through March 2015 be approved by the Commission.

Respectfully submitted,



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ATTORNEY FOR  
WESTAR ENERGY, INC. AND  
KANSAS GAS AND ELECTRIC COMPANY

# VERIFICATION

STATE OF KANSAS                    )  
  )  
COUNTY OF SHAWNEE            )       ss:

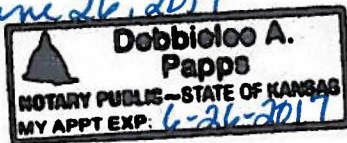
Cathryn J. Dinges, being duly sworn upon her oath deposes and says that she is one of the attorneys for Westar Energy, Inc. and Kansas Gas and Electric Company; that she is familiar with the foregoing **Joint Application**; and that the statements therein are true and correct to the best of her knowledge and belief.

Cathryn Dinges  
Cathryn J. Dinges

SUBSCRIBED AND SWORN to before me this 12<sup>th</sup> day of March, 2014.

Debbie A. Papps  
Notary Public

My Appointment Expires: June 26, 2017



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

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**DIRECT TESTIMONY  
OF  
JERRY D. KROEKER  
WESTAR ENERGY, INC.**

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**DOCKET NO. 14-WSEE 428 ACA**

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1     **Q.     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2     A.     Jerry D. Kroeker, 818 South Kansas Avenue, Topeka, Kansas 66612.

3     **Q.     BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

4     A.     Westar Energy, Inc. (Westar). I am the Executive Director, Fossil Fuels.

5     **Q.     PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
6     **BUSINESS EXPERIENCE.**

7     A.     I graduated from Wichita State University in 1974 with a B.S. degree in  
8             economics. I began my electric utility career in 1974 with Kansas Gas and  
9             Electric Company. I have held several positions at Kansas Gas and  
10            Electric Company and Westar Energy Inc, including positions in  
11            accounting, regulatory, risk management, and bulk power marketing,  
12            before becoming Director, Coal Fuel Services in 2006 and during 2012,  
13            Executive Director, Fossil Fuels.

14    **Q.     WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

1 A. I will discuss the supply side resource (fuel supply and generation)  
2 planning process used by Westar. I will also discuss the supply side  
3 resources currently available to meet our customers' needs.

4 **Q. HOW DOES WESTAR PLAN TO ACQUIRE THE FUEL AND**  
5 **PURCHASED POWER USED TO SUPPLY ELECTRICITY TO ITS**  
6 **CUSTOMERS?**

7 A. Westar's fuel and purchased power acquisition planning is performed  
8 using a three-step resource planning process. The steps in this process  
9 are the development of our:

- 10 • Long-term Supply Side Plan (LSP),
- 11 • An annual and five-year business plan, and
- 12 • Updates to the annual and five-year business plans as conditions  
13 change.

14 **Q. PLEASE DESCRIBE THE FIRST STEP OF THE RESOURCE**  
15 **PLANNING PROCESS.**

16 A. The first step is to develop a long-term strategy to serve our customers at  
17 the lowest reasonable cost consistent with reliable service. This planning  
18 process is used to meet the needs of our "native load," which is defined as  
19 our retail and wholesale requirements customers. Our resource planning  
20 process develops a list of future resources to serve Westar's total  
21 projected customer demand and energy usage at a reasonable cost. The  
22 resource plan selected by Westar includes base load, intermediate,

1 peaking, and intermittent resources. These resources use a mix of fuels  
2 including uranium, coal, natural gas, and renewable energy resources.

3 **Q. HOW DOES THE SECOND STEP OF THE PLANNING PROCESS**  
4 **WORK?**

5 A. In addition to long-range planning, Westar conducts annual financial and  
6 operational plans, which are used to develop a five-year business  
7 forecast. This planning process includes load forecasting, detailed  
8 generation unit modeling, O&M and capital budget planning, and revenue  
9 forecasting. The generation unit modeling developed in this phase of the  
10 planning process is used as the primary source of information for the  
11 development of the fuel and purchased power procurement plan.

12 **Q. ARE THE ANNUAL AND FIVE-YEAR BUSINESS PLANS ADJUSTED**  
13 **TO REFLECT CHANGES IN THE BUSINESS ENVIRONMENT?**

14 A. Yes. The annual and five-year business plans are refined as needed to  
15 take into account changes that have occurred since the plans were initially  
16 developed. Westar takes into account changes in such things as number  
17 of customers, state of the economy, fuel prices, purchased power prices,  
18 rail transportation delays, and coal availability. Westar adjusts its fuel  
19 procurement plans as refinements are made to the near-term forecasts.

20 **Q. PLEASE DESCRIBE THE MAKEUP OF WESTAR'S SUPPLY-SIDE**  
21 **RESOURCES.**

22 A. Table 1 below shows Westar's supply-side resources for supplying all our  
23 retail customers and wholesale obligations as of December 2013.

**Table 1 – Westar’s Generating Resources as of December 31, 2013**

Unit	Capacity Net MW	Actual Net Generation MWh	Energy Cost 2013 (\$000)**	Average Cost/MWh	Fuel Type
Wolf Creek*	547	3,369,101	26,483	\$7.86	Nuclear
Jeffrey*	1,983	12,282,906	243,509	\$19.83	Coal
LaCygne*	711	3,675,341	84,185	\$22.91	Coal
Lawrence	534	3,609,416	69,421	\$19.23	Coal/Gas
Tecumseh	197	1,109,752	21,842	\$19.68	Coal/Gas
Emporia	646	292,027	18,059	\$61.84	Gas
Gordon Evans	808	612,365	32,451	\$52.99	Gas/Oil
Hutchinson	392	20,178	1,780	\$88.19	Gas/Oil
Murray Gill	268	118,164	6,837	\$57.86	Gas
Spring Creek	269	7,435	529	\$71.15	Gas
State Line*	201	735,210	23,138	\$31.47	Gas
Wind Energy**	149	426,919	0.000	\$0.00	Wind
Purchases ***	N/A	2,348,891	137,204	\$58.41	Unknown
Total	6,705	28,607,705	665,439	\$23.26	

\* Values listed are for Westar’s share only.

\*\* Wind Energy Capacity Net MW values are nameplate ratings (Westar owned): 99 MW Central Plains and 50 MW Flat Ridge.

\*\*\* Wind Energy from PPAs is included in Purchases: 50 MW Flat Ridge, 96 MW Merid Way, Ironwood 167.9 MW and Post Rock 201 MW. Purchases are recorded in account 5550000. Note that purchases from Stateline are reflected on a separate line.

++ Energy costs shown here are recorded in accounts 501/518/547/5550000.

1 As indicated in Table 1, the nuclear powered unit (Wolf Creek) provided  
2 11.8 percent of Westar’s overall energy requirements during the 2013  
3 calendar year with the associated energy cost comprising 4.0 percent of  
4 the overall energy cost. Wolf Creek had a refueling outage during 2013.  
5 The coal fired units (Jeffrey, La Cygne, Lawrence and Tecumseh)



provided 72.3 percent of Westar's overall energy requirements with the associated energy cost comprising 63.0 percent of the overall energy cost. Natural gas fired units (Emporia, Gordon Evans, Hutchinson, Murray Gill, Spring Creek and State Line) provided 6.2 percent of Westar's overall energy requirements with the associated energy cost comprising 12.4 percent of the overall energy cost. Purchased power provided 8.2 percent of Westar's overall energy requirements with the associated cost comprising 20.6 percent of the overall energy cost. The average cost of fuel for 2013 was 16.3 percent higher than 2012 due primarily to increased prices for natural gas and the resulting increased cost of purchased power. Finally, intermittent wind resources owned by Westar provided 1.5 percent of Westar's overall energy requirements.

**Q. HOW DID NATURAL GAS AND PURCHASED POWER PRICES FOR 2013 COMPARE WITH SIMILAR PRICES DURING 2012?**

A. The average cost for natural gas generation increased from \$33.29 per MWh in 2012 to \$46.37 per MWh in 2013 for an increase of \$13.08 per MWh or 39.3 percent. The average cost for purchased power energy increased from \$23.20 per MWh during 2012 to \$58.41 per MWh in 2013, an increase of 151.8 percent.

**Q. WHAT STEPS DID WESTAR TAKE TO MINIMIZE THE IMPACT OF THESE COSTS ON YOUR CUSTOMERS?**

A. Westar took advantage of our diverse generation fleet and the diversity of fuel sources that serve our generators and we were able to reduce natural

1 gas generation by 20.2 percent in 2013 vs. 2012 and reduced our  
2 purchases of power by 57.44 percent in 2013 vs. 2012.

3 **Q. DID WESTAR TAKE ANY OTHER STEPS TO FURTHER MINIMIZE THE**  
4 **COST OF FUEL TO YOUR CUSTOMERS?**

5 A. Yes, Westar Energy's fleet average cost of coal decreased in 2013  
6 compared to 2012 from \$20.59/MWh to \$20.26 per MWh for a decrease of  
7 1.6 percent. Westar increased our coal generation from 18,690,690 MWh  
8 in 2012 to 20,677,415 MWh in 2013. This is an increase in our coal  
9 generation of 1,986,725 MWh or approximately 10.6 percent in 2013  
10 versus 2012. Westar was able to accomplish this by maintaining a diverse  
11 generation fleet with a variety of generation fuel supply resources. This  
12 enables us to minimize cost increases to our customers and take  
13 advantage of the price movements of various fuels and purchased power  
14 to minimize the cost of providing reliable energy to our customers.

15 **Q. HOW DOES THIS RESOURCE MAKEUP COMPARE TO PREVIOUS**  
16 **YEARS?**

17 A. Westar had a similar mix of resources for 2013 as for 2012. The Westar  
18 total 2013 actual generation and purchases of 28,607,705 MWh was  
19 2,171,869 MWh less than the total 2012 actual generation and purchases  
20 of 30,779,574 MWh.

21 **EXISTING SUPPLY-SIDE RESOURCES**

22 **Q. PLEASE DESCRIBE WESTAR'S SUPPLY-SIDE RESOURCES IN**  
23 **GREATER DETAIL.**

1 A. We group our resources into four main categories; base load,  
2 intermediate, peaking and intermittent (renewable). Base load facilities  
3 are those that operate day in and day out, except for periods of  
4 maintenance. Intermediate facilities typically operate for 8 to 16 hours per  
5 day 4 to 6 months per year and may run continuously for several days or  
6 weeks during peak periods. Peaking facilities typically operate for 2 to 12  
7 hours per day 6 to 8 weeks per year and would only run continuously for a  
8 day or more under emergency conditions. Intermittent (renewable)  
9 resources generate whenever the fuel source (e.g., wind) is available

10 **Q. PLEASE DESCRIBE WESTAR'S BASE LOAD FACILITIES.**

11 A. Westar owns either all or a significant portion of five facilities that would be  
12 classified as base load facilities. These facilities are Wolf Creek, Jeffrey,  
13 La Cygne, Lawrence, and Tecumseh Energy Centers. I will describe each  
14 in detail.

15 Wolf Creek. Westar has a 47% ownership interest (547 MW) in the  
16 1,164 MW single unit nuclear-fueled generation station. Wolf Creek is  
17 managed and operated by the Wolf Creek Nuclear Operating Company  
18 (WCNOC). Westar and the other owners have various employees who  
19 act as board and committee members for WCNOC. Wolf Creek was  
20 placed into commercial operation in 1985. Wolf Creek operates on an 18-  
21 month refueling cycle and had a refueling outage during 2013. Wolf Creek  
22 is the lowest incremental dispatch cost unit in Westar's dispatchable fleet.  
23 Westar's 47% share of Wolf Creek's 2013 output was 3,369,101 MWh.

1                   Jeffrey Energy Center. Westar has an 84% ownership interest  
2 (1,810 MW) and is the operator of the 2,155 MW three-unit coal fueled  
3 Jeffrey Energy Center. Westar also controls an additional 8% (172 MW)  
4 of the plant under a lease. That capacity is sold to the Mid-Kansas  
5 Electric Company, LLC through January 3, 2019. The three Jeffrey units  
6 were placed into commercial operation in 1978, 1980, and 1983. These  
7 units were designed to burn low sulfur coal from mines in the Powder  
8 River Basin (PRB). Westar's 92% share of Jeffrey Energy Center's 2013  
9 output was 12,282,906 MWh.

10                   La Cygne Station. Westar owns or controls 50 percent of the 1,422  
11 MW two-unit coal fired La Cygne facility. Kansas City Power & Light  
12 Company (KCPL) owns the other 50 percent of La Cygne and is the  
13 operator of the facility. Westar's share of La Cygne's 2013 output was  
14 3,675,341 MWh.

15                   Lawrence Energy Center. Westar owns and operates all three coal  
16 units located at the 534 MW Lawrence facility. These coal units were  
17 placed in commercial operation in 1954, 1960, and 1971. These units  
18 have the ability to burn a variety of types and blends of western coal  
19 depending on fuel availability, fuel cost, and transportation availability.  
20 The combined Lawrence units produced 3,609,416 MWh in 2013.

21                   Tecumseh Energy Center. Westar owns and operates two coal  
22 units at the 197 MW Tecumseh facility. The coal units were placed in  
23 commercial operation in 1957 and 1962. The coal units have a generating

1 capacity of approximately 70 MW and 127 MW, respectively. They have  
2 the ability to burn a variety of types and blends of western coal depending  
3 on fuel availability, fuel costs, and transportation availability. The  
4 combined Tecumseh coal units produced 1,109,752 MWh in 2013.

5 **Q. PLEASE DESCRIBE WESTAR'S INTERMEDIATE AND PEAKING**  
6 **FACILITIES.**

7 A. Westar owns seven facilities that are considered intermediate and/or  
8 peaking units and has purchase power agreements for both intermediate  
9 and peaking units. The facilities owned by Westar are Emporia, Gordon  
10 Evans, Hutchinson, Murray Gill and Spring Creek Energy Centers. I will  
11 describe each in detail. We also have purchase power agreements for an  
12 intermediate facility at the State Line Combined Cycle Facility, operated by  
13 The Empire District Electric Company, and several peaking facilities with  
14 various municipalities.

15 Emporia Energy Center. Westar owns and operates four natural  
16 gas fired aero-derivative combustion turbines and three natural gas fired  
17 peaking combustion turbines at the 646 MW Emporia Energy Center.  
18 Units 1 through 5 were placed in service in 2008 and units 6 & 7 were  
19 placed in service in 2009. The aero-derivative combustion turbines are  
20 used throughout the year and provide quick response to changes in  
21 system conditions. The remaining combustion turbines units are used  
22 primarily during the summer and winter on-peak hours but provide value  
23 throughout the year. These units produced 292,027 MWh during 2013.

1                   Gordon Evans Energy Center. Westar owns and operates two  
2 intermediate natural gas fired steam units and three peaking natural gas  
3 turbines at the 808 MW Gordon Evans facility. The intermediate natural  
4 gas steam units have capacity ratings of 152 MW and 372 MW and were  
5 placed in service in 1961 and 1967 respectively. The natural gas fired  
6 combustion turbine units have capacity ratings of 68 MW, 66 MW, and 150  
7 MW and were placed in service in 2000 and 2001. During emergency  
8 situations the combustion turbines have the ability to operate on #2 diesel  
9 fuel. These intermediate units produced 515,666 MWh in 2013. The  
10 peaking units produced 96,699 MWh in 2013.

11                   Hutchinson Energy Center. Westar owns and operates one  
12 intermediate natural gas fired steam unit, three natural gas fired peaking  
13 combustion turbines, and one #2 diesel fuel only fired combustion turbine  
14 at the 392 MW Hutchinson facility. The intermediate natural gas fired  
15 steam unit with a capacity rating of 160 MW was placed in service in 1965.  
16 The combustion turbine peaking units have a capacity rating of 54 MW, 52  
17 MW, 55 MW, and 71 MW and were placed in service in 1974, 1974, 1974,  
18 and 1975 respectively.

19                   During emergency situations the combustion turbines have the  
20 ability to operate on #2 diesel fuel. The intermediate unit produced 19,939  
21 MWh in 2013. The peaking units produced 239 MWh in 2013. The  
22 peaking units run primarily in response to emergency conditions within the  
23 Southwest Power Pool (SPP) for loss of members' generating unit(s).

1                   Murray Gill Energy Center. Westar owns and operates four  
2 intermediate natural gas fired steam units at the 268 MW Murray Gill  
3 facility. The intermediate natural gas fired steam units have capacity  
4 ratings of 37 MW, 48 MW, 93 MW, and 90 MW and were placed in service  
5 in 1952, 1954, 1956, and 1959 respectively. These units produced  
6 118,164 MWh in 2013.

7                   Spring Creek Energy Center. Westar owns and operates four  
8 natural gas fired peaking combustion turbines at the 269 MW Spring  
9 Creek facility. These units were placed in service in 2001 and were  
10 purchased by Westar in 2007. These units operate primarily during the  
11 summer on-peak hours for high peak load days. They produced 7,435  
12 MWh during 2013.

13                   State Line Combined Cycle Facility. Westar's subsidiary, Westar  
14 Generating, Inc. (WGI), owns 40% of the intermediate combined cycle unit  
15 at the 502 MW State Line facility. WGI sells the entire output of its share  
16 of State Line to Westar under a cost-based FERC-approved rate. The  
17 State Line facility is a 2x1 facility consisting of two natural gas fired  
18 combustion turbines and one steam turbine. The facility has the ability to  
19 operate in 1x1 mode or 2x1 mode. Westar purchased 735,210 MWh from  
20 State Line in 2013.

21                   Other resources. Westar also contracts for the output of various  
22 other resources through purchase power agreements. These agreements  
23 are with various municipals, landfill gas facilities, or wind power producers.

1 The generation from these facilities is included in the 2,348,891 MWh of  
2 purchases shown in Table 1 above.

3 **Q. PLEASE DESCRIBE WESTAR'S INTERMITTENT FACILITIES.**

4 A. Westar owns Central Plains Wind Farm and 50% of Flat Ridge Wind  
5 Farm. Both facilities began commercial operation early in 2009. These  
6 two owned locations generated 426,919 MWh (1.5% of Westar's total  
7 generation MWh) in 2013.

8 **Q. DOES WESTAR USE ENERGY PRODUCED FROM FACILITIES**  
9 **OTHER THAN THOSE PREVIOUSLY DISCUSSED?**

10 A. Yes. Westar actively participates in the wholesale market seeking energy  
11 purchases that are lower than our anticipated cost of production. A 24-  
12 hour desk is staffed, routinely contacting potential counterparties,  
13 comparing opportunities, and developing alternatives. Westar also takes  
14 into account generation and transmission constraints and costs when  
15 making a purchasing decision. Westar is a member of the SPP and is a  
16 network transmission service customer of SPP. We purchased 2,348,891  
17 MWh in 2013, or 8.2% of our total energy requirements, from facilities  
18 owned by others. In addition to the energy produced by renewable  
19 resources, we purchase power to lower the fuel cost to serve our  
20 customers by purchasing energy that is less expensive than we can  
21 produce from our next incrementally priced facility, either owned or  
22 contracted.



1       **Q.     HOW     ARE     LONG-TERM     COMMODITY     REQUIREMENTS**  
2       **DETERMINED?**

3       A.     Westar utilizes Plexos, a chronological dispatch model developed by  
4       Energy Exemplar, LLC to develop a least-cost dispatch solution for  
5       serving our customers' forecasted needs. Westar inputs various  
6       parameters into Plexos such as a weather normalized load forecast,  
7       uranium prices, coal prices, commodity prices for energy, natural gas, #2  
8       diesel fuel, wind power forecasts, generating plant efficiencies and  
9       outages, and many other characteristics that allows the model to create a  
10      forecasted solution for the study period. This model is flexible enough to  
11      run study periods of a few days to several years. For study periods that  
12      involve several months to years, the model creates a monthly output that  
13      shows the projected MWh generation and projected fuel usage for each  
14      generation unit and suggested wholesale transactions. We use this output  
15      to create our commodity transaction strategy and spread price risk across  
16      three general time periods. We define these time periods as long-term,  
17      mid-term and short-term, with the actual days, weeks, months or years  
18      depending on the commodity transacted.

19      **Q.     IS THE COMMODITY TRANSACTION STRATEGY THE SAME FOR**  
20      **ALL COMMODITIES ASSOCIATED WITH THE MODEL OUTPUT?**

21      A.     No. We take into consideration the variability of each commodity, which  
22      results in different strategies for each commodity. Wholesale electric  
23      energy and natural gas are fairly homogenous commodities. However,

1           our exposure to these products differs greatly and requires different  
2           strategies for each. Coal is not a fungible product, with minor variations in  
3           sodium, ash content, metals and other parameters potentially having an  
4           adverse impact on plant operations. There is not one parameter that is  
5           the key, but rather how the various characteristics of the coal interact  
6           during the combustion process. This interaction can and typically does  
7           vary with each unit boiler.

8           **Q.   HOW DO YOU DEVELOP YOUR STRATEGY FOR WHOLESALE**  
9           **ENERGY TRANSACTIONS?**

10          A.   The time frame for incremental wholesale energy transactions consists of  
11               beyond the prompt calendar quarter, prompt month through prompt  
12               calendar quarter and the current month for the long, mid and short-term  
13               periods, respectively. We determine how much can be sold during each  
14               period and transact roughly one-third of the available quantities during  
15               each of the short, mid, and long term time frames. As market conditions  
16               move, load forecasts are revised, and as input commodity prices change,  
17               the resulting model output quantities will also change, making this a very  
18               dynamic process.

19          **Q.   PLEASE DESCRIBE HOW WESTAR ACQUIRES ITS NATURAL GAS**  
20          **REQUIREMENTS.**

21          A.   Westar's natural gas fired generation resources are located on the  
22               Southern Star Central Gas Pipeline (SSCGP), Kansas Gas Service intra-  
23               state pipeline (KGS), and ONEOK Gas Transportation, L.L.C., pipeline

(OGT). Westar currently has about 153,500 MMBtu/day firm production zone capacity and 86,500 MMBtu/day market zone capacity on SSCGP. We do not have firm transport on KGS or OGT. If Westar had to run all of its natural gas fired capacity at once, its Maximum Daily Quantity (MDQ) would be about 623,000 MMBtu/Day. If an emergency is declared, most of Westar's simple cycle gas turbines have the ability to operate on #2 diesel. Westar procures physical natural gas on both a long-term (monthly) basis and short-term basis (daily). Typically these physical purchases are from suppliers such as ONEOK Energy Services, Tenaska Gas Storage, Anadarko Energy Services, Enbridge Marketing, or Atmos Energy Marketing.

**Q. HOW DOES WESTAR PROCURE THE NATURAL GAS NECESSARY TO MEET YOUR CUSTOMERS NEEDS?**

A. Westar begins purchasing physical natural gas for our summer peak demand period in the late winter when prices begin dropping for deliveries in July and August and continues purchasing natural gas through May until we secured a block of natural gas equivalent to our base needs for the summer. This provides price diversity for customers.

**Q. HOW DO YOU DEVELOP YOUR STRATEGY FOR COAL TRANSACTIONS?**

A. We use a much longer time horizon for coal supply than we use for energy, gas, or other such homogenous commodities. The long, short, and mid-term periods are greater than five years, two to five years and

1 less than two years, respectively. Prior to entering into a supply contract  
2 for a coal source that is unproven in that specific power plant(s), the coal  
3 would need to be tested in the boiler(s) to ensure the coal will not have  
4 adverse impacts on the power plant's operations.

5 **Q. PLEASE DESCRIBE THE CONTRACTUAL ARRANGEMENTS THAT**  
6 **PROVIDE COAL FOR YOUR FACILITIES.**

7 A. Jeffrey Energy Center receives coal under a long-term agreement. This  
8 agreement has two components, the Tier I and the Tier II coal provisions.  
9 The price of both Tier I and II are adjusted quarterly based on several  
10 government indices in accordance with the formulas described in the  
11 contract. The price for Tier I was established in 1993 when the contract  
12 was renegotiated. The price for Tier II is adjusted every five years in  
13 accordance with the then current market price of coal and in accordance  
14 with the terms and procedures established in the contract. The Tier II coal  
15 price effective in 2013 was determined in October 2012 and is effective for  
16 calendar years 2013 through 2017. Approximately seven million tons was  
17 delivered under the Tier I component of the contract during 2013. Tons in  
18 excess of this amount are provided under the Tier II component.

19 Lawrence and Tecumseh Energy Center coal is provided under a  
20 mid-term length contract that provided 100% of the coal requirement for  
21 2013. Coal contracts for these facilities are entered into based on an RFP  
22 process with the contract awarded to the lowest bidder meeting the coal

1 quality and quantity requirements for the two plants. All three Westar  
2 operated coal facilities burn low sulfur PRB coal produced in Wyoming.

3 La Cygne is operated by KCPL and all of the coal requirements are  
4 procured by KCPL's fuel department. La Cygne I burns approximately 85-  
5 90% PRB low sulfur coal and 10-15% local coal. La Cygne II burns 100%  
6 PRB low sulfur coal.

7 **Q. PLEASE DESCRIBE THE FREIGHT CONTRACTS GOVERNING THE**  
8 **DELIVERY OF COAL INTO WESTAR'S COAL FIRED FACILITIES.**

9 A. Coal for Jeffrey Energy Center originates at the Eagle Butte Mine in  
10 Wyoming. From the mine, the coal is hauled by the BNSF Railway  
11 Company (BNSF) to Northport, Nebraska. There the coal is transferred to  
12 the Union Pacific Railway Company (UP) for final delivery to Jeffrey  
13 Energy Center. The pricing of this rail contract was established in 1993  
14 and prices are adjusted quarterly based on the RCAF-U (Rail Cost  
15 Adjustment Factor – Unadjusted). This index is a composite of rail-related  
16 expenses including labor, fuel, depreciation, material and supplies and  
17 other expenses. It is calculated by the American Association of Railroads  
18 (AAR) and is approved by the Surface Transportation Board. The  
19 transportation contract for Jeffrey Energy Center expired December 31,  
20 2013.

21 Coal for Lawrence Energy Center and Tecumseh Energy Center  
22 originates at the Black Thunder Mine in Wyoming on the BNSF and is  
23 delivered by the BNSF to the Lawrence Energy Center and Tecumseh

1 Energy Center. The BNSF transportation contract governing deliveries to  
2 Lawrence and Tecumseh is adjusted monthly to reflect the actual cost of  
3 diesel fuel used to support deliveries and quarterly to reflect the AAR all  
4 inclusive index less fuel. The transportation contract for Lawrence Energy  
5 Center and Tecumseh Energy Center also expired December 31, 2013.

6 **Q. DOES WESTAR HAVE NEW CONTRACTS IN PLACE FOR 2014?**

7 A. Yes. Westar has completed negotiations and signed new transportation  
8 contracts with both the BNSF Railway Company and the Union Pacific  
9 Railway Company for continued and uninterrupted coal transportation  
10 service effective January 1, 2014 to Jeffrey, Lawrence and Tecumseh  
11 Energy Centers.

12 **Q. DO THE COAL FIRED FACILITIES MANAGED BY WESTAR HAVE**  
13 **COMPETITIVE OPTIONS FOR COAL DELIVERY?**

14 A. No. Coal for the Jeffrey Energy Center originates only on the BNSF and  
15 the Jeffrey Energy Center is served only by the UP so there is currently no  
16 other option for the rail delivery of coal into Jeffrey Energy Center.  
17 Lawrence Energy Center and Tecumseh Energy Center are served only  
18 by the BNSF. Retrofitting existing generating facilities to provide access  
19 to both railroads and thereby provide competitive access would be very  
20 expensive with uncertain results.

21 **Q. PLEASE DESCRIBE WESTAR'S FLEET OF RAILCARS USED TO**  
22 **DELIVER COAL.**

1       A.     During 2013, Westar had the ability to operate as many as fourteen train  
2             sets to serve our coal fired facilities. As many as nine train sets are  
3             available to serve Jeffrey Energy Center. Lawrence and Tecumseh  
4             Energy Centers are typically served by as many as five train sets. Jeffrey  
5             Energy Center train length is 123 car trains, and 135 car train sets serve  
6             Lawrence and Tecumseh Energy Centers.

7       **Q.     DID WESTAR MAKE ANY CHANGES TO ITS FLEET OF RAILCARS**  
8             **DURING 2013?**

9       A.     No. Westar has made no changes in the number of railcar sets we  
10            operate for our coal facilities during 2013. A contract for approximately  
11            664 railcars was renewed with the original Lessor following an RFP  
12            process that ensured Westar captured the lowest lease rate for those  
13            railcars.

14       **Q.     HOW DOES WESTAR DETERMINE THE APPROPRIATE NUMBER OR**  
15            **RAIL CAR SETS TO RETAIN?**

16       A.     Westar closely monitors railroad performance and the movements of our  
17            train sets to ensure we have adequate train set capacity in service to  
18            deliver the coal requirements of our power plants. Westar determines the  
19            appropriate number of train sets necessary to serve our coal facilities  
20            based on railroad performance and any changes in railroad cycle times  
21            that include weather related interruptions, rail congestion, and demand for  
22            other railroad transportation services.

23       **Q.     DOES WESTAR LEASE ALL OF ITS TRAIN SETS?**

1       A.     No, Westar both owns and leases railcars. For those leased railcars,  
2           there are several different leases with varying durations. This diversity  
3           enables us to adjust our fleet to match the delivery requirements given the  
4           economic conditions and railroad performance.

5       **Q.     THANK YOU.**



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

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**DIRECT TESTIMONY  
OF  
REBECCA A. FOWLER  
WESTAR ENERGY, INC.**

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**DOCKET NO. 14-WSEE- 428-ACA**

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1    **Q.    PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2    A.    Rebecca A. Fowler, 818 South Kansas Avenue, Topeka, Kansas 66612.

3    **Q.    BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

4    A.    Westar Energy, Inc. (Westar). I am a Regulatory Analyst for Retail Rates.

5    **Q.    PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND**  
6    **BUSINESS EXPERIENCE.**

7    A.    I graduated from Pittsburg State University with a Bachelor of Business  
8    Administration with an accounting major. My utility experience began in  
9    1990 when I was employed by Westar as an internal auditor.  
10   Subsequently, I held positions as a staff accountant, and as the lead  
11   accountant for financial reporting. I left the company in 1997 and resumed  
12   employment with the company in 2011 as an internal auditor. I assumed  
13   my current position as a regulatory analyst in July 2013. I am a Certified  
14   Public Accountant, a Certified Management Accountant and a Certified

1 Internal Auditor. I am also a member of the American Institute of Public  
2 Accountants and the Institute of Internal Auditors.

3 **Q. PLEASE PROVIDE A GENERAL BACKGROUND OF THE FILING AND**  
4 **WHY IT IS BEING MADE AT THIS TIME.**

5 A. On December 28, 2005, the Commission issued an order in Westar's rate  
6 proceeding, Docket No. 05-WSEE-981-RTS (981 Docket). The  
7 Commission approved implementation of a fuel clause for Westar's  
8 Kansas retail customers in the 981 Docket. The Retail Energy Cost  
9 Adjustment (RECA) tariff requires Westar to "true-up" the projected energy  
10 costs to actual energy costs annually.

11 **Q. HAVE THERE BEEN MODIFICATIONS TO THE RECA FOLLOWING**  
12 **ITS IMPLEMENTATION IN THE 981 DOCKET?**

13 A. Yes. First, in Docket No. 08-WSEE-1041-RTS (1041 Docket), Westar and  
14 others proposed changes to the periodic RECA calculations. The  
15 Commission approved the changes by adopting the Stipulation and  
16 Agreement that was executed by all of the parties. The changes to the  
17 RECA include: a) quarterly RECA billing factor calculations rather than  
18 monthly calculations; b) a comprehensive definition of fuel expense; c) a  
19 modification to the calculation of asset-based off system margins; and d)  
20 the inclusion of revenue received from our Renewable Energy Program  
21 Rider and the sale of Renewable Energy Credits offset to purchased  
22 power.

1           Next, in Docket No. 09-WSEE-925-RTS (925 Docket), the  
2           Commission approved a Stipulation and Agreement consolidating Westar  
3           North and Westar South rates. This consolidation also affected the  
4           calculation of RECA and other Riders and Surcharges as fully described in  
5           the Stipulation and Agreement filed in that docket. In summary, the RECA  
6           was calculated as a single system wide rate and applied to all customers  
7           in Westar's service territory, beginning with the February 2010 billing  
8           month. Additionally, the RECA was amended by incorporating a portion of  
9           wholesale non-fuel revenue in the Annual Cost Adjustment (ACA)  
10          calculation and recognizing that certain wholesale customers may share in  
11          off system sales margins.

12          In Docket No. 10-WSEE-541-TAR, the RECA tariff language was  
13          changed but the changes had no effect on the RECA calculation.

14          In Docket No. 12-WSEE-112-RTS (112 Docket), the Wholesale  
15          Revenue (WR) incorporated in the RECA was adjusted to reflect the  
16          change in base rates in the 112 Docket.

17          Lastly, in Docket No. 14-WSEE-208-TAR (208 Docket), the  
18          Commission approved changes to the RECA tariff including: a) changes  
19          to the RECA Factor calculation eliminating the Asset Based Margin  
20          Adjustment (ABMA) component and changing the Fuel Adjustment (FA)  
21          component to remove the projected cost to achieve asset-based sales  
22          (ABSC<sub>p</sub>); b) changes to the Projected Annual Correction Adjustment  
23          Factor (ACAF<sub>p</sub>) to remove the calculated actual cost to achieve asset-

1 based sales during the previous ACA year ( $ABSC_A$ ); c) changes to the tariff  
2 in order to ensure that the definition of purchased power in the tariff would  
3 encompass anticipated expenses and revenues from the Southwest  
4 Power Pool (SPP) Integrated Marketplace as a result of Westar's  
5 participation in the operation of the Marketplace.

6 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
7 **PROCEEDING?**

8 A. My testimony supports Westar's request for an order approving its  
9 combined ACA factor. I will explain the calculations and assumptions  
10 underlying the requested ACA factor. I will also describe the calculation of  
11 the asset-based margins factor to be included in Westar's RECA  
12 mechanism for the billing months of January, February and March 2014.  
13 Jerry Kroeker will describe Westar's supply side resources, plant  
14 performance, and fuel procurement in his testimony.

15 **Q. WHAT INFORMATION IS PROVIDED REGULARLY TO STAFF DURING**  
16 **THE ACA YEAR?**

17 A. Westar provides five items regularly to the Commission staff. They are: a)  
18 an annual non-binding forecast of RECA factors; b) actual gas purchases  
19 for the month prior to the current month on a monthly basis; c) a brief  
20 variance analysis of the current quarterly projected fuel expense  
21 compared to the non-binding forecast on a quarterly basis; and d) the  
22 current RECA estimate or billing factor. Additionally, the Electric

1        Generating Statistics known, as the “GADS 5-Year Stats Book,” is  
2        provided annually as a part of this filing as soon as the data is available.

3        **Q.    ARE THERE ANY EXHIBITS FILED WITH WESTAR’S ACA**  
4        **APPLICATION PREPARED BY YOU OR PREPARED UNDER YOUR**  
5        **DIRECT SUPERVISION?**

6        A.    Yes. There are four exhibits.

7        **Q.    PLEASE DESCRIBE THE EXHIBITS.**

8        A.    Exhibit A summarizes components of the RECA calculation incurred by  
9        Westar during the ACA period beginning January 1, 2013 through  
10       December 31, 2013 used to derive the 2013 Annual Correction  
11       Adjustment for Westar. Exhibit B illustrates the same information as  
12       Exhibit A but shows the individual monthly components for the ACA period  
13       calculations. Exhibit C is the calculation of the Asset Based Margin  
14       Adjustment (ABMA) for the first calendar quarter to be used during the  
15       billing months of January, February, and March 2014 according to the  
16       Order in the 1041 Docket. Exhibit D is Westar’s non-binding forecast  
17       estimate for 2014. According to the RECA tariff, the proposed ACA will  
18       become effective April 1, 2014, and the ABMA will be effective from  
19       January through March 2014. Those time periods are reflected in Exhibit  
20       D. The data reflects the combination of the Westar North and Westar  
21       South calculations in accordance with the Order in the 925 Docket.

22       **Q.    DID WESTAR HAVE AN (OVER)/UNDER RECOVERY BALANCE AT**  
23       **THE END OF DECEMBER 2013?**

1    **A.**    Yes. Exhibit A, line 24 calculated the Under Recovery balance for the  
2           year ended 2013 to be \$6,305,118. In summary, Westar incurred  
3           \$479,701,869 of fuel expense less certain offsets to provide electric  
4           service to requirements customers. This amount is further reduced by  
5           asset based margins of \$7,013,034. Westar recovered \$463,556,626 of  
6           fuel expense during the same time period. The total 2013 fuel cost under  
7           recovered balance plus the remaining balance from the previous ACA  
8           year results in an ACA balance for the year of \$6,305,118 or an ACA  
9           factor of 0.0303 cents/kWh.

10   **Q.    PLEASE BRIEFLY COMPARE THE NON-BINDING FORECAST OF**  
11       **WESTAR'S RECA ENERGY COSTS TO THE ACTUAL RECA ENERGY**  
12       **COSTS FOR THE 2013 ACA PERIOD.**

13   **A.**    The actual 2013 fuel and purchased power expense was \$21 million lower  
14           than the non binding estimate provided in December 2012 or  
15           approximately 4.3 percent lower than the estimate. Contributing to this  
16           decrease were favorable coal prices.

17   **Q.    DOES EXHIBIT B CONTAIN THE ASSET-BASED MARGINS EARNED**  
18       **BY WESTAR AND CREDITED TO KANSAS REQUIREMENTS**  
19       **CUSTOMERS?**

20   **A.**    Yes. Exhibit B, line 58 displays the actual retail margins earned from  
21           asset-based system sales in the amount of \$7,013,034. Westar Energy's  
22           total earned margins for the ACA year ending December 31, 2013 were  
23           \$7,468,908. The difference between the two amounts represents the

1 wholesale customers' share of off-system sales margins per FERC Docket  
2 ER09-1762-000. Exhibit C calculates the first quarter asset based margin  
3 factor according to the Order in the 1041 Docket at 0.0509 cents/kWh for  
4 Westar. The asset-based margins factor will remain constant for the  
5 billing months of January through March 2014.

6 **Q. PLEASE DESCRIBE THE FORECAST OF RECA FACTORS FOR THE**  
7 **UPCOMING CALENDAR YEAR OF 2014.**

8 A. Exhibit D displays the forecasts of the RECA factor for each month and  
9 the four quarters of calendar year 2014. This forecast combines the  
10 results of the (over)/under recovery of energy costs and the non-binding  
11 estimate of 2014 fuel and energy costs to arrive at monthly estimated  
12 2014 RECA factors. Exhibit D shows these factors ranging from a high of  
13 2.4845 cents/kWh in June 2014 to a low of 1.9964 cents/kWh in January  
14 2014 for Westar. Many factors can affect the estimated RECA charges.

15 **Q. PLEASE GENERALLY DESCRIBE WESTAR'S ELECTRIC SYSTEM**  
16 **OPERATING CHARACTERISTICS.**

17 A. Westar is a summer peaking utility. Table 1 below displays the actual  
18 Westar peak demands by month for the year 2013 along with the MWh  
19 sales made each month for retail customers only.

20 **TABLE 1**

<b>Month</b>	<b>Peak-Mw</b>	<b>Percent of Peak Month</b>	<b>MWh Sales</b>
January	3,115	63.5%	1,687,129
February	3,215	65.6%	1,488,618

March	2,996	61.1%	1,513,177
April	2,934	59.9%	1,337,287
May	3,378	68.9%	1,423,326
June	4,700	95.9%	1,626,529
July	4,902	100.0%	1,972,490
August	4,726	96.4%	1,823,834
September	4,511	92.0%	1,933,434
October	3,773	77.0%	1,582,722
November	2,961	60.4%	1,425,098
December	3,431	70.0%	1,716,674

1           As indicated, demands for the summer peak, (June through  
2           September) were within 8.0 percent of the system peak that occurred in  
3           July. Conversely, the peak demands in the eight-winter months were  
4           generally much lower than the peaks in the summer months. This affects  
5           fuel procurement and power plant operation. Westar must be prepared to  
6           meet high levels of demand for energy during the summer season. Jerry  
7           Kroeker describes Westar's supply side resources, plant performance,  
8           and fuel procurement in greater detail.

9   **Q.    ARE THE ACA ENERGY FACTORS DERIVED IN YOUR EXHIBITS**  
10   **REASONABLE FOR WESTAR'S KANSAS ELECTRIC CUSTOMERS?**

11   A.    Yes.

12   **Q.    THANK YOU.**



ANNUAL CORRECTION ADJUSTMENT

Annual Correction Factor for the ACA Year Ending		2013				
(a)	(b)	(c)	(d)	(e)	(f)	
Annual Correction Adjustment Factor			Cost	kWh	¢/kWh	
1 Actual Fuel Costs		$F_A =$	\$ -			
Fuel	Actual Costs					
2 Coal						
3 Oil						
4 Gas						
5 Nuclear Fuel						
6 Other Fuel Costs in Acct 501 and 547						
7 Subtotal Fuel Costs						
8 Uncollected Fuel for Previous Month						
9 Uncollected Fuel for Current Month						
10 Subtotal Uncollected Fuel						
11 Total Fuel Costs						
12 Actual Purchased Power Energy Costs		$P_A =$				
13 Actual Emission Cost/Revenue		$E_A =$				
14 Actual Cost to Achieve to Non - Requirements Customers		$NRCA_A =$				
15 GFR Non-Fuel Delta		$WR_A =$				
16 Actual Cost to Achieve Asset-Based Sales		$ABSC_A =$				
17 Actual Fuel Revenues Collected for ACA Year		$FAR_A =$				
18 Actual ACA (Over) Remaining from the previous ACA year		$ACAB_A =$				
19 Total $(F_A+P_A+ABMA_A+E_A-NRCA_A-ABSC_A-FAR_A)+ACAB_A =$			\$ 13,318,152			
20 kWhs delivered to all Requirement Customers during the billing year				$SA =$	20,825,412,328 kWh	
21 Projected Annual Correction Adjustment Factor						
$ACAF_P = \frac{(F_A+P_A+ABMA_A+E_A-NRCA_A-ABSC_A-FAR_A+/-WR_A)+ACAB_A}{.01 \times S_A} =$					0.0640 ¢/kWh	
22 ABM Earned During the Current Year			\$ (7,013,034)			
23 ABMA <sub>A</sub> Factor		$ABMA_A =$			(0.0337) ¢/kWh	
24 FA-ABMA = (Over)/Under Recovery from 2013			\$ 6,305,118			
25 RECA ACA Proposed Factor from 2013		$RECA_P =$			0.0303 ¢/kWh	

Line #	January 2013	February 2013	March 2013	April 2013	May 2013	June 2013	July 2013	August 2013	September 2013	October 2013	November 2013	December 2013	YTD 2013
1 F <sub>A</sub> Component of the RECA Tariff - Fuel Costs													
2													
3 Coal													
4 Oil													
5 Gas													
6 Nuclear													
7 Other Fuel Costs													
8 Subtotal for Fuel Costs													
9													
10 Uncollected for Previous Month													
11 Uncollected for Current Month													
12 Subtotal for Uncollected Fuel													
13													
14 Total Fuel Costs F <sub>A</sub> Component ( line 8 + line 12)													
15													
16 P <sub>A</sub> Component of the RECA Tariff - Purchase Power Costs													
17													
18 Purchased Power													
19 Equalization													
20 Gain/Loss on Sales of Renewable Energy Credits													
21 Renewable Energy Revenues													
22													
23 Total Fuel Costs P <sub>A</sub> Component (+ line 18 + line 19 + line 20 + line 21)													
24													
25 E <sub>A</sub> Component of the RECA Tariff - Emission Allowances													
26													
27 Emission Allowances													
28													
29 NRC <sub>A</sub> Component of the RECA Tariff - Cost to Achieve Non-Requirements													
30													
31 Cost to Achieve Non-Requirements													
32													
33 ABSC <sub>A</sub> Component of the RECA Tariff - Cost to Achieve Asset-Based Sales													
34													
35 Cost to Achieve Asset-Based Sales													
36													
37 WR Component Wholesale Non-fuel in 2007 Base Rates vs. Actual													
38													
39 Demand Difference													
40 VOM Difference													
41													
42 Total Wholesale Non-Fuel Difference (line 39 + Line 40)													
43													
44 Total F <sub>A</sub> Fuel Adjustment Costs (line 14 + line 23 + line 27 - line 31 - line 35 - line 42)													
45													
46 FAR <sub>A</sub> Component of the RECA Tariff - Acutal Fuel Adjustment Revenues													
47													
48 Wholesale Customer Fuel Revenues (FAC)													
49 Wholesale Customer Fuel Revenues (GFR)													
50 Retail Fuel Revenues													
51													
52 Total F <sub>A</sub> Fuel Adjustment Revenues (line 48 + line 49 + line 50)													
53													
54 Net FA Component of the RECA Tariff (line 44 - line 52)													
55													
56 ABM <sub>A</sub> Component of the RECA Tariff - Asset-Based Margins													
57													
58 Asset-Based Margins for Retail													
59													
60 RECA (Over)/Under Recovery (line 54 + line 58)													
61													
62 ACAB <sub>A</sub> - Actual ACA Recovery from Prior Year													
63													
64 S <sub>A</sub> Component of the RECA Tariff - Company's Requirements Customers kWhs													
65													
66 kWhs delivered to Company's Requirements Customers													
67													
68 Energy Cost Factor	2.1615	2.3803	2.5300	2.3862	2.6743	2.3082	2.1847	2.3663	2.2672	2.2583	2.0817	2.1323	2.3034
69 ABMA Factor	(0.0926)	(0.0351)	0.0177	(0.1181)	(0.0339)	0.0150	(0.0323)	(0.0160)	0.0179	(0.0175)	(0.0611)	(0.0704)	(0.0337)
70 RECA Factor	2.0689	2.3452	2.5477	2.2681	2.6404	2.3232	2.1524	2.3503	2.2851	2.2408	2.0206	2.0619	2.2697

WESTAR ENERGY, INC.  
RETAIL ENERGY COST ADJUSTMENT REPORT  
Energy Cost Adjustment Calculation

Docket No. 14-WSEE-\_\_\_\_-ACA  
Exhibit C (RAF)

ASSET-BASED MARGIN ADJUSTMENT

KCC Tariff: RECA  
Page 1 of 1

Asset-Based Margins for Quarter Ended

03/31/14

Asset-Based Margin Adjustment

Cost

1. Resultant Asset Based Margin Credit as Modeled  
for the year ended 12/31/2014

ABSR - ABSC =

2. Quarters in the year.

3. Average Annual Asset-Based Margins for months of  
the first quarter 2014

4. Part of the ACAF correction

ABMB<sub>A</sub> =

5. Subtotal

\$2,592,645

6. Projected kWh delivered to all Westar Energy, Inc.  
Retail Customers with a fuel clause during first quarter.

RS<sub>p</sub> =

5,097,143,000 kWh

7. Asset-Based Margin Adjustment for the months  
of January, February and March 2014

$((ABSR - ABSC) - ABMB) / (.01 * RS_p) =$

0.0509 ¢/kWh

NOTE:

THIS CALCULATION IS DONE EACH QUARTER. ASSET-BASED REVENUES AND SALES ARE BASED UPON  
THE 50TH PERCENTILE OF THE MARGIN PROBABILITY DISTRIBUTION FUNCTION.

Estimated Energy Cost Forecasted for the Year		2014	(c)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)
(a)		(b)	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR	WESTAR
Fuel Adjustment Factor			January	February	March	April	May	June	July	August	September	October	November	December
1	Projected Fuel Costs (line 2 + line 3 + line 4 + line 5)	$F_p =$												
	<u>Fuel</u>													
2	Coal													
3	Oil													
4	Gas													
5	Nuclear													
6	Projected Purchased Power Energy Costs	$P_p =$												
7	Projected Emission Allowance Costs/Revenue	$E_p =$												
8	Projected Cost to Achieve Sales Non-Requirements Customer	$NRCA_p =$												
9	Projected Cost to Achieve Asset-Based Sales	$ABSC_p =$												
10	Totals (Lines 1+6+7-8-9)	$F_p+P_p+E_p-NRCA_p-ABSC_p =$												
11	Projected kWhs to be delivered to all Requirements Customers during billing month	$S_p = \text{ kWh}$												
12	Projected Energy Cost Factor	$\frac{F_p+P_p+E_p-NRCA_p-ABSC_p}{0.01 \times S_p} =$												¢/kWh
13	Annual Correction Factor	$ACAF_p =$												¢/kWh
14	Fuel Adjustment Factor (line 12 + line 13)	$FA =$												¢/kWh
15	Asset-Based Margins Factor	$ABMA =$												¢/kWh
16	<u>WESTAR RECA Factor (line 14 + line 15)</u>	$RECA =$												¢/kWh

Note: Please note this non-binding estimate is on a monthly basis. A quarterly non-binding estimate is shown on the next tab.

WESTAR ENERGY, INC.  
RETAIL ENERGY COST ADJUSTMENT  
NON-BINDING FORECAST 2014

Docket No. \_\_\_\_-ACA  
Exhibit D (RAF)  
RECA  
Page 2 of 2

Estimated Energy Cost Forecasted for the Year (a)	2014 (b)	(c)	(e)	(f)	(g)
<u>Fuel Adjustment Factor</u>		<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u>	<u>Fourth Quarter</u>
1 Projected Fuel Costs (line 2 + line 3 + line 4 + line 5)	$F_P =$				
<div>Fuel</div> <div>2 Coal</div> <div>3 Oil</div> <div>4 Gas</div> <div>5 Nuclear</div>					
6 Projected Purchased Power Energy Costs	$P_P =$				
7 Projected Emission Allowance Costs/Revenue	$E_P =$				
8 Projected Cost to Achieve Sales Non-Requirements Customers	$NRCA_P =$				
9 Projected Cost to Achieve Asset-Based Sales	$ABSC_P =$				
10 Totals (Lines 1+6+7-8-9)	$F_P + P_P + E_P - NRCA_P - ABSC_P =$				
11 Projected kWhs to be delivered to all Requirements Customers during billing month	$S_P = \text{kWh}$				
12 Projected Energy Cost Factor	$\frac{F_P + P_P + E_P - NRCA_P - ABSC_P}{0.01 \times S_P} =$				
					¢/kWh
13 Annual Correction Factor	$ACAF_P =$				
					¢/kWh
14 Fuel Adjustment Factor (line 12 + line 13)	$FA =$				
					¢/kWh
15 Asset-Based Margins Factor	$ABMA =$				
					¢/kWh
16 <u>WESTAR RECA Factor (line 14 + line 15)</u>	$RECA =$				
					¢/kWh