

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

MAY 04 2012

In the Matter of the Application of the Kansas)
Power Pool (KPP), a Municipal Energy Agency,)
for Approval of Its Annual Transmission)
Revenue Requirement (ATRR) For Its)
Transmission Facilities)

by
State Corporation Commission
of Kansas

Docket No. 12-KPPE-630-MIS

STAFF'S ERRATA TO ITS REPORT AND RECOMMENDATION

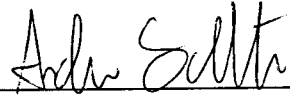
COMES NOW the Staff of the State Corporation Commission of the State of Kansas (Staff and Commission, respectively) and provides its errata to its Report and Recommendation, filed on May 3, 2012, in order to supply a copy of Midwest Energy, Inc.'s Transmission Formula Rate Protocols (Midwest Protocols), referenced in the Report and Recommendation, but not attached thereto. Following is an explanation of the errata and why it is necessary:

1. Staff filed its Report and Recommendation in this proceeding on May 3, 2012. Staff's recommendations on the specific issues affecting the Application filed by Kansas Power Pool (KPP) are included in the Report and Recommendation already on file.

2. In the Report and Recommendation, Staff referenced the Midwest Protocols as a possible template for the development of KPP's protocols. However, the Midwest Protocols were not attached to the Report and Recommendation. In order to supply the Midwest Protocols to the Commission and the parties to this docket as originally intended, Staff provides this errata filing with the Midwest Protocols attached hereto. This errata does not modify any of Staff's recommendations, as originally filed.

WHEREFORE, Staff provides this errata filing.

Respectfully submitted,



Andrew Schulte # 24412
Litigation Counsel
Kansas Corporation Commission
1500 SW Arrowhead Rd.
Topeka, Kansas 66604-4027
Phone: (785) 271-3110
Fax: (785) 271-3167
a.schulte@kcc.ks.gov

ATTORNEY FOR STAFF

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

Section 1 Annual Updates

A. Definitions

Annual Publication and Filing Date shall mean the date on which the last of the events listed in Section 1. C. occurs for each year.

Annual Review Procedures shall mean the procedures and timeline contained in Section 2 of the Protocols.

Annual Transmission Revenue Requirement (ATRR) means the amount of revenue the Company must recover annually to recover costs associated with its transmission system, as calculated in its Transmission Formula Rate. ATRR is the same as Net Zonal Revenue Requirement.

Annual Update shall mean Midwest Energy's re-calculation of its ATRR, retail Transmission Delivery Charges, and Network Service rates pursuant to the KCC and FERC-approved Formula Rate for the upcoming Rate Year.

Company means Midwest Energy, Inc.

Cost-Basis Year shall mean the most recent calendar year for the current Annual Update.

Discovery Period means a one hundred twenty (120) day period after the Annual Publication and Filing Date for an Interested Party to serve reasonable information requests on Midwest Energy, unless such period is extended with the written consent of Midwest Energy.

FERC shall mean the Federal Energy Regulatory Commission or its successor.

Formal Challenge shall mean a challenge to the Company's Annual Update made by an Interested Party no later than twenty-one (21) days after the Resolution Period, if the parties fail to resolve a Preliminary Challenge.

Formula Rate (or Transmission Formula Rate) means the mechanism to calculate by formula the Annual Transmission Revenue Requirement and resulting wholesale and retail rates as conducted in Attachment H-1, Sheet 1-14 of the Company's Trans Open Access tariff (Open Access Transmission Tariff or OATT).

Interested Parties means (i) any load serving entity whose customers are allocated costs of the Company's facilities; (ii) any state utility commission that has jurisdiction over the rates of the customers that are allocated costs of the Company's facilities; or (iii) any consumer advocates who represent customers that are allocated costs of the Company's facilities.

KCC shall mean the State Corporation Commission of the State of Kansas.

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

Material Accounting Change shall mean a material change in Midwest Energy's accounting policies and procedures from those in effect for the calendar year upon which the immediately preceding Annual Update was based.

Preliminary Challenge shall mean a challenge made by an Interested Party within one hundred fifty (150) days, after the Annual Publication and Filing Date, unless this period is extended by the written consent of the Company. A Preliminary Challenge shall be made in writing, including via electronic communication, to the Company and shall specify the challenge, including those pertaining to Material Accounting Changes, over how Midwest Energy applied the Formula Rate.

Rate Year means the Retail and/or Wholesale Rate Years.

Resolution Period means the twenty-one (21) day period following the Review Period to resolve a Preliminary Challenge, unless such twenty-one day period is extended by the written consent of the Company.

Retail Rate Year means services rendered to the Company's retail customers on and after July 1 of a given calendar year through June 30 of the subsequent calendar year.

Review Period means the one hundred fifty (150) day period following the Annual Publication and Filing Date, for Interested Parties to review the calculations and notify Midwest Energy of any specific challenges, including those related to Material Accounting Changes, over how Midwest Energy applied the Formula Rate, unless the Company extends the one hundred fifty day period by written consent.

SPP means the Southwest Power Pool, Inc., or its successor.

Transmission Delivery Charges means the resulting retail per-unit rates based upon the calculated ATRR as derived in the Transmission Formula Rate. The Transmission Delivery Charges are for transmission service the Company purchases from the SPP on behalf of its retail load.

Wholesale Rate Year means services rendered to the Company's wholesale customers on and after September 1 of a given calendar year through August 31 of the subsequent calendar year.

- B. The Annual Transmission Revenue Requirement (ATRR) applicable under Attachment H-1 shall be applicable to services for the Retail and Wholesale Rate Years.
- C. On or before May 10 of each year after approval of Midwest Energy's initial Formula Rate, Midwest Energy shall:
 - (i) recalculate its ATRR, retail Transmission Delivery Charges, and Network Service Rates, producing the "Annual Update" under the KCC and FERC-approved Formula Rate for the upcoming Rate Year,

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

- (ii) post, or cause to be posted, the Annual Update on SPP's Internet website,
 - (iii) notify its network transmission customers and the KCC's designated staff, via e-mail to the most recent e-mail addresses provided to Midwest Energy and by U.S. Mail, of the website address of the Annual Update posting, and e-mail, phone and street address contact information for corresponding to the appropriate Company representative(s) to answer related questions; and
 - (iv) file the Annual Update with the KCC and SPP. The filing shall include an electronic Microsoft Excel file with all cell formulas functional, containing the appropriate data to calculate the Annual Update for the upcoming Rate Year.
- D. If the date for making the Annual Update posting and filing should fall on a weekend or a KCC-recognized holiday, then the posting and filing shall be due on the next business day.
- E. Upon written request for a particular year's Annual Update by any Interested Party, Midwest Energy will promptly make available to such entity and/or a consultant designated by it, an Excel file with all formulas functional containing that year's Annual Update data.
- F. The Annual Update for the Rate Year:
- (i) shall be based upon data included in Midwest Energy's independently-audited, certified FERC Form No. 1 for the most recent calendar year, as specified in the Formula Rate, and Midwest Energy's independently-audited, certified books and records, consistent with FERC accounting policies;
 - (ii) shall provide supporting documentation for data used in the Formula Rate, but not otherwise available in the FERC Form No. 1, as specified in the Formula Rate;¹
 - (iii) shall provide notice of Material Accounting Changes² to Midwest Energy's accounting policies and practices from those in effect for the calendar year upon which the immediately preceding Annual Update was based;
 - (iv) shall be subject to challenge limited to whether the Formula Rate, including treatment of Material Accounting Changes, has been applied appropriately under its terms and these Protocols; and

¹ It is the intent of the Formula Rate, including the supporting explanations and allocations described therein, that each input to the Formula Rate will be either taken directly from the FERC Form No. 1 or reconciled to the FERC Form No. 1 by the application of clearly identified and supported information. Where any reconciliation is provided through a worksheet included in the filed Formula Rate template, the inputs to the worksheet must meet this transparency standard, and doing so will satisfy this transparency requirement for the amounts that are output from the worksheet and input to the main body of the Formula Rate. Worksheets will be clearly labeled to direct the reviewer to the applicable support portion of the worksheet.

² Notice may incorporate by reference applicable disclosure statements filed with the Securities and Exchange Commission ("SEC").

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

(v) shall not seek to modify the Formula Rate and shall not be subject to challenge by any party seeking to modify the Formula Rate (*i.e.*, all such modifications to the Formula Rate, including the KCC and FERC approved rate of return on equity, will require, as applicable, prior KCC and/or FERC approval).

- G. Formula Rate inputs (i) rate of return on patronage capital, (ii) depreciation rates, and (iii) "Post-Employment Benefits other than Pension" under Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("PBOP") charges shall be fixed, stated values to be used in the rate formula until changed under authority of the KCC; provided, however, that despite the previous limitation, any changes in PBOP charges that do not exceed an impact on Midwest Energy's Net ATRR under any Annual Update of 2.5% as compared to the immediately preceding Net ATRR may be included without explicit KCC or FERC approval.

Section 2 Annual Review Procedures

Each Annual Update shall be subject to the following review procedures and timeline:

- A. Interested Parties shall have a Discovery Period after the Annual Publication and Filing Date to serve reasonable information requests on Midwest Energy. Information requests shall be limited to what is necessary to determine if Midwest Energy has properly applied the Formula Rate and whether the calculated rates are just and reasonable. In addition, information requests shall not solicit information concerning costs or allocations where any cost or allocation method has been approved by the KCC or FERC, except that information requests shall be permitted if they seek to determine if there has been a material change in circumstances.
- B. Midwest Energy shall make a good faith effort to respond to information requests pertaining to the Annual Update within seven business days of receipt of such requests.
- C. Interested Parties shall have a Review Period after the Annual Publication and Filing Date (unless Midwest Energy extends the period under written consent) to review the calculations and to notify Midwest Energy in writing, including via electronic communication, of any specific challenges, including those related to Material Accounting Changes, over how Midwest Energy applied the Formula Rate.
- D. If a Preliminary Challenge has been made by any interested party(ies) during the Review Period, then Midwest Energy and the party(ies) have an additional 21 days after the Review Period to resolve the Preliminary Challenge (unless Midwest Energy extends the Resolution Period under written consent). Midwest Energy will notify the Kansas Corporation Commission within ten (10) days of receiving a Preliminary Challenge. If Midwest Energy and the interested party(ies) cannot resolve the Preliminary Challenge, then the interested party(ies) have an additional 21 days after the Resolution Period to make a Formal Challenge before the KCC.

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

- E. Preliminary or Formal Challenges related to Material Accounting Changes are not intended to serve as a means to pursue other objections to the Formula Rate. Failure to make a Preliminary Challenge on a Material Accounting Change in an Annual Update shall act as a bar for that Annual Update but shall not bar a Preliminary Challenge related to a later Annual Update if the Material Accounting Change affects the later Annual Update.
- F. Interested Parties making a Preliminary or Formal Challenge shall bear the burden of proving that the rates are no longer just and reasonable without modification as proposed by the Interested Party. Such party shall also bear the burden to prove that the proposed modification is just, reasonable and consistent with the original intent of the Formula Rate and these Protocols.
- G. Subject to judicial review of KCC and FERC orders, each Annual Update shall become final and no longer subject to challenge under these Protocols by the KCC, FERC, or any Interested Party upon: (i) the expiration of the one hundred fifty day (150) Review Period (or extended period if applicable) if no Preliminary Challenge has been made; (ii) the passage of the 21-day Resolution Period (or extended period, if applicable) if no Formal Challenge has been made to a timely Preliminary Challenge, or (iii) a final KCC and/or FERC order issued in response to a Formal Challenge.
- H. Except as specifically provided herein, nothing shall be deemed to limit in any way the KCC's right to exercise its statutory jurisdiction over Midwest Energy.

Section 3 Formal Challenges

- A. Interested Parties, including wholesale customers of the Company, should initiate Formal Challenges before the KCC. Formal Challenges made by an Interested Party should be accompanied by a motion to open a new docket for the purpose of addressing and resolving the Formal Challenge.
- B. Any response by the Company to a Formal Challenge must be submitted to the KCC and/or FERC within 30 days of the date of the filing of the Formal Challenge, and shall be served on the filing party(ies) by electronic service on the date of such filing.
- C. Except as provided in Section 2.F, in any proceeding initiated by the KCC or FERC concerning the Annual Update or in response to a Formal Challenge, Midwest Energy shall bear the burden of proving that it has reasonably applied the terms of the Formula Rate, according to these Protocols, in the Annual Update.
- D. Except as specifically provided herein, nothing shall be deemed to limit in any way the right of Midwest Energy to file with the KCC and/or FERC changes to the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive mechanisms) or the right of any other party to request such changes before the KCC and/or FERC.
- E. Resolution of Formal Challenges concerning Material Accounting Changes may require adjusting the Formula Rate input data for the applicable Annual Update or changes to the rate

**Midwest Energy, Inc.
Transmission Formula Rate
Protocols**

formula to achieve a just and reasonable Formula Rate. For this purpose, each adjusted input shall be provided to meet the transparency standard identified in Section 1.F. (ii) above.

- F. Nothing herein is intended to limit or restrict the right of a wholesale transmission customer of the Company to file for relief pursuant to Section 206 of the Federal Power Act.

Section 4 Changes to Annual Informational Filings

Any changes to the data inputs, including but not limited to revisions to Midwest Energy's FERC Form No. 1, or as the result of any KCC and/or FERC proceeding to consider the Annual Update, or as a result of these Protocols, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate (with interest determined by the KCC) in the Annual Update for the next effective Rate Period. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments and any refunds or surcharges; however, actual refunds or surcharges (with interest determined by the KCC) for the then-current Rate Year shall be made if Midwest Energy's Formula Rate is replaced by a fixed, stated rate.

CERTIFICATE OF SERVICE

12-KPPE-630-MIS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Staff's Errata to Its Report and Recommendation was served by electronic service on this 4th day of May, 2012, to the following parties who have waived receipt of follow-up hard copies.

N. BETH EMERY
HUSCH BLACKWELL LLP
755 E MULBERRY STE 200
SAN ANTONIO, TX 78212-4285
Fax: 210-244-8902
beth.emery@huschblackwell.com

HOLLY FISHER, ATTORNEY
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
h.fisher@kcc.ks.gov
Hand Delivered

ANDREW SCHULTE, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
a.schulte@kcc.ks.gov
Hand Delivered

LARRY HOLLOWAY, OPERATIONS MANAGER
KANSAS POWER POOL
200 WEST DOUGLAS, SUITE 601
WICHITA, KS 67202
Fax: 316-264-3434
lholloway@kansaspowerpool.org

CURTIS M. IRBY, GENERAL COUNSEL
KANSAS POWER POOL
GLAVES, IRBY AND RHOADS
155 NORTH MARKET SUITE 1050
WICHITA, KS 67202
Fax: 316-264-6860
cmirby@sbcglobal.net

COLIN M. WHITLEY, CEO/GENERAL MANAGER
KANSAS POWER POOL
200 WEST DOUGLAS, SUITE 601
WICHITA, KS 67202
Fax: 316-264-3434
cwhitley@kansaspowerpool.org

MARGARET A. MCGOLDRICK
SPIEGEL & MCDIARMID LLP
1333 NEW HAMPSHIRE AVE. NW
WASHINGTON, DC 20036
margaret.mcgoldrick@spiegelmc.com

DONALD L. GULLEY, SR MGR REGULATORY RELATIONS
& BILLING
SUNFLOWER ELECTRIC POWER CORPORATION
301 W. 13TH
PO BOX 1020 (67601-1020)
HAYS, KS 67601
Fax: 785-623-3395
dgulley@sunflower.net

MARK D. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN STREET SUITE 300
PO DRAWER 1110
GREAT BEND, KS 67530
Fax: 620-792-2775
mcalcara@wcrf.com

CATHRYN J. DINGES, CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVENUE
PO BOX 889
TOPEKA, KS 66601-0889
Fax: 785-575-8136
cathy.dinges@westarenergy.com

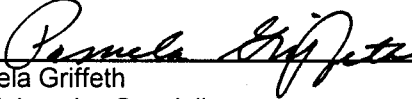
CERTIFICATE OF SERVICE

12-KPPE-630-MIS

KELLY B. HARRISON, VP - TRANSMISSION
WESTAR ENERGY, INC.
818 S KANSAS AVENUE
PO BOX 889
TOPEKA, KS 66601-0889
kelly.harrison@westarenergy.com

JEFFREY L. MARTIN, EXECUTIVE DIRECTOR,
REGULATORY AFFAIRS
WESTAR ENERGY, INC.
818 S KANSAS AVENUE
PO BOX 889
TOPEKA, KS 66601-0889
jeff.martin@westarenergy.com

PATRICK T. SMITH, CORPORATE COUNSEL
WESTAR ENERGY, INC.
818 S KANSAS AVENUE
PO BOX 889
TOPEKA, KS 66601-0889
Fax: 785-575-8136
patrick.smith@westarenergy.com



Pamela Griffeth
Administrative Specialist