

**August 11, 2025**

1   **Q:    Please state your name.**

2   A:    My name is Nolan Numrich.

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

4   A:    I am employed by Western Cooperative Electric Association, Inc.  
5        ("Western") as its CEO/General Manager. My business address is 635  
6        South 13th Street, WaKeeney, Kansas. As the CEO/General Manager of  
7        Western, I also serve on the Board of Directors of Sunflower Electric  
8        Power Corporation ("Sunflower").

9   **Q:    Would you summarize your educational background?**

10  A:    I earned my bachelor's degree from the University of Kansas in 2011. In  
11        addition, I hold Certified Key Account Executive ("CKAE") and  
12        Management Internship Program ("MIP") credentials from the National  
13        Rural Electric Cooperative Association.

14  **Q:    Please summarize your work experience.**

15  A:    I began my career in the energy sector thirteen years ago. The past seven  
16        years have been spent with electric cooperatives, where I started in  
17        communication and Member Services. Later, I became Assistant General  
18        Manager and then CEO/General Manager this past January.

19  **Q:    Have you previously presented testimony before the Commission?**

20  A:    Yes, I have provided testimony in Docket Nos. 25-WSTE-389-TAR.

21  **Q:    What is the purpose of your testimony today?**

22  A:    The purpose of my testimony is to provide a background of Western and  
23        confirm Western's support for continuation of its 34.5 kV formula-based

1 rate ("34.5 kV FBR").

2 **Q: Please provide a brief overview of Western.**

3 A: Western is an electric cooperative formed in 1945 under the Kansas  
4 Electric Cooperative Act K.S.A. 17-4601 *et seq.* for the purpose of  
5 supplying electric energy to eight counties in Northwest Kansas: Ellis,  
6 Gove, Graham, Ness, Rooks, Rush, Trego, and Sheridan. With the Mid-  
7 Kansas Electric Company, LLC (subsequently known as Mid-Kansas  
8 Electric Company, Inc.) ("Mid-Kansas") purchase of Aquila, Inc., d/b/a  
9 Aquila Networks - WPK in April 2007, Western expanded its service into  
10 five more counties: Osborne, Russell, Barton, Lincoln, and Ellsworth.  
11 Today, Western collectively serves 12,077 meters, maintains 4,030 miles  
12 of line, and employs 53 full-time employees in its service areas. Western  
13 has been providing electric retail service in northwest Kansas for over 80  
14 years.

15 **Q: What is Western's opinion concerning continuation of its 34.5 kV**  
16 **formula-based rate ("34.5 kV FBR")?**

17 A: Western supports continuing its 34.5 kV FBR, as detailed in the Joint  
18 Application and Prefiled Direct Testimony of Richard J. Macke, submitted  
19 in support of this Joint Application.

20 **Q: What are the reasons for Western's support of continuing its 34.5 kV**  
21 **FBR?**

22 A: In Western's opinion, the 34.5 kV FBR has reduced the costs and  
23 regulatory lag of a traditional rate case while ensuring the Commission

1 and interested parties are afforded a comprehensive and systematic  
2 review of the resultant rates (which, by the inherent design of the 34.5 kV  
3 FBR, remain cost-based). Prefiled Direct Testimony of Richard J. Macke  
4 further highlights the advantages that a formula-based rate approach  
5 offers to the Commission, affected utilities, and customers as compared to  
6 a traditional rate application.

7 **Q: Has Western experienced the advantages that proponents of**  
8 **formula-based rates suggest will occur?**

9 A: Yes. By implementing its 34.5 kV FBR, Western has experienced the  
10 ability to recover appropriate costs each year while eliminating the  
11 regulatory lag and financial burdens of a rate case.

12 **Q. In your opinion, have the annual updates each year provided a**  
13 **streamlined and efficient process to determine an annual LAC?**

14 A. Yes. Although I have not been involved in the annual update filings, my  
15 understanding is that they have been processed very efficiently. Some  
16 years, the parties have not even had to meet for the technical conference  
17 contemplated by the 34.5 kV Protocols because there are no additional  
18 questions from Commission Staff or customers. It is my understanding  
19 that no annual update filing for Western has ever resulted in the need for  
20 an evidentiary hearing, and the rate applied for in each of Western's  
21 annual update filings has been approved.

1   **Q:    What is the basic approach utilized in Western’s proposed 34.5 kV**  
2       **FBR?**

3   A:    Western’s 34.5 kV FBR calculates the annual revenue requirement based  
4        upon pertinent operating expenses and margin requirements. Ultimately,  
5        at each year’s annual update filing, it calculates the LAC for the following  
6        year.

7   **Q:    What type and level of margin requirement is Western requesting be**  
8       **used as the basis for the return requirement incorporated into its**  
9       **34.5 kV FBR?**

10   A:   Western requests that a greater of a 1.8 Operating Times Interest Earned  
11       Ratio (“OTIER”) or a 1.8 Modified Debt Service Coverage Ratio (“MDSC”) be used as the margin requirement for determining the return requirement.  
12       That is the same margin requirement approved in the initial inception, and  
13       subsequent continuation, of Western’s 34.5 kV FBR.

15   **Q:    Why are those still appropriate levels and types of financial ratios for**  
16       **determination of Western’s margin requirement?**

17   A:    A 1.8 OTIER/MDSC allows for a sufficient level of positive operating  
18        margins to facilitate the improvement of capital structure to ensure safe  
19        and reliable service, as well as help deal with unexpected contingencies.  
20        Further, the “greater of” approach—with a secondary 1.8 MDSC metric—  
21        allows flexibility in choosing the most appropriate driver or the margin  
22        requirement driver as debt matures. Western believes that margin  
23        requirement has led to a just and reasonable LAC in the last five years.

1   **Q:    Do you support the Prefiled Direct Testimony of Richard J. Macke**  
2           **with respect to all aspects of the margin requirements and levels**  
3           **thereof that are used to determine the revenue requirement in**  
4           **Western's 34.5 kV FBR?**

5   A:    Yes. I will defer to his testimony and analysis with respect to his  
6           conclusions. Generally, however, I support his analysis and the margin  
7           requirements he explains, which are the exact margin requirements I  
8           previously mentioned.

9   **Q.    Are you requesting any changes to the 34.5 kV FBR that was approved**  
10          **in Western's last continuation in Docket No. 21-SEPE-049-TAR?**

11   A.    No. Western is requesting that the same 34.5 kV FBR that was approved in  
12          that docket is simply approved again here for a term of another five years,  
13          without any modification.

14   **Q:    Does this conclude your testimony?**

15   A:    Yes, it does.

**VERIFICATION OF NOLAN NUMRICH**

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

A handwritten signature in black ink, appearing to read "Nolan Numrich", written in a cursive style.

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Nolan Numrich