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 Recovery of Certain Costs Through Their RECA	))))	Docket No. 19-WSEE-355-TAR

JOINT APPLICATION FOR RECOVERY OF COSTS THROUGH RECA

COME NOW Westar Energy, Inc. (Westar Energy) and Kansas Gas and Electric Company (KGE), (collectively referred to herein as "Westar") and file this Joint Application for Recovery of Certain Costs through their Retail Electric Cost Adjustment ("RECA") Tariff. In support of this Joint Application, Westar respectfully states as follows:

I. Background

A. MWP Certificate Docket

1. On August 10, 2018, Midwest Power Company ("MWP") filed an application pursuant to K.S.A. 66-131 in Docket No. 19-MPCE-064-COC ("MWP Certificate Docket"), requesting the Commission grant it a certificate of convenience and necessity to operate as a public utility in Kansas related to MWP's 8% ownership in Jeffrey Energy Center ("JEC").

2. Currently, MWP's 8% interest in JEC is held in a Trust and MWP is the sole beneficiary of that Trust. This 8% interest was previously being leased to Westar; however, that lease agreement expired on January 3, 2019. Westar was selling the entire output from the 8% interest to Mid-Kansas Electric Company ("MKEC") under a participation power agreement ("PPA") that also expired on January 3, 2019.

3. The Trust took ownership of the 8% interest in JEC as a result of a sale/leaseback transaction executed by UtiliCorp in 1991, and then leased the interest back to UtiliCorp at that

time. UtiliCorp later changed its name to Aquila and, subsequently, in 2007, Westar assumed the lease from Aquila.

4. In 1991, the Commission approved the sale/leaseback transaction that resulted in the Trust's ownership of the 8% interest in JEC. In that Order, the Commission found the sale/leaseback arrangement was purely a financing arrangement and did not result in the owner trustee or owner participant (beneficiary of the Trust) becoming public utilities. However, as of January 4, 2019, after the lease expired, MWP was to become a public utility under K.S.A. 66-104, subject to the Commission's jurisdiction. This change necessitated MWP's filing of the application for a certificate in the MWP Certificate Docket.

5. Westar intervened in the MWP Certificate Docket because, as a co-owner of JEC and as the lessor of MWP's 8% interest in JEC, Westar had a substantial interest in the outcome of that proceeding. Westar, as the operator of JEC, incurs all of the operating and maintenance expense and all of the capital costs necessary to keep the plant operating. Westar then bills the co-owners for their share of the costs, which prior to January 4, 2019 was just KCP&L Greater Missouri Operations Company ("GMO"; with an 8% ownership share; Westar at that time leased an 8% interest from the Trust in addition to its 84% ownership share) and, after January 4th, was GMO and would have been the Trust on behalf of MWP (as the beneficiary of the Trust from which Westar had formerly leased an 8% interest in JEC). As a result, Westar, on behalf of itself and its customers, had a significant interest in ensuring that Midwest Power had the ability and intent to cover the financial obligations associated with its ownership of 8% of JEC after the expiration of the lease.

6. In the MWP Certificate Docket, Staff and Westar filed testimony discussing their concerns about MWP's ability to meet the financial component of the Commission's standard for

reviewing certificate applications and recommending that a parental guaranty be required. MWP filed responsive testimony suggesting that it should not be required to provide a parental guaranty. The parties made it clear that, if no settlement between MWP and Westar was reached, MWP did not intend to make payments to Westar related to its 8% ownership interest and that MWP and Westar expected their dispute to result in expensive and time-consuming litigation.

7. An evidentiary hearing was held in the MWP Certificate Docket and the parties submitted briefs in support of their position, with the matter currently pending before the Commission to issue an order. On January 30, 2019, Staff, Westar, and MWP jointly filed a motion for extension of the 180-day procedural schedule and for a stay of the procedural schedule in the MWP Certificate Docket, asking the Commission to extend the 180-day statutory period for 30 days and to delay issuing its order in the docket pending resolution through a potential settlement between MWP and Westar.

B. Westar General Rate Case

8. Westar's most recent general rate case, Docket No. 18-WSEE-328-RTS ("Westar GRC Docket"), addressed, among other items, ratemaking treatment related to costs associated with the 8% interest in JEC held by MWP.

9. Prior to the rate change that occurred as a result of the Westar GRC Docket, Westar's rates included both the lease expense and other non-fuel operations and maintenance ("NFOM") expense associated with the 8% interest in JEC being leased from MWP and a credit for the revenue Westar was receiving from MKEC under the PPA as an offset to those costs. Because Westar is the operator of JEC and pays the upfront cost for O&M work done at the plant and then has to bill the co-owners for their share of the expenses and because it is not possible for Westar to simply operate and maintain its share of the plant as opposed to the plant as a whole,

Westar initially proposed in the Westar GRC Docket to leave the lease expense and other NFOM expenses associated with the 8% interest in JEC leased from MWP in base rates and then credit customers through the RECA for any amount of that expense ultimately recovered from MWP. Westar also proposed to remove the credit related to the MKEC PPA from base rates because the PPA was going to expire on January 3, 2019.

10. Staff and other intervenors raised concerns in testimony regarding Westar's proposal to leave the NFOM associated with the 8% interest in JEC leased from MWP in rates going forward and also argued that the expense associated with the lease payment to MWP should be removed from base rates since the lease was expiring on January 3, 2019.

11. Therefore, as part of a global settlement reached in the Westar GRC Docket, the parties agreed to the following with respect to ratemaking treatment for the costs related to the 8% interest in JEC owned by MWP and the revenue from the MKEC PPA:

> **E. Mid-Kansas Electric Company Wholesale Agreement Revenue**
>
> 25. The Parties agree that the revenue credit associated with the Mid-Kansas Electric Company (MKEC) wholesale agreement will remain in base rates.
>
> 26. The Parties also agree that Westar's Retail Energy Cost Adjustment (RECA) will be amended consistent with the language proposed by Staff witness Grady on pages 36-37 of his direct testimony to allow the lost revenue from the expiration of the MKEC contract to flow through the RECA. Westar agrees to withdraw its request to amend the RECA to allow changes in revenue from additional wholesale contracts to flow through the RECA. The Parties agree that the lost revenue from the expiration of the MKEC contract will be reflected in the Annual Cost Adjustment (ACA) true-up process following the January 3, 2019 expiration. At the time of Westar's next rate case, Westar will remove the collection of MKEC lost revenue credits from the RECA and adjust base rates accordingly. Any unrecovered revenue credit shortfall will be recovered through the ACA process.

F. 8% of JEC Lease Payment and O&M

27. The Parties agree that the $8.3 million of lease payment expense associated with Westar's lease of the 8% interest of Jeffrey Energy Center (JEC) that is currently owned by Midwest Power Company will be removed from base rates and that such removal is reflected in the revenue requirement decrease agreed to by the Parties and stated above. In addition, the Parties agree that the 8% portion of the non-fuel operating and maintenance (NFOM) expense related to the portion of JEC currently owned by Midwest Power Company that is approximately $6.9 million will be removed from base rates and that such removal is reflected in the revenue requirement decrease agreed to by the Parties and stated above.

28. In the event that Westar enters into a new lease for this 8% share of JEC, or purchases the 8% portion of JEC outright, the Parties agree that Westar will be permitted to file a request to include these expenses (lease expenses and NFOM) through the RECA. Any additional wholesale sales that are directly attributable to this lease extension or purchase shall also be included in the RECA in the event that the Commission approves this request. Westar shall be allowed to utilize a regulatory asset to defer actual lease expense and/or NFOM associated with the 8% portion of JEC in the event that a new lease or purchase agreement is reached. In the filing before the Commission, Westar shall have the burden of showing that the new lease or purchase agreement is a prudent decision for its retail customers.

29. In the event that the Commission approves Westar's filing, it may also include the amortization of the regulatory asset into the RECA. In the event that the Commission denies Westar's filing, Westar shall not be allowed to recover the regulatory asset containing deferred lease and NFOM expenses, and Westar shall be allowed to retain any wholesale sales that are directly attributable to the 8% portion of JEC for which the Commission denies Westar recovery of the incurred cost of owning or leasing and operating the 8% portion of JEC. In the event that Westar ends up negotiating a zero-cost transfer of ownership (defined as $0 or $1), Westar is automatically entitled to begin recovering actual NFOM expenses and fuel expenses associated with the 8% ownership of JEC without prior Commission approval.

30. The Parties agree that Westar shall also be allowed to defer any of the 8% of NFOM or capital costs it is unable to recover from Midwest Power Company (or any other third-party owner) as a regulatory asset. Specifically, Westar shall be entitled to begin

> accruing unrecovered costs to the regulatory asset when Midwest Power Company (or any other third-party owner) is more than 60 days late in making a payment. If Midwest Power Company (or the other third-party owner) ultimately makes payment, the regulatory asset will be reduced for such payment. At the time of Westar's next general rate case, Westar may request recovery of the balance of unrecovered costs that have been deferred in the regulatory asset upon a showing that Westar made reasonable efforts to recover the costs from Midwest Power Company, or any other third-party owner.
>
> 31. Nothing in this settlement is intended to prejudge Westar's claim for recovery of the unrecovered NFOM and capital costs deferred in the regulatory asset; recoverability will be determined by the Commission at the time that Westar makes its request for recovery of the regulatory asset. Staff, CURB, and other intervenors specifically reserve their right to make any argument with regard to recovery of the regulatory asset, including the right to argue that none of the regulatory asset should be recovered from customers.
>
> 32. Additionally, Staff and CURB agree that in the event Westar is unable to recover any of the NFOM or capital costs for which Midwest Power Company, or any third-party owner is responsible after the expiration of the lease for the 8% portion of JEC, Staff and CURB will consider taking steps to encourage the Commission to exercise its jurisdiction over Midwest Power Company (or any other third-party owner) and enforce the party's payment obligations.[1]

C. Settlement between Westar and MWP

12. Subsequent to the evidentiary hearing and submission of briefs in the MWP Certificate Docket, Westar and MWP held meetings to discuss a possible resolution of their dispute.

13. Ultimately, Westar determined that there was value in obtaining ownership of the 8% interest from MWP and consolidating ownership of JEC under the same parent company – the other 8% continues to be held by GMO, which is a sister company of Westar's under Evergy, Inc. – eliminating potential discord attendant to joint ownership of JEC by Evergy utilities GMO and

[1] Non-Unanimous Stipulation and Agreement, Docket No. 18-WSEE-328-RTS, ¶¶ 25-32 ("Rate Case S&A").

Westar with MWP, a financial institution co-owner with no prior utility experience and expressed determination to not pay the cost related to its 8% share of the capital and NFOM costs. Westar also determined that there was value in eliminating the risk of extended, time-consuming, and expensive litigation and eliminating the potential of an adverse outcome in litigation. Additionally, resolution of the dispute with MWP allows the Commission and other parties to not be further burdened by likely contentious oversight and regulation of an unwilling out-of-state owner of 8% of the JEC. To the benefit of customers, the settlement also allows Westar to return the 8% of JEC to operation and allows that share of the JEC output to be contributed to the SPP market.

14. In light of these considerations, Westar agreed to a settlement with MWP that will result in the transfer of ownership of the 8% interest in JEC from MWP to Westar. The details of that settlement are included in the Settlement Agreement that was executed by Westar and MWP and that is attached to Mr. Ives' Direct Testimony as Attachment A and are also summarized as follows:

- Westar and MWP entered into a seven-month lease, leasing the 8% of JEC owned by MWP to Westar.
    - The lease payment is $690,000 per month, which represents the average lease payment amount under the previous lease between Westar and MWP.
    - The seven-month lease period is retroactive to January 4, 2019 so that there is no effective transfer of control of the 8% interest to MWP.
    - The seven-month period will be utilized to ensure that all due diligence and contractual work related to Westar's purchase of the 8% interest is completed.
- At the end of the seven-month lease, MWP will transfer its 8% interest in JEC to Westar upon Westar's payment of $3.7 million.

15. The Settlement Agreement (Attachment A to Ives' Direct Testimony) that will result in the transfer of ownership of the 8% interest in JEC to Westar on August 4, 2019 was executed on February 8, 2019. Westar and MWP also initiated two short-term lease extensions (attached to Mr. Ives' Direct Testimony as Attachments B and C) in order to immediately get the 8% interest of JEC back in service and then, on February 8, 2019, executed the lease agreement for the remainder of the seven-month lease term (attached to Mr. Ives' Direct Testimony as Attachment D). In order to finalize the transaction, during the seven-month lease period, Westar and MWP will prepare additional documents including the Bill of Sale, mortgage releases, and the UCC termination statements, that will be executed in connection with the conveyance of the interest.

D. <u>Reasonableness of Westar's Decision to Enter Settlement with MWP</u>

16. By structuring the settlement with the lease extension and then Westar's purchase of the 8% interest, Westar was able to execute the initial lease extension agreement quickly, which allowed Westar to immediately place the 8% of JEC that had been de-rated and not available to offer in to the SPP market to serve customers since January 4, 2019, back in service and begin bidding that share of the energy from JEC into the SPP market. The structure of the settlement with the seven-month lease extension, and then a purchase of the interest from MWP by Westar for $3.7 million at the conclusion of the lease allows Westar and its customers immediate and permanent access to the energy and capacity associated with the 8% interest. The settlement also avoids Westar and our customers' exposure to significant ongoing expenses, discussed below, as well as providing intangible benefits to numerous parties as also discussed below.

17. Westar has been incurring NFOM costs associated with the 8% interest since expiration of the lease on January 4, 2019, because the de-rate of the unit has little or no impact

on the amount of operating and maintenance costs for the plant and Westar must continue operating the plant as a whole for the benefit of its customers. Additionally, Westar has continued to incur expenses for purchasing coal for the 8% portion of JEC because it is not prudent for Westar to adjust its coal deliveries on a short-term basis to reflect the de-rate of the plant. However, because of the de-rate, the amount of energy available to be bid into the SPP market was decreased by 8% until the January 28th lease extension was executed.

18. MWP made it clear in the MWP Certificate Docket that it had no intent whatsoever to pay Westar for MWP's share of expenses at JEC. In order to move forward with litigation to remove MWP as an owner under the JEC Ownership Agreement, Westar would have had to incur, at a minimum, six months of unpaid expenses. Then, Westar would have continued to incur unpaid expenses during an expected extended litigation process, which could have lasted another two years or more.

19. Westar would have incurred significant legal expenses to pursue removal of MWP as an owner and defend against any legal claims brought by MWP against Westar. Also, there would have been a risk of an unfavorable outcome in litigation where Westar and its customers could have been left with unreimbursed expenses indefinitely.

20. Significant value is created for customers by placing the 8% of JEC back into service quickly through the use of the seven-month lease extension. Westar will sell the energy produced from the 8% interest into the SPP market and customers will benefit from any revenue Westar receives from SPP for those sales, which will flow through the RECA if this Application to recover related expenses through the RECA is approved. Because Westar would have been incurring very close to the same level of operating and fuel expense to run the plant regardless of whether it leases/owns the 8% or not – given MWP's insistence that it would not pay its share of

those costs after the lease expired and the minimum timeframe of six months it would have taken to even start the process to remove MWP as an owner – any revenue received during the seven-month lease period in excess of the lease payments will be a net benefit to customers. As Mr. Ives testifies in his Direct Testimony, attached hereto, in 2019, monthly revenue from energy sales into the SPP market is expected to be approximately $1.4 million per month. This expected revenue easily justifies the $690,000 per month lease expense Westar will incur under the seven-month lease extension, with a net monthly benefit to customers of more than $700,000.

21. Acquisition by Westar of MWP's 8% interest in JEC will provide Westar and its customers with access to 174 MW of additional capacity and the associated energy at a very reasonable price. The $3.7 million purchase price is reasonable and will benefit Westar's customers. First, the MWP incurred capital and NFOM cost are expected to be almost $7.8 million in 2019 alone. Given that foreclosure for non-payment cannot begin until after six months of non-payment, and the likelihood of litigation, it is reasonable to assume a minimum of twelve months and more likely 24 to 30 months to resolve the matter. The result would be likely nonpayment balances somewhere between $17 million and $21 million, or multiples more than the $3.7 million purchase price.

22. Second, customers received substantial benefits as a result of Westar's assumption of the lease of the 8% interest in JEC in 2007 and Westar's sale of that power to MKEC through a PPA, including receipt of a $3.5 million consent fee that was paid to Westar by Aquila when Westar assumed the lease. Mr. Ives provides testimony regarding the calculation of the net benefit to customers since Westar assumed the lease in 2007, an amount that has served to reduce customers' rates during that time period. Given the structure of the transaction of the initial sale/leaseback and Westar's assumption of the lease, incurrence of the $3.7 million purchase price

to bring the transaction to a close in a manner that best serves the public interest, including an end to any potential litigation with MWP and clarity for Westar and GMO as the owners of the plant going forward, is reasonable given the significant benefits that customers have already received.

23. In addition, there is also intangible value in consolidating ownership of JEC under one parent company, Evergy, Inc., which would result from Westar's acquisition of the 8% interest of MWP, rather than continued ownership by a financial institution with no prior utility operating experience. Those benefits relate to the Commission not having to regulate a reluctant utility operating in the state such as MWP, Westar not having to jointly own the largest power plant in the state with a reluctant partner in MWP, and similar savings for CURB and other typical participants in Kansas regulatory proceedings.

E. Costs Incurred or to be Incurred by Westar related to the 8% Interest in JEC

24. During the seven-month lease extension period, beginning on January 4, 2019, through August 4, 2019, Westar has and will continue to incur NFOM expenses related to the 8% interest and $690,000 per month in lease expense. Those costs are not currently being recovered from customers pursuant to the Settlement Agreement in the Westar GRC Docket but are eligible to be requested for recovery through RECA as reflected in paragraph 28 of the Settlement Agreement.

25. At the conclusion of the seven-month lease, when ownership of the 8% interest in JEC is transferred to Westar, Westar will incur the previously mentioned capital costs of $3.7 million to purchase the ownership interest. Westar will also continue to incur future NFOM expenses related to that 8% interest, but as the owner of the interest going forward instead of as the lessee. Those costs are not currently being recovered from customers pursuant to the

Settlement Agreement in the Westar GRC Docket, but are also eligible to be requested for recovery through RECA as reflected in paragraph 28 of the Settlement Agreement.

II. Request regarding Lease Expense and NFOM during Seven-Month Lease

26. As indicated above, paragraphs 28 and 29 of the Rate Case S&A provide, in part:

> In the event that Westar enters into a new lease for this 8% share of JEC, or purchases the 8% portion of JEC outright, the Parties agree that Westar will be permitted to file a request to include these expenses (lease expenses and NFOM) through the RECA. Any additional wholesale sales that are directly attributable to this lease extension or purchase shall also be included in the RECA in the event that the Commission approves this request. Westar shall be allowed to utilize a regulatory asset to defer actual lease expense and/or NFOM associated with the 8% portion of JEC in the event that a new lease or purchase agreement is reached. In the filing before the Commission, Westar shall have the burden of showing that the new lease or purchase agreement is a prudent decision for its retail customers . . . In the event that the Commission approves Westar's filing, it may also include the amortization of the regulatory asset into the RECA.

27. Therefore, pursuant to these paragraphs of the Rate Case S&A, Westar began deferring the lease expense and NFOM expense associated with the 8% interest in JEC being leased from MWP that were incurred after the effective date of the lease extension and will continue deferring those amounts through the date the Commission issues its order in this docket. Westar requests authority from the Commission to recover that deferred amount through the RECA. Westar also requests authority from the Commission to begin recovering through the

RECA the lease expense and NFOM expense associated with the 8% interest in JEC being leased from MWP that is incurred after the Commission's order in this docket.[2]

28. The total amount of lease expense that will be recovered through the RECA will be \$4.83 million. Westar estimates the total amount of NFOM expense related to the 8% interest in JEC being leased will be approximately \$3.2 million during the seven-month term of the lease. Westar requests authority to recover these amounts through the RECA, as reflected in the redlined RECA Tariff, attached hereto.

III. Request regarding future NFOM incurred after Westar's Purchase of 8% Interest of JEC

29. Westar requests authority pursuant to paragraph 28 of the Rate Case S&A to recover the NFOM expenses associated with the 8% interest in JEC it is purchasing from MWP through the RECA. In the event the purchase is completed prior to the Commission's order in this docket, pursuant to paragraphs 28 and 29 of the Rate Case Settlement Agreement, Westar will defer any NFOM expense associated with the 8% interest being purchased incurred between the

[2] Capital costs attributed to the 8% interest that are incurred during the lease extension period will be recorded as leasehold improvements (as done historically) to be addressed in next general rate case.

date of the closing of the transaction and the date of the Commission order in this docket and requests authority to recover that deferred amount through the RECA.

30. The purchase of the 8% interest in JEC for $3.7 million[3] is prudent for Westar's retail customers for the reasons discussed in Section I(D) above and further supported by the Direct Testimony of Darrin Ives, attached hereto.

31. Westar estimates that the NFOM associated with the 8% interest of JEC will be approximately $440,000 per month going forward. Westar requests authority to recover actual NFOM costs incurred through the RECA, as reflected in the redlined RECA Tariff, attached hereto.

IV. Conclusion

32. Westar has attached hereto a redlined version of its RECA tariff reflecting the changes necessary to allow for the recovery requested herein.

33. Westar has also attached hereto the Direct Testimony of Darrin Ives in support of its Joint Application.

34. Westar requests that the Commission issue its order in this docket within 60 days of this application. Westar requests this expedited treatment because allowing Westar to begin recovering lease expense and NFOM expense through the RECA will result in less of a deferral balance and will smooth recovery of those expenses over time, rather than recovering a larger deferred amount all at one time. It will also match the timing of the recovery of expenses with the timing that customers are receiving benefits from gaining access to additional capacity and energy from JEC. Westar has discussed this request for expedited treatment with Staff and Staff indicated

[3] Inclusion in rates of the $3.7 million in capital costs, as well as any capital costs associated with the 8% interest incurred after Westar's purchase of that interest, will be recorded to plant accounts consistent with FERC regulations and addressed consistent with all other plant investment in Westar's next general rate case.

that pending their review of the final Application and testimony in support filed in this docket, they did not have a concern with the requested timing.

WHEREFORE, Joint Applicants respectfully request that the Commission issue an order approving the recovery of the costs specified above through its RECA tariff.

Respectfully submitted,

/s/ Cathryn J. Dinges

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 1

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

APPLICABLE

To all bills rendered by Company (Westar Energy, Inc. and Kansas Gas and Electric Company) for utility service, permitting recovery of fuel cost.

BASIS FOR ADJUSTMENT

A Retail Energy Cost Adjustment (RECA) shall be added to a customer's bill by multiplying the number of kilowatt-hours delivered over the billing month by an RECA Factor determined by the following formula:

RECA Factor = FA

The FA (Fuel Adjustment) component of the RECA Factor shall be calculated quarterly as follows:

$$FA = \frac{(F_P + P_P + E_P - NRCA_P + JEC_P)}{(.01) \times S_P} + ACAF_P$$

Where:

F_P = Projected cost of fuel expense shall explicitly include the fuel stock initially recorded in Account 151, Fuel Stock or Account 120, Nuclear Fuel assemblies in reactor plus materials and supplies initially charged to Account 154, Plant Materials and Supplies consumed with the fuel and related to energy production or reducing air emissions permitting the generation of energy plus fuel and other expenses directly charged to Accounts 501, Fuel, 518 Nuclear Fuel Expense, and 547 Fuel. Explicitly excluded from projected fuel cost is any internal labor charge to accounts 501, 518, and 547.

P_P = Projected cost of purchased power to be incurred associated with energy delivered to customers over a billing quarter. The following projected components shall be included in the purchased power calculation:

Issued ______________________
Month Day Year

Effective ______________________
Month Day Year

By______________________
Darrin Ives, Vice President

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 2

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

- Purchased power costs, including those paid to renewable generators, recorded as purchased energy costs to account 5550000, exclusive of capacity, demand and other fixed charges.
- Revenue received from the sale of power to third parties (including the SPP) recorded in account 4471000
- Other payments made to renewable generators to curtail production when economical to do so and recorded in Account 5571000,
- "Other SPP Charges and Credits." ("Other SPP Charges and Credits" are specifically listed below, along with the anticipated FERC accounts that they will be recorded to, in Notes 11-13 to the tariff).
- Virtual Energy Transactions and Fees for legitimate hedging purposes, as discussed in Note 14 to the tariff below.
- Purchases and sales of energy outside of SPP recorded in Account 4265101 and 4215101, respectively.
- Transmission expense inside or outside of SPP necessary to make purchases and Sales outside of SPP, which is not otherwise recovered through Westar's Transmission Formula Rate or Transmission Delivery Charge, and recorded to Account 5650000.

E_P = The projected emission allowance costs to be recorded in Account 509 and gains or losses of emission allowances to be recorded in Account 411.8 or 411.9 respectively during the billing quarter.

$NRCA_P$ = Projected cost to achieve sales to Company's Non-Requirements Customers during the billing quarter.

JEC_P = Projected lease expense and projected Non-Fuel Operation and Maintenance expenses associated with 8% ownership of the Jeffrey Energy Center on or after 1/4/19. The amounts occurring beginning 1/4/19 through the date the costs are first included in the RECA factor will be recovered by incorporating an amount in each remaining quarter's RECA factor in 2019 to evenly recover the costs through the end of 2019.

Issued ____ Month Day Year

Effective ____ Month Day Year

By____

Darrin Ives, Vice President

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 3

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

S_P = Projected kWhs to be delivered to all Company's Requirements Customers during the billing quarter.

Requirements Customers = Requirements Customers are retail customers of Company plus wholesale customers with agreements with a fuel clause and an initial term of 10 years or longer that provide for the explicit recovery of system average fuel expense.

Non-Requirements Customers = Non-Requirements Customers are wholesale customers taking service pursuant to a contract with an initial term of one-year or greater. These customers include participation power sales contracts, and contracts with cooperatives and municipal utilities not subject to a fuel clause. Non-Requirements Customers are also customers taking service under the Solar kW or Solar kWh tariffs for that part of their service purchased under one of the aforementioned tariffs.

Note: All quarterly projected costs and sales will be derived from a production costing simulation model. Outputs from the model will include the projected costs of fuel and purchased power, and projected costs to achieve non-requirements sales. Actual costs and sales for NRCA will be derived from a production costing simulation model using actual inputs for the quarter.

The $ACAF_P$ (Projected Annual Correction Adjustment Factor) shall be calculated as follows:

$$ACAF_P = \frac{(F_A + P_A + E_A - NRCA_A - FAR_A \pm WR + WPWF_E - WPWF_D + JEC_A) + ACAB}{(.01) \times S_A}$$

Where:

F_A = Actual cost of fuel expense shall explicitly include the fuel stock initially recorded in Account 151, Fuel Stock or Account 120, Nuclear Fuel assemblies in reactor plus materials and supplies initially charged to Account 154, Plant Materials and Supplies consumed with the fuel and related to energy production or reducing air emissions

Issued ____________________
Month Day Year

Effective ____________________
Month Day Year

By____________________
Darrin Ives, Vice President

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 4

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

permitting the generation of energy plus fuel and other expenses directly charged to Accounts 501, Fuel, 518 Nuclear Fuel Expense, and 547 Fuel. Explicitly excluded from projected fuel cost is any internal labor charge to accounts 501, 518, and 547.

P_A = The actual purchased power costs for the previous ACA year. The following components shall be included in the purchased power calculation:

- Purchased power costs, including those paid to renewable generators, recorded as purchased energy costs to account 5550000, exclusive of capacity, demand and other fixed charges.
- Revenue received from the sale of power to third parties (including the SPP) recorded in account 4471000
- Other payments made to renewable generators to curtail production when economical to do so and recorded in Account 5571000,
- “Other SPP Charges and Credits.” (“Other SPP Charges and Credits” are specifically listed below, along with the anticipated FERC accounts that they will be recorded to, in Notes 11-13 to the tariff).
- Virtual Energy Transactions and Fees for legitimate hedging purposes, as discussed in Note 14 to the tariff below.
- Purchases and sales of energy outside of SPP recorded in Account 4265101 and 4215101, respectively.
- Transmission expense inside or outside of SPP necessary to make purchases and Sales outside of SPP, which is not otherwise recovered through Westar’s Transmission Formula Rate or Transmission Delivery Charge, and recorded to Account 5650000.

In addition, the revenue received from the sale of Renewable Energy Credits (RECs) and the revenue received from the Renewable Energy Program Rider shall be credited as an offset to purchased power.

E_A = The actual emission allowance costs recorded in Account 509 and gains or losses of

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THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 5

which was filed September 27, 2018

Deleted: October 28, 2015

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

Sheet 5 of 10 Sheets

RETAIL ENERGY COST ADJUSTMENT

emission allowances recorded in Account 411.8 or 411.9 respectively for the previous ACA year.

$NRCA_A$ = The calculated actual cost to achieve sales to Company's Non-Requirements Customers during the previous ACA year.

FAR_A = The actual Fuel Adjustment revenue for the previous ACA year.

WR = The difference (increase or decrease) between wholesale requirements customers' non-fuel revenue being credited to base rates (including but not limited to the revenues associated with Mid-Kansas Electric Company Purchased Power Agreement on Jeffrey Energy Center) as set in the most recent base rate proceeding (the non-fuel base line revenue) and the actual non-fuel revenue received by Company in the ACA year. This difference will be (refunded)/recovered in the ACAF.

$WPWF_E$= The three-year rolling average of actual MWh production of Western Plains Wind Farm greater than 1,193,878 MWh's beginning with the three year-average period ending December 2020, multiplied by $20.70/MWh.

$WPWF_D$= The three-year rolling average of actual MWh production of Western Plains Wind Farm less than 1,095,556 MWh's beginning with the three year-average period ending December 2020, multiplied by $20.70/MWh.

JEC_A= The lease expense and the amount of actual Non-Fuel Operations and Maintenance expenses associated with 8% ownership of the Jeffrey Energy Center which was conveyed to the Company on or after 1/4/19.

Deleted: incurred by the Company

Deleted: 3

Deleted: at a cost of $0 or $1.

$ACAB_A$ = The actual ACA balance from the previous ACA year.

S_A = kWhs delivered to Company's Requirements Customers during the previous ACA year.

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THE STATE CORPORATION COMMISSION OF KANSAS

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(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 6

which was filed September 27, 2018

Deleted: October 28, 2015

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

Sheet 6 of 10 Sheets

RETAIL ENERGY COST ADJUSTMENT

ACA year = The ACA year shall begin with the delivery of energy during the first billing cycle of January and ending with the last billing cycle in December of each year. Modifications to ACAFs shall be implemented in first billing cycle of the second quarter of each year.

NOTES TO THE TARIFF:

1. The adjustment factor will be expressed in cents per kilowatt-hour rounded to the nearest one-thousandth of a cent.

2. The references to FERC Accounts are from the FERC uniform system of accounts.

3. The FA component of the RECA Factor will be computed quarterly.

4. The Company shall submit to the State Corporation Commission of Kansas on or before the 20th of the month ending that quarter, a Retail Energy Cost Adjustment report, in a format prescribed by the Commission, showing the calculation of the next quarter's factor.

5. The Company shall submit a calculation of the $ACAF_P$ to the State Corporation Commission of Kansas on or before March 20th of each year in a format prescribed by the Commission, showing the calculation of the ACAF. The Company may elect to file for a change in the ACAF more frequently than once per year.

6. For each twelve-month billing period ending in December, any quarterly differences between actual cost and actual RECA revenue shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. The Company shall also determine any annualized over or under-recovery relative to the ACAF. The ACAF for an ACA year shall be computed as shown above. Any fuel and purchased power cost over-recovery or under-recovery shall be combined with any over-recovery or under-recovery associated with the previous year's ACAF. The total amount of any over/under recovery shall be divided by the actual sales to Requirements Customers made during the previous ACA year.

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(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 7

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

7. The ACAF shall be rounded to the nearest $0.000001 per kWh and applied to sales billed on or after the first day of the billing month following the quarter the adjustment has been approved by the Commission or as implemented subject to refund. The ACAF for the current ACA year shall remain in effect until superceded by an ACAF for a subsequent period.

8. Service hereunder is subject to the Company's General Terms and Conditions as approved by the State Corporation Commission of Kansas and any modifications subsequently approved.

9. All provisions of this rate schedule are subject to changes made by order of the regulatory authority having jurisdiction.

10. The WR base line revenue will remain unchanged until a general rate proceeding at which time it will be updated to the current non-fuel revenue reflected in base rates.

11. At the time the SPP Integrated Marketplace is first implemented, the following "SPP Charges and Credits" will be recorded to FERC Account 4471000 and 4471020 when the result is net revenue to Westar: Day-Ahead Asset Energy, Day-Ahead Non-Asset Energy, Real-Time Asset Energy, Real-Time Non-Asset Energy, Day-Ahead Make Whole Payment, Real-Time Make Whole Payment, Day-Ahead Demand Reduction, Day-Ahead Grandfathered Agreement Carve-Out Daily Amount, Day-Ahead Grandfathered Agreement Carve-Out Monthly Amount, Day-Ahead Grandfathered Agreement Carve-Out Yearly Amount, Day-Ahead Regulation-Down, Day-Ahead Regulation-Up, Day-Ahead Spinning Reserves, Day-Ahead Supplemental Reserves, Real-Time Contingency Reserve Deployment Failure, Real-Time Demand Reduction, Real-Time Out-of-Merit, Real-Time Regulation Deployment Adjustment, Real-Time Regulation Non-Performance, Real-Time Regulation-Down, Real-Time Regulation-Up, Real-Time Reserve Sharing Group, Real-Time Spinning Reserves, and Real-Time Supplemental Reserves. The "SPP Charges and Credits" recorded to FERC Account 4471000 may change in the future if SPP receives

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(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 8

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved "SPP Charges or Credits," Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

12. At the time the SPP Integrated Marketplace is first implemented, the following "SPP Charges and Credits" will be recorded to FERC Account 5550000 and 5550020 when the result is a net expense to Westar: Day-Ahead Asset Energy, Day-Ahead Non-Asset Energy, Real-Time Asset Energy, Real-Time Non-Asset Energy, Auction Revenue Right Funding, Auction Revenue Right Monthly Payback, Auction Revenue Right Uplift, Auction Revenue Right Yearly Closeout, Auction Revenue Right Yearly Payback, Day-Ahead Demand Reduction Distribution, Day-Ahead Over-Collected Losses Distribution, Day-Ahead Regulation-Down Distribution, Day-Ahead Regulation-Up Distribution, Day-Ahead Spinning Reserves Distribution, Day-Ahead Supplemental Reserves Distribution, GFA Carve Out Distribution Daily Amount, GFA Carve Out Distribution Monthly Amount, GFA Carve Out Distribution Yearly Amount, Real-Time Contingency Reserve Deployment Failure Distribution, Real-Time Demand Reduction Distribution, Real-Time Joint Operating Agreement, Real-Time Over-Collected Losses Distribution, Real-Time Pseudo-Tie Congestion Amount, Real-Time Pseudo-Tie Losses Amount, Real-Time Regulation Non-Performance Distribution, Real-Time Regulation-Down Distribution, Real-Time Regulation-Up Distribution, Real-Time Reserve Sharing Group Distribution, Real-Time Spinning Reserves Distribution, Real-Time Supplemental Reserves Distribution, Revenue Neutrality Uplift Distribution, Transmission Congestion Right Auction Transaction, Transmission Congestion Right Funding, Transmission Congestion Right Monthly Payback, Transmission Congestion Right Uplift, Transmission Congestion Right Yearly Closeout, and Transmission Congestion Right Yearly Payback. The "SPP Charges and Credits" recorded to FERC Account 5550000 may change in the future if SPP receives approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges

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(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 9

which was filed September 27, 2018

Deleted: October 28, 2015

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

RETAIL ENERGY COST ADJUSTMENT

or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved “SPP Charges or Credits,” Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

13. At the time the SPP Integrated Marketplace is first implemented, the following “SPP Charges and Credits” will be recorded to FERC Account 5571000: Day-Ahead Make Whole Payment Distribution, Miscellaneous, and Real-Time Make Whole Payment Distribution. The “SPP Charges and Credits” recorded to FERC Account 5571000 may change in the future if SPP receives approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved “SPP Charges or Credits,” Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

14. Virtual Energy Transactions with SPP, (Day-Ahead Virtual Energy, Real-Time Virtual Energy, and Day-Ahead Virtual Transaction Fee), shall be included as a cost of Purchased Power as long as the virtual transaction serves a legitimate hedging purpose such as:
    - In support of physical operations related to a generating resource, including but not limited to start-up, shut-down, and unanticipated equipment failures.
    - In anticipation of significant deviations in load or weather forecast, or
    - Other similar situations in which the primary purpose of entering into the virtual transaction is to reduce risk to Westar ratepayers.

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(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 10

which was filed September 27, 2018

Deleted: October 28, 2015

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

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RETAIL ENERGY COST ADJUSTMENT

15. On or before the 20th of each calendar month, the Company shall submit to the State Corporation Commission a report detailing all of the Virtual Energy Transactions entered into the previous calendar month. For each Virtual Energy Transaction, the form attached to the tariff as Appendix A shall be filled out completely and submitted with the monthly report.

16. On or before the 20th of each calendar month, the Company shall submit to the State Corporation Commission a report summarizing the activity in Accounts 4471000, 5550000, 5571000, 5650000, 4215101, and 4265101. The Report shall provide by Account, by SPP Charge Type for SPP transactions, the net change in the Account balance, and MWh's purchased or sold for the month. The report shall be similar in format to that attached as Appendix B to the Tariff.

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THE STATE CORPORATION COMMISSION OF KANSAS

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SCHEDULE RECA

WESTAR RATE AREA
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Replacing Schedule RECA Sheet 1

which was filed September 27, 2018

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

RETAIL ENERGY COST ADJUSTMENT

APPLICABLE

To all bills rendered by Company (Westar Energy, Inc. and Kansas Gas and Electric Company) for utility service, permitting recovery of fuel cost.

BASIS FOR ADJUSTMENT

A Retail Energy Cost Adjustment (RECA) shall be added to a customer's bill by multiplying the number of kilowatt-hours delivered over the billing month by an RECA Factor determined by the following formula:

RECA Factor = FA

The FA (Fuel Adjustment) component of the RECA Factor shall be calculated quarterly as follows:

$$FA = \frac{(F_P + P_P + E_P - NRCA_P + JEC_P)}{(.01) \times S_P} + ACAF_P$$

Where:

F_P = Projected cost of fuel expense shall explicitly include the fuel stock initially recorded in Account 151, Fuel Stock or Account 120, Nuclear Fuel assemblies in reactor plus materials and supplies initially charged to Account 154, Plant Materials and Supplies consumed with the fuel and related to energy production or reducing air emissions permitting the generation of energy plus fuel and other expenses directly charged to Accounts 501, Fuel, 518 Nuclear Fuel Expense, and 547 Fuel. Explicitly excluded from projected fuel cost is any internal labor charge to accounts 501, 518, and 547.

P_P = Projected cost of purchased power to be incurred associated with energy delivered to customers over a billing quarter. The following projected components shall be included in the purchased power calculation:

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(Name of Issuing Utility)

WESTAR RATE AREA
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SCHEDULE RECA

Replacing Schedule RECA Sheet 2

which was filed September 27, 2018

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

RETAIL ENERGY COST ADJUSTMENT

- Purchased power costs, including those paid to renewable generators, recorded as purchased energy costs to account 5550000, exclusive of capacity, demand and other fixed charges.
- Revenue received from the sale of power to third parties (including the SPP) recorded in account 4471000
- Other payments made to renewable generators to curtail production when economical to do so and recorded in Account 5571000,
- “Other SPP Charges and Credits.” (“Other SPP Charges and Credits” are specifically listed below, along with the anticipated FERC accounts that they will be recorded to, in Notes 11-13 to the tariff).
- Virtual Energy Transactions and Fees for legitimate hedging purposes, as discussed in Note 14 to the tariff below.
- Purchases and sales of energy outside of SPP recorded in Account 4265101 and 4215101, respectively.
- Transmission expense inside or outside of SPP necessary to make purchases and Sales outside of SPP, which is not otherwise recovered through Westar’s Transmission Formula Rate or Transmission Delivery Charge, and recorded to Account 5650000.

E_P = The projected emission allowance costs to be recorded in Account 509 and gains or losses of emission allowances to be recorded in Account 411.8 or 411.9 respectively during the billing quarter.

$NRCA_P$ = Projected cost to achieve sales to Company’s Non-Requirements Customers during the billing quarter.

JEC_P = Projected lease expense and projected Non-Fuel Operation and Maintenance expenses associated with 8% ownership of the Jeffrey Energy Center on or after 1/4/19. The amounts occurring beginning 1/4/19 through the date the costs are first included in the RECA factor will be recovered by incorporating an amount in each remaining quarter’s RECA factor in 2019 to evenly recover the costs through the end of 2019.

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RETAIL ENERGY COST ADJUSTMENT

S_P = Projected kWhs to be delivered to all Company's Requirements Customers during the billing quarter.

Requirements Customers = Requirements Customers are retail customers of Company plus wholesale customers with agreements with a fuel clause and an initial term of 10 years or longer that provide for the explicit recovery of system average fuel expense.

Non-Requirements Customers = Non-Requirements Customers are wholesale customers taking service pursuant to a contract with an initial term of one-year or greater. These customers include participation power sales contracts, and contracts with cooperatives and municipal utilities not subject to a fuel clause. Non-Requirements Customers are also customers taking service under the Solar kW or Solar kWh tariffs for that part of their service purchased under one of the aforementioned tariffs.

Note: All quarterly projected costs and sales will be derived from a production costing simulation model. Outputs from the model will include the projected costs of fuel and purchased power, and projected costs to achieve non-requirements sales. Actual costs and sales for NRCA will be derived from a production costing simulation model using actual inputs for the quarter.

The $ACAF_P$ (Projected Annual Correction Adjustment Factor) shall be calculated as follows:

$$ACAF_P = \frac{(F_A + P_A + E_A - NRCA_A - FAR_A \pm WR + WPWF_E - WPWF_D + JEC_A) + ACAB}{(.01) \times S_A}$$

Where:

F_A = Actual cost of fuel expense shall explicitly include the fuel stock initially recorded in Account 151, Fuel Stock or Account 120, Nuclear Fuel assemblies in reactor plus materials and supplies initially charged to Account 154, Plant Materials and Supplies consumed with the fuel and related to energy production or reducing air emissions

RETAIL ENERGY COST ADJUSTMENT

permitting the generation of energy plus fuel and other expenses directly charged to Accounts 501, Fuel, 518 Nuclear Fuel Expense, and 547 Fuel. Explicitly excluded from projected fuel cost is any internal labor charge to accounts 501, 518, and 547.

P_A = The actual purchased power costs for the previous ACA year. The following components shall be included in the purchased power calculation:

- Purchased power costs, including those paid to renewable generators, recorded as purchased energy costs to account 5550000, exclusive of capacity, demand and other fixed charges.
- Revenue received from the sale of power to third parties (including the SPP) recorded in account 4471000
- Other payments made to renewable generators to curtail production when economical to do so and recorded in Account 5571000,
- "Other SPP Charges and Credits." ("Other SPP Charges and Credits" are specifically listed below, along with the anticipated FERC accounts that they will be recorded to, in Notes 11-13 to the tariff).
- Virtual Energy Transactions and Fees for legitimate hedging purposes, as discussed in Note 14 to the tariff below.
- Purchases and sales of energy outside of SPP recorded in Account 4265101 and 4215101, respectively.
- Transmission expense inside or outside of SPP necessary to make purchases and Sales outside of SPP, which is not otherwise recovered through Westar's Transmission Formula Rate or Transmission Delivery Charge, and recorded to Account 5650000.

In addition, the revenue received from the sale of Renewable Energy Credits (RECs) and the revenue received from the Renewable Energy Program Rider shall be credited as an offset to purchased power.

E_A = The actual emission allowance costs recorded in Account 509 and gains or losses of

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WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 5

which was filed September 27, 2018

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

RETAIL ENERGY COST ADJUSTMENT

emission allowances recorded in Account 411.8 or 411.9 respectively for the previous ACA year.

$NRCA_A$ = The calculated actual cost to achieve sales to Company's Non-Requirements Customers during the previous ACA year.

FAR_A = The actual Fuel Adjustment revenue for the previous ACA year.

WR = The difference (increase or decrease) between wholesale requirements customers' non-fuel revenue being credited to base rates (including but not limited to the revenues associated with Mid-Kansas Electric Company Purchased Power Agreement on Jeffrey Energy Center) as set in the most recent base rate proceeding (the non-fuel base line revenue) and the actual non-fuel revenue received by Company in the ACA year. This difference will be (refunded)/recovered in the ACAF.

$WPWF_E$= The three-year rolling average of actual MWh production of Western Plains Wind Farm greater than 1,193,878 MWh's beginning with the three year-average period ending December 2020, multiplied by $20.70/MWh.

$WPWF_D$= The three-year rolling average of actual MWh production of Western Plains Wind Farm less than 1,095,556 MWh's beginning with the three year-average period ending December 2020, multiplied by $20.70/MWh.

$JEC_{A=}$ The lease expense and the amount of actual Non-Fuel Operations and Maintenance expenses associated with 8% ownership of the Jeffrey Energy Center which was conveyed to the Company on or after 1/4/19.

$ACAB_A$ = The actual ACA balance from the previous ACA year.

S_A = kWhs delivered to Company's Requirements Customers during the previous ACA year.

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(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 6

which was filed September 27, 2018

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

RETAIL ENERGY COST ADJUSTMENT

ACA year = The ACA year shall begin with the delivery of energy during the first billing cycle of January and ending with the last billing cycle in December of each year. Modifications to ACAFs shall be implemented in first billing cycle of the second quarter of each year.

NOTES TO THE TARIFF:

1. The adjustment factor will be expressed in cents per kilowatt-hour rounded to the nearest one-thousandth of a cent.

2. The references to FERC Accounts are from the FERC uniform system of accounts.

3. The FA component of the RECA Factor will be computed quarterly.

4. The Company shall submit to the State Corporation Commission of Kansas on or before the 20th of the month ending that quarter, a Retail Energy Cost Adjustment report, in a format prescribed by the Commission, showing the calculation of the next quarter’s factor.

5. The Company shall submit a calculation of the $ACAF_P$ to the State Corporation Commission of Kansas on or before March 20th of each year in a format prescribed by the Commission, showing the calculation of the ACAF. The Company may elect to file for a change in the ACAF more frequently than once per year.

6. For each twelve-month billing period ending in December, any quarterly differences between actual cost and actual RECA revenue shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. The Company shall also determine any annualized over or under-recovery relative to the ACAF. The ACAF for an ACA year shall be computed as shown above. Any fuel and purchased power cost over-recovery or under-recovery shall be combined with any over-recovery or under-recovery associated with the previous year's ACAF. The total amount of any over/under recovery shall be divided by the actual sales to Requirements Customers made during the previous ACA year.

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SCHEDULE RECA

Replacing Schedule RECA Sheet 7

which was filed September 27, 2018

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RETAIL ENERGY COST ADJUSTMENT

7. The ACAF shall be rounded to the nearest $0.000001 per kWh and applied to sales billed on or after the first day of the billing month following the quarter the adjustment has been approved by the Commission or as implemented subject to refund. The ACAF for the current ACA year shall remain in effect until superceded by an ACAF for a subsequent period.

8. Service hereunder is subject to the Company's General Terms and Conditions as approved by the State Corporation Commission of Kansas and any modifications subsequently approved.

9. All provisions of this rate schedule are subject to changes made by order of the regulatory authority having jurisdiction.

10. The WR base line revenue will remain unchanged until a general rate proceeding at which time it will be updated to the current non-fuel revenue reflected in base rates.

11. At the time the SPP Integrated Marketplace is first implemented, the following "SPP Charges and Credits" will be recorded to FERC Account 4471000 and 4471020 when the result is net revenue to Westar: Day-Ahead Asset Energy, Day-Ahead Non-Asset Energy, Real-Time Asset Energy, Real-Time Non-Asset Energy, Day-Ahead Make Whole Payment, Real-Time Make Whole Payment, Day-Ahead Demand Reduction, Day-Ahead Grandfathered Agreement Carve-Out Daily Amount, Day-Ahead Grandfathered Agreement Carve-Out Monthly Amount, Day-Ahead Grandfathered Agreement Carve-Out Yearly Amount, Day-Ahead Regulation-Down, Day-Ahead Regulation-Up, Day-Ahead Spinning Reserves, Day-Ahead Supplemental Reserves, Real-Time Contingency Reserve Deployment Failure, Real-Time Demand Reduction, Real-Time Out-of-Merit, Real-Time Regulation Deployment Adjustment, Real-Time Regulation Non-Performance, Real-Time Regulation-Down, Real-Time Regulation-Up, Real-Time Reserve Sharing Group, Real-Time Spinning Reserves, and Real-Time Supplemental Reserves. The "SPP Charges and Credits" recorded to FERC Account 4471000 may change in the future if SPP receives

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SCHEDULE RECA

Replacing Schedule RECA Sheet 8

which was filed September 27, 2018

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

RETAIL ENERGY COST ADJUSTMENT

approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved "SPP Charges or Credits," Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

12. At the time the SPP Integrated Marketplace is first implemented, the following "SPP Charges and Credits" will be recorded to FERC Account 5550000 and 5550020 when the result is a net expense to Westar: Day-Ahead Asset Energy, Day-Ahead Non-Asset Energy, Real-Time Asset Energy, Real-Time Non-Asset Energy, Auction Revenue Right Funding, Auction Revenue Right Monthly Payback, Auction Revenue Right Uplift, Auction Revenue Right Yearly Closeout, Auction Revenue Right Yearly Payback, Day-Ahead Demand Reduction Distribution, Day-Ahead Over-Collected Losses Distribution, Day-Ahead Regulation-Down Distribution, Day-Ahead Regulation-Up Distribution, Day-Ahead Spinning Reserves Distribution, Day-Ahead Supplemental Reserves Distribution, GFA Carve Out Distribution Daily Amount, GFA Carve Out Distribution Monthly Amount, GFA Carve Out Distribution Yearly Amount, Real-Time Contingency Reserve Deployment Failure Distribution, Real-Time Demand Reduction Distribution, Real-Time Joint Operating Agreement, Real-Time Over-Collected Losses Distribution, Real-Time Pseudo-Tie Congestion Amount, Real-Time Pseudo-Tie Losses Amount, Real-Time Regulation Non-Performance Distribution, Real-Time Regulation-Down Distribution, Real-Time Regulation-Up Distribution, Real-Time Reserve Sharing Group Distribution, Real-Time Spinning Reserves Distribution, Real-Time Supplemental Reserves Distribution, Revenue Neutrality Uplift Distribution, Transmission Congestion Right Auction Transaction, Transmission Congestion Right Funding, Transmission Congestion Right Monthly Payback, Transmission Congestion Right Uplift, Transmission Congestion Right Yearly Closeout, and Transmission Congestion Right Yearly Payback. The "SPP Charges and Credits" recorded to FERC Account 5550000 may change in the future if SPP receives approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges

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By______________________________
Darrin Ives, Vice President

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or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved "SPP Charges or Credits," Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

13. At the time the SPP Integrated Marketplace is first implemented, the following "SPP Charges and Credits" will be recorded to FERC Account 5571000: Day-Ahead Make Whole Payment Distribution, Miscellaneous, and Real-Time Make Whole Payment Distribution. The "SPP Charges and Credits" recorded to FERC Account 5571000 may change in the future if SPP receives approval from the Federal Energy Regulatory Commission (FERC) to remove or add new charges or credits and Westar will be permitted to include those new charges or credits in this RECA calculation after they are accepted or approved by FERC. Upon notice that there have been changes to the list of approved "SPP Charges or Credits," Westar will notify Staff in writing of such changes. If Staff does not object to Westar in writing to the inclusion of these new SPP Charges or Credits within 30-days, the revised SPP Charges or Credits may be included in this tariff. If Staff and Westar are unable to agree on whether the revised SPP Charges or Credits should be included in the tariff, Westar will file an Application requesting a change to this tariff to reflect the addition of the revised SPP Charges.

14. Virtual Energy Transactions with SPP, (Day-Ahead Virtual Energy, Real-Time Virtual Energy, and Day-Ahead Virtual Transaction Fee), shall be included as a cost of Purchased Power as long as the virtual transaction serves a legitimate hedging purpose such as:
    - In support of physical operations related to a generating resource, including but not limited to start-up, shut-down, and unanticipated equipment failures.
    - In anticipation of significant deviations in load or weather forecast, or
    - Other similar situations in which the primary purpose of entering into the virtual transaction is to reduce risk to Westar ratepayers.

THE STATE CORPORATION COMMISSION OF KANSAS

WESTAR ENERGY, INC & KANSAS GAS & ELECTRIC COMPANY, d.b.a. WESTAR ENERGY

(Name of Issuing Utility)

WESTAR RATE AREA

(Territory to which schedule is applicable)

SCHEDULE RECA

Replacing Schedule RECA Sheet 10

which was filed September 27, 2018

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

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15. On or before the 20th of each calendar month, the Company shall submit to the State Corporation Commission a report detailing all of the Virtual Energy Transactions entered into the previous calendar month. For each Virtual Energy Transaction, the form attached to the tariff as Appendix A shall be filled out completely and submitted with the monthly report.

16. On or before the 20th of each calendar month, the Company shall submit to the State Corporation Commission a report summarizing the activity in Accounts 4471000, 5550000, 5571000, 5650000, 4215101, and 4265101. The Report shall provide by Account, by SPP Charge Type for SPP transactions, the net change in the Account balance, and MWh's purchased or sold for the month. The report shall be similar in format to that attached as Appendix B to the Tariff.

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Darrin Ives, Vice President