BEFORE THE KANSAS CORPORATION COMMISSION OF THE STATE OF KANSAS

)

In the Matter of the Joint Application of Sunflower Electric Power Corporation, Sunflower Electric Power Corporation,) and Wheatland Electric Cooperative, Inc., for Approval) of a Local Access Charge and a 34.5kV Formula-Based Rate.

) Docket No. 25-___

PREFILED DIRECT TESTIMONY OF

BRUCE W. MUELLER GENERAL MANAGER

ON BEHALF OF WHEATLAND ELECTRIC COOPERATIVE, INC.

February 5, 2025

1	Q.	Please state your name and business address.
2	A.	My name is Bruce W. Mueller. My business address for legal service is 101 Main
3		Street, Scott City, Kansas 67871 and for mail receipt is P.O. Box 230, Scott City,
4		Kansas 67871.
5	Q.	What is your profession?
6	A.	I am the General Manager ("GM") of Wheatland Electric Cooperative, Inc.
7		("Wheatland"), a member-owned Kansas electric cooperative serving more than
8		23,400 consumers located throughout nine western Kansas, six central Kansas,
9		and two eastern Colorado counties. Our corporate office is located in Scott City,
10		Kansas.
11	Q.	Please describe your responsibilities with Wheatland.
12	A.	As the GM, I direct the overall operations of Wheatland. I am entrusted by the
13		membership to lead the cooperative to achieve its mission of improving the quality
14		of life of its members and the communities it serves by providing reliable and
15		competitively priced electricity and other essential services.
16	Q.	What is the purpose of your testimony in this proceeding?
17	A.	The purpose of my testimony is to support the Application by seeking approval by
18		the Kansas Corporation Commission of the State of Kansas ("Commission") for a
19		change of the Local Access Charge ("LAC") rate in Wheatland's Local Access
20		Delivery Service tariff ("LADS") based upon the Cost-of-Service-Study performed
21		by Guernsey & Co. (Guernsey), and further support for a formula based rate for
22		Wheatland's Eastern Division 34.5kV sub-transmission facilities, also drafted by
23		Guernsey. The LADS tariff is for wholesale customers accessing Wheatland's

1		Local Access Delivery system ("LAD system") that is administered by Sunflower
2		Electric Power Corporation ("Sunflower").
3	Q.	Are you sponsoring any exhibits?
4	A.	Yes, I am sponsoring Exhibits BWM – 1, that is the current Eastern Division LADS
5		tariff filed with Commission, and $BWM - 2$, relined version of Wheatland's current
6		request for the changes to the LADS tariff, and $BWM - 3$ is a clean version of the
7		requested tariff.
8	Q.	What is your educational background?
9	A.	I have a BBA-Finance degree from Texas State University, and an MBA degree
10		from the University of Houston-Victoria.
11	Q.	What is your professional background?
12	A.	I began my employment with Wheatland in 2012 as GM. From 2001 until I began
13		my employment with Wheatland, I worked for San Bernard Electric Cooperative,
14		Inc. ("San Bernard") in Bellville, Texas. I began my employment with San Bernard
15		as a Special Projects Manager, which involved the overall management of two
16		departments – Member Services, and Marketing, Legislative, and Regulatory. At
17		the time I left San Bernard, I was employed as the Business Group Manager-CFO
18		where I managed several departments, including: Accounting, Finance,
19		Consumer Services, Inside Branch Office Personnel, Material/Warehouse, Meter
20		Reading/Collections, Member Service, Marketing, Key Accounts, Benefits and
21		Legislative/Regulatory. Prior to entering the cooperative realm, I held various
22		management level positions with C3 Communications L.P. – American Electric
23		Power ("AEP"), and Central Power & Light Company-Central & South West Power

1		("CSW"). In summary, I have over 41 years working in the investor owned electric
2		and electric cooperative industries.
3	Q.	Have you previously presented testimony before the Commission?
4	A.	Yes. I provided testimony in Commission Docket Nos. 13-MKEE-447-MIS and 14-
5		SEPE-287-CON, and in Docket No. 16-WHLE-305-RTS.
6	Q.	Please provide an overview of the request Wheatland is making in this
7		docket.
8	Α.	In addition to retail electric service to Wheatland's members, we also provide sub-
9		transmission service to wholesale customers over facilities acquired through the
10		Aquila purchase and subsequent Commission filings that took starting in 2006. The
11		Commission found that these are local sub-transmission under Kansas law.
12		Wheatland only seeks a change in the LAC and a subsequent Formula Based Rate
13		("FBR") for the Eastern Division LADS. Wheatland's current Eastern Division LADS
14		tariff was approved in the 16-WHLE-305-RTS docket. Wheatland has not sought
15		a rate increase since that docket. In addition, Wheatland is seeking approval of a
16		FBR so that future changes to the LAC can be approved through an annual filing
17		process that is consistent with the Commission's approval in the 16-MKEE-023-
18		TAR ("16-023 docket") and modified in 21-SEPE-049-TAR ("21-049 docket").
19	Q.	Does the request LAC rate allow Wheatland to meet its financial obligations?
20	Α.	Yes, Wheatland's recently completed a cost-of-service ("COS") study for the
21		Eastern Division LAD system and determined based on the COS study an increase
22		was required to permit it to operate its 34.5kV sub-transmission system and meet

its financial obligations. The Eastern Division system rate increase resulted in a

1		fall out system wide Operating TIER of 1.75. Wheatland is requesting the same
2		Operating TIER as it does from its retail members. The proposed LAC revenue
3		produced by this filing is included in the rate increase Wheatland is implementing.
4	Q.	Is Wheatland's Proposed LAC rate fair and reasonable and not unduly
5		preferential of prejudicial?
6	A.	Yes. The intent of the LAC rate design was to develop a LAC rate that is fair and
7		reasonable to all parties and not to be unduly preferential or prejudicial to any of
8		the parties. Wheatland has based the revenue requirement for the Eastern Division
9		LAD system upon the same Operating TIER and MDSC as to its overall retail and
10		wholesale systems. Furthermore, the LAC is based upon billing units that treat the
11		retail load and the wholesale load equally, based upon load ratio share of the
12		Easten Division LAD system. Wheatland's board and management instructed its
13		rate consultant that it desired all rates in the Eastern Division LADS tariff to be fair,
14		equitable, and consistent as a basic design standard and this was accomplished.
15		Wheatland values its retail members and its wholesale LADS tariff customers and
16		has worked hard to provide proposed LAC rates based on cost causation and a
17		single Eastern Division wide coverage ratio.

18 Q. Are you supporting Wheatland's request for a formula-based rate for future

19

LAC changes for the Eastern Division LADS?

A. Yes, Wheatland also retained the services of Guernsey to draft a formula for the annual recovery of its revenue requirement associated with its LAD system via a monthly unit demand LAC directly applicable to its wholesale LAD system customers. My intent was to follow the criteria approved in the 16-023 docket and modified in the 21-049 docket. It is my understanding that the process set forth in
these cases has worked efficiently enough that there has never been an
adversarial hearing in a contested docket.

4 Q. How would Guernsey's proposed FBR Work?

5 A. Based upon Guernsey's proposed 34.5kV FBR study, the FBR adjustments will be 6 made annually to keep revenue at a level to achieve pre-established financial 7 coverage ratios. Because the total billing demand (used to divide the total resultant 8 revenue requirement to arrive at a unit demand LAC) is comprised of both retail 9 and wholesale load, it is designed to ensure that the wholesale LAD system 10 customers will pay only their load ratio share of such annual revenue requirement.

Q. Debt Service is important to Cooperatives, how will the FBR affect Wheatland's ability to meet debt servicing issues?

A. The proposed 34.5kV FBR provides for established financial coverage ratios that ensure Wheatland will meet its debt service requirements, achieve the financial covenants required for financing and protect Wheatland's financial integrity. It will also build sufficient equity to ensure the borrowing capability necessary to maintain, replace and expand the 34.5kV FBR sub-transmission facilities. This is important because the only source of equity capital to support system reliability is derived from margins.

20 Q. Do you believe the FBR can still ensure the Commission can play its 21 important role in rate making for the wholesale customers?

A. Yes, because the Protocols requested include an Annual Filing update and review
process, and the element of customer protection afforded in a general rate

1	proceeding is still present. The annual review will allow Commission Staff the
2	opportunity to audit the results of the previous twelve months to ensure compliance
3	with the 34.5kV FBR. Such review will allow the Commission the ability to meet its
4	obligation of ensuring just and reasonable rates for Wheatland's wholesale LAD
5	system customers. Additionally, interested parties will have the opportunity to
6	intervene and participate in the Annual Update filing defined in the Protocols.

Q. Will the Annual Update filings in the Protocols provide cost savings as compared to the usual rate case filing?

Α. I believe that is correct. The implementation of the proposed Eastern Division 9 34.5kV FBR will relieve much of the cost and burden placed on the Commission. 10 Commission Staff, Sunflower and Wheatland, and their respective customers 11 related to the traditional ratemaking process. While Wheatland has engaged 12 consulting and legal resources as necessary to develop the 34.5kV FBR for the 13 LAD system, with the implementation of such FBR, customers will continue to 14 receive service at just and reasonable rates without the attendant costs of motions, 15 discovery, analysis, and testimony incurred in the course of the traditional 16 ratemaking process, while still ensuring that the Commission has the opportunity 17 to review and approve rates. 18

Q. It is my understanding that Wheatland is deregulated when it comes to retail
rates for members that are set by the cooperative's board of trustees, does
that play a role in your request for an FBR for wholesale customers with an
Annual Update filing?

1	Α.	In one important way that is true. When rates are set by the Board of Trustees, it
2		can be done relatively quick and efficient. The type of recovery of investment that
3		can be achieved by an FBR with an Annual Update filing more aligns with
4		Wheatland's retail rate making process and prevents any subsidization that may
5		occur in the future.
6	Q.	What, succinctly, are you asking the Commission to do?
6 7	Q. A.	What, succinctly, are you asking the Commission to do? Wheatland respectfully requests the Commission to approve the attached LADS
7		Wheatland respectfully requests the Commission to approve the attached LADS

11 A. Yes.

VERIFICATION

STATE OF KANSAS

)) ss.)

COUNTY OF BARTON

Bruce W. Mueller, being first duly sworn, deposes and says that he is Bruce W. Mueller referred to in the foregoing document entitled "Prefiled Direct Testimony of Bruce W. Mueller" before the State of Kansas and that the statement therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

Mueller ce W

SUBSCRIBED AND SWORN to before me this <u>4</u> day of <u>February</u> 2025.

Notary Public

Commission Expires: 4-30-2028



Utilities Division 1500 SW Arrowhead Road Topeka, KS 66604-4027

Jay Scott Emler, Chairman Shari Feist Albrecht, Commissioner Pat Apple, Commissioner



Phone: 785-271-3220 Fax: 785-271-3357 http://kcc.ks.gov/

Sam Brownback, Governor

Utilities Division December 23, 2016

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In the Matter of the Application of Wheatland Electric Cooperative, Inc. for Approval to Make Certain Changes) in Charges for Electric Service.

16 WHLE 305 RTS

Bruce W. Mueller, General Manager Wheatland Electric Cooperative, Inc. P.O. Box 230, Scott City, Kansas 67871 or.

Dear Mr. Mueller:

Enclosed herewith is one copy of the above captioned filing, which was approved by this Commission on December 15, 2016.

Sincerely,

Timothy S. Rehagen Jeff McClanahan

for Director

JM TSR ram

Enc.

bmueller@weci.net tcalcara@wcrf.com

Index No. 24

WHEATLAND ELECTRIC COOPERATIVE, INC.

Schedule: <u>16 – LAC</u>

Replacing Schedule <u>13 – LAC</u> Which was filed: November 21, 2013

WHEATLAND EAST (Temtory to which schedule is applicable)

No Supplement or separate understanding

shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICE

AVAILABLE

Entire Service Area of Wheatland East.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Wheatland's East (34.5 kV or other available lower primary voltage) sub-transmission/distribution system.

CHARACTER OF SERVICE

Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage.

MONTHLY RATE

Demand Charge @ \$1.99 per kW.

MONTHLY BILLING DEMAND

When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's kilowatt contribution to the Local Access Delivery System maximum hourly demand coincident with Wheatland East's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point ("the Actual CP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of Wheatland East's monthly Local Access Delivery System peak shall be added to the Customer's Actual CP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, Point to Point transmission service requiring local access service and service reservations) Monthly Billing Demand shall be the greater of the customer's service request or actual maximum monthly demand.

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by MKEC or paying MKEC for the Real Power Losses at MKEC's wholesale rate pursuant to Attachments H and M of MKEC's Open Access Transmission Tariff. The applicable Real Power Loss factor for applicable service area is as follows:

Issued	December 15, 2016	
	Month Day Year	16-WHLE-305-RTS TSR
Effective	December 15, 2016	Approved
	Month Day Year	Kansas Corporation Commission
2	Sull.	December 15, 2016
By Bruce W	Mueller General Manager	/S/ Amy L. Green

Index No. 24

WHEATLAND ELECTRIC COOPERATIVE, INC.

Schedule: 16 - LAC

Replacing Schedule <u>13 – LAC</u> Which was filed: November 21, 2013

WHEATLAND EAST (Temtory to which schedule is applicable) No Supplement or separate understanding

shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

LOSS FACTORS

1.35 percent of energy as measured at the delivery point.

DELAYED PAYMENT

As per schedule DPC.

TERMS AND CONDITIONS

Service will be rendered under Mid-Kansas Electric Company, Inc.'s Open Access Transmission Tariff (for service over Wheatland's East sub-transmission system) as filed with the Kansas Corporation Commission, and the Cooperative's Rules and Regulations.

Issued December 15, 2016	16-WHLE-305-RTS
Effective December 15, 2016	Approved
Month Day Yes	Kansas Corporation Commission
Sulling	December 15, 2016
By Breew Weller General Manager	/S/ Amy L. Green

Index No. 24

WHEATLAND ELECTRIC COOPERATIVE, INC.

Schedule: 16 - LAC

Replacing Schedule Original

Which was filed: WHEATLAND WEST (Territory to which schedule is applicable) No Supplement or separate understanding hall modify the tariff as shown hereon. Sheet 1 of 2 Sheets LOCAL ACCESS DELIVERY SERVICE AVAILABLE Entire Service Area of Wheatland West, APPLICABLE For delivery to wholesale (sales for resale) customers over Wheatland's West (34.5 kV or other available lower primary voltage) subtransmission/distribution system. CHARACTER OF SERVICE Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage. MONTHLY RATE Demand Charge @ \$0.82 per kW. MONTHLY BILLING DEMAND When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's maximum hourly demand peak in the billing month measured at the low side of the delivery point ("the Actual NCP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of the Customer's peak demand shall be added to the Customer's Actual NCP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, Point to Point transmission service requiring local access service and service reservations) Monthly Billing Demand shall be the greater of the customer's service request or actual maximum monthly demand. LOSSES Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by Sunflower or paying Sunflower for the Reat Power Losses at Sunflower's wholesale rate pursuant to Attachments H and M of Sunflower's Open Access Transmission Tariff The applicable Real Power Loss factor for applicable service area is as follows: LOSS FACTORS 1.35 percent of energy as measured at the delivery point.

16-WHLE-305-RTS
Approved
Kansas Corporation Commission
December 15, 2016
/S/ Amy L. Green

Index No. 24

WHEATLAND ELECTRIC COOPERATIVE, INC.

Schedule: 16 - LAC

Sheet 2 of 2 Sheets

Replacing Schedule Original Which was filed:

WHEATLAND WEST (Territory to which schedule is applicable)

No Supplement or separate understanding shall modify the tariff as shown hareon.

DELAYED PAYMENT

Not Applicable. See Terms and Conditions.

TERMS AND CONDITIONS

Service will be rendered under Sunflower Electric Power Corporation's Open Access Transmission Tariff (for service over Wheatland's West sub-transmission system) as filed with the Kansas Corporation Commission, and the Cooperative's Rules and Regulations.

Issued	December 15, 2016	
- 10 M	Month Day Year	16-WHLE-305-RTS
Effective		Approved
1	Month By Year	Kansas Corporation Commission
By -	Sullingly	December 15, 2016
Bruce V	Mueller General Manager	/S/ Amy L. Green

WHEATLAND ELECTRIC COOPERATIVE, INC.

(Name of Utility)

Schedule: 4625 - LAC

Replacing Schedule 1316 - LAC

Which was filed: November 21, 2013 December 15, 2016

WHEATLAND EAST

(Territory to which schedule is applicable)

No Supplement or separate understanding shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICE

AVAILABLE

Entire Service Area of Wheatland East.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Wheatland's East (34.5 kV or other available lower primary voltage) sub-transmission/distribution system.

CHARACTER OF SERVICE

Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage.

MONTHLY RATE

Demand Charge @ \$1.992.95 per kW.

MONTHLY BILLING DEMAND

When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's kilowatt contribution to the Local Access Delivery System maximum hourly demand coincident with Wheatland East's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point ("the Actual CP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of Wheatland East's monthly Local Access Delivery System peak shall be added to the Customer's Actual CP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, Point to Point transmission service requiring local access service and service reservations) Monthly Billing Demand shall be the greater of the customer's service request or actual maximum monthly demand.

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by MKEC or paying MKEC for the Real Power Losses at MKEC's wholesale rate pursuant to Attachments H and M of MKEC's Open Access Transmission Tariff. The applicable Real Power Loss factor for applicable service area is as follows:

Issued			
	Month	Day	Year
Effective			
	Month	Day	Year
Ву			
Bruce V	V. Mueller		General Manager

WHEATLAND ELECTRIC COOPERATIVE, INC.

(Name of Utility)

Schedule: 4625 - LAC

Replacing Schedule 1316 - LAC

Which was filed: November 21, 2013 December 15, 2016

WHEATLAND EAST (Territory to which schedule is applicable)

No Supplement or separate understanding

shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

LOSS FACTORS

1.35 percent of energy as measured at the delivery point.

DELAYED PAYMENT

As per schedule DPC.

TERMS AND CONDITIONS

Service will be rendered under Mid-Kansas Electric Company, Inc.'s Open Access Transmission Tariff (for service over Wheatland's East sub-transmission system) as filed with the Kansas Corporation Commission, and the Cooperative's Rules and Regulations.

Issued

Month Day

Effective

Month Day Year

Year

General Manager

Ву _____

Bruce W. Mueller

WHEATLAND ELECTRIC COOPERATIVE, INC.

(Name of Ublicty)

Replacing Schedule $\underline{16 - LAC}$ Which was filed: December 15, 2016

WHEATLAND EAST

(Territory to which schedule is applicable) No Supplement or separate understanding

shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICE

AVAILABLE

Entire Service Area of Wheatland East.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Wheatland's East (34.5 kV or other available lower primary voltage) sub-transmission/distribution system.

CHARACTER OF SERVICE

Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage.

MONTHLY RATE

Demand Charge @ \$ 2.95 per kW.

MONTHLY BILLING DEMAND

When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's kilowatt contribution to the Local Access Delivery System maximum hourly demand coincident with Wheatland East's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point ("the Actual CP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of Wheatland East's monthly Local Access Delivery System peak shall be added to the Customer's Actual CP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, Point to Point transmission service requiring local access service and service reservations) Monthly Billing Demand shall be the greater of the customer's service request or actual maximum monthly demand.

LOSSES

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		_		_
Issued				
-	Month	Day	Year	
Effective	2			
	Month	Day	Year	
By				
Bruce	N. Mueller		General Manager	

WHEATLAND ELECTRIC COOPERATIVE, INC.

Schedule: 25 - LAC

Sheet 2 of 2 Sheets

Replacing Schedule 16 - LAC Which was filed: December 15, 2016

WHEATLAND EAST (Territory to which schedule is applicable)

No Supplement or separate understanding

shall modify the tariff as shown hereon

LOSS FACTORS

1.35 percent of energy as measured at the delivery point.

DELAYED PAYMENT

As per schedule DPC.

TERMS AND CONDITIONS

Service will be rendered under Mid-Kansas Electric Company, Inc.'s Open Access Transmission Tariff (for service over Wheatland's East sub-transmission system) as filed with the Kansas Corporation Commission, and the Cooperative's Rules and Regulations.

Issued

Month Day Year

Effective

Month Day Year

By

Bruce W. Mueller General Manager