

BEFORE THE KANSAS CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas Power )  
Pool for a Certificate of Convenience and )  
Authority to Transact the Business of an Electric ) Docket No. 18-KPPE-343-COC  
Public Utility in the State of Kansas for )  
Transmission Rights Only in Cross Service )  
Territory of Southern Pioneer Electric Company )  
and Ninnescah Rural Electric Company. )

PREFILED DIRECT TESTIMONY OF

RANDALL D. MAGNISON  
EXECUTIVE VICE PRESIDENT AND ASSISTANT CHIEF EXECUTIVE OFFICER  
SOUTHERN PIONEER ELECTRIC COMPANY

ON BEHALF OF

SOUTHERN PIONEER ELECTRIC COMPANY

JULY 9, 2018

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**I. INTRODUCTION AND BACKGROUND**

**Q. Please state your name and business address.**

A. My name is Randall D. Magnison. My business address for legal service is 1850 W. Oklahoma, Ulysses Kansas 67880 and for mail receipt, PO Box 430, Ulysses Kansas 67880-0430.

**Q. What is your profession?**

A. I am the Executive Vice President and Assistant Chief Executive Officer (“Assistant CEO”) of Southern Pioneer Electric Company (“Southern Pioneer”), a not-for-profit wholly owned subsidiary of Pioneer Electric Cooperative, Inc. (“Pioneer”), pursuant to the Services Agreement entered into between Pioneer and Southern Pioneer on July 7, 2006. Our corporate office is located in Ulysses, Kansas, and our distribution-customer service offices are located in Liberal and Medicine Lodge, Kansas.

**Q. Please describe your responsibilities with Southern Pioneer.**

A. As the Executive Vice President and Assistant CEO of both companies, I provide assistance to the Chief Executive Officer (“CEO”) in the day-to-day management of both Pioneer and Southern Pioneer. Additionally, I oversee all of the Human Resource functions, personnel, compensation planning, benefits administration and regulatory/compliance activities, including ratemaking and regulatory filings. Further, as the Assistant CEO, I work directly for the CEO and with the Board of Directors in establishing policy and rates, implementing strategic programs, and conducting the overall operation of both Pioneer and Southern Pioneer to ensure reliable service at a competitive cost, using generally acceptable industry business practices.

**Q. What is your educational background?**

1 A. I graduated from Friends University in 1991 with a Bachelor of Science Degree in Human  
2 Resource Management. In 2005, I successfully completed the National Rural Electric  
3 Cooperatives' Management Internship Program through the University of Wisconsin.

4 **Q. What is your professional background?**

5 A. I was employed in July 2000 as the Assistant to the CEO at Pioneer Electric. In  
6 September 2005, I served a dual role as the Assistant to the CEO and Southern Pioneer's  
7 Executive Vice President-Chief Operating Officer ("COO"). As the COO of Southern  
8 Pioneer, I was instrumental in the formation of Southern Pioneer and coordinated the  
9 acquisition and transition of Southern Pioneer's portion of the acquired Aquila, Inc., d/b/a  
10 Aquila Networks-WPK ("Aquila") assets from an investor-owned utility to that of a for-  
11 profit C-Corporation, owned by a cooperative and agreeing to operate as a taxable, not-  
12 for-profit entity. In May 2011, I was appointed the Executive Vice President and  
13 Assistant CEO of both Pioneer and Southern Pioneer, the position I continue to hold  
14 today. Prior to July of 2000, I served as Manager of Benefits for Sunflower Electric  
15 Power Corporation ("Sunflower") in Hays, Kansas, where I managed all Statutory and  
16 Welfare Benefit Programs, and provided support to all Sunflower Member Systems and  
17 the 500 plus system employees. Prior to Sunflower, I served seven years as the  
18 Administrator at a regional accounting firm where I managed the daily activities of the  
19 firm, as well as provided compensation and benefit consulting to clients.

20 **Q. Have you previously prepared or presented testimony before the Commission?**

21 A. Yes. I have filed either direct and/or rebuttal testimony in Docket No. 06-MKKEE-524-  
22 ACQ; Docket No. 12-MKKEE-380-RTS; Docket No. 13-MKKEE-452-MIS; Docket No. 14-  
23 SPEE-507-RTS; Docket No. 15-SPEE-116-RTS; Docket No. 15-SPEE-519-RTS; Docket

1 No. 15-SPEE-161-RTS; Docket No. 16-MKEE-023-TAR; Docket No. 16-SPEE-497-  
2 RTS; Docket No. 16-SPEE-501-TAR; Docket No. 17-SPEE-129-TAR; Docket No. 17-  
3 SPEE-476-TAR; Docket No. 17-KPPE-092-COM; Docket No. 17-SPEE-129-TAR;  
4 Docket No. 17-SPEE-476-TAR Docket No. 18-SPEE-241-TAR and Docket No. 18-  
5 SPEE-477-RTS. In addition to preparing testimony or testifying before the Commission, I  
6 have filed applications for the purpose of adopting an *ad valorem* tax surcharge in Docket  
7 No. 13-MKEE-695-TAR, Docket No. 14-SPEE-297-TAR, Docket No. 15-SPEE-267-  
8 TAR, 16-SPEE-306-TAR, 17-SPEE-263-TAR and 18-SPEE-270-TAR.

9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. The purpose of my testimony is to explain and support the position of Southern Pioneer in  
11 opposing the Kansas Power Pool's ("KPP") request for a Certificate of Convenience and  
12 Authority to construct, own and operate a newly proposed 115-34.5 kV substation at a  
13 new interconnection point on the Mid-Kansas Electric Company, Inc. ("Mid-Kansas")  
14 owned Ninnescah 115 kV transmission line ("Ninnescah Transmission Line") and a new  
15 34.5 kV sub-transmission line from the proposed substation to interconnect to the City of  
16 Kingman's existing 34.5 kV sub-transmission line for full delivery service to the City of  
17 Kingman (hereinafter, the "Kingman Direct Connection"). My testimony will address (i)  
18 an overview of K.S.A. 66-1,171 and the other factors considered by the Commission when  
19 deciding whether to grant a certificate of convenience and necessity, and the various  
20 witnesses filing testimony on behalf of Southern Pioneer and Mid-Kansas addressing these  
21 factors, (ii) an overview of Southern Pioneer's 34.5 kV system, including an overview  
22 and history of local access delivery service ("LADS") to wholesale customers and the  
23 associated LADS rates charged, including Southern Pioneer's LADS service to the City of

1 Kingman; and (iii) how the Kingman Direct Connection does not meet the public interest  
2 test under K.S.A. §12-8,111(a) as it results in the duplication of 34.5 kV facilities and  
3 services for service to the City of Kingman, does not ensure the orderly development of  
4 electric service, and increases the potential for disputes between electric suppliers. As part  
5 of this discussion, I will explain how Southern Pioneer’s proposed alternative project  
6 providing for upgrades to its existing SemCrude Substation is the most efficient, least cost  
7 and best project to provide the City of Kingman with full delivery service at Southern  
8 Pioneer’s SemCrude Substation and associated facilities and therefore KPP’s Application  
9 should be denied. Finally, my testimony will address certain factually inaccurate  
10 statements made by KPP in the Direct Testimony of Larry Holloway.

11 **I. THE KINGMAN DIRECT CONNECTION DOES NOT MEET THE PUBLIC**  
12 **INTEREST TEST UNDER K.S.A. §12-8,111(a)**

13 **Q. Why does KPP need Commission approval for the Kingman Direct Connection?**

14 A. While I am not an attorney, I understand that as a result of the 2018 Kansas legislative  
15 session, K.S.A. §12-8,111(a) was amended to provide, among other things, that projects  
16 proposed by MEAs are subject to the standards set out in the Retail Electric Supplier’s Act  
17 under K.S.A. 66-1,170 et seq., and that MEAs must receive Commission approval when  
18 seeking to construct electric facilities in the service territory of another retail electric  
19 supplier. Therefore, the Commission must specifically consider the declaration of public  
20 policy in K.S.A. 66-1,171 when determining whether KPP’s proposed Kingman Direct  
21 Connection project is in the public interest and should be approved in this proceeding.

22 This declaration of public policy is to:

- 23 ○ Encourage the orderly development of retail electric service;
- 24 ○ Avoid wasteful duplication of facilities;

- 1           ○ Avoid unnecessary encumbrance of the landscape of the state;
- 2           ○ Prevent waste of materials and natural resources;
- 3           ○ Facilitate the public convenience and necessity; and
- 4           ○ Minimize disputes between retail electric suppliers which may result in
- 5           inconvenience, diminished efficiency and higher costs in serving the consumer.

6           Staff has recommended that as part of this proceeding, the Commission consider the  
7           economics and rate impacts of Southern Pioneer's SemCrude Upgrade Project as an  
8           alternative to the KPP Kingman Direct Connection in serving the City of Kingman when  
9           deciding whether KPP's request for its certificate in this proceeding facilitates the public  
10          interest.<sup>1</sup>

11       **Q. Are there other authorities addressing the factors to be considered by the**  
12       **Commission in determining whether KPP's request for TRO Certificate for the**  
13       **Kingman Direct Connection is in the public convenience?**

14       A. Yes. Again, while I am not an attorney, I understand that the Supreme Court of Kansas  
15       has noted that the policy considerations that should be taken into account when  
16       determining whether to grant an application for a certificate of convenience are whether  
17       any resulting competition will be ruinous or publicly beneficial, whether the proposed  
18       action will promote adequate and efficient service, and whether the action will  
19       unnecessarily duplicate facilities designed for the same purpose in the same area.<sup>2</sup>  
20       Further, in evaluating an application for certification, the public convenience should be the  
21       Commission's **primary concern**, the interest of public utility companies already serving

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<sup>1</sup> 17-092 Docket, Staff Report and Recommendation, pp. 8-9.

<sup>2</sup> Central Kansas Power Co. v. State Corporation Commission, 206 Kan. 677, 482 P. 2d 1 (1971).

1 the territory its secondary concern, and the desires and solicitations of the applicant a  
2 relatively **minor consideration**.<sup>3</sup>

3 Additionally, in past certificate applications analyzing whether the proposed project  
4 will facilitate the public convenience and necessity, the Commission has considered the  
5 cost and availability of comparable or alternative services to those proposed by the  
6 applicant; the financial and technical capability of the applicant; the applicant's experience  
7 and performance in providing similar service in other service territories or jurisdictions;  
8 and the impact on existing customers and service providers that will result from granting  
9 the applicant the limited certificate requested.<sup>4</sup>

10 **Q. Will you be addressing application of the K.S.A. 66-1,171 factors and other public**  
11 **interest factors to KPP's Kingman Direct Connection Project?**

12 A. Yes, I will address a portion of these public interest factors below. Several of these factors  
13 will also be addressed by other Southern Pioneer and Mid-Kansas witnesses. Specifically,  
14 the following witnesses will address the following:

- 15 • **Mr. Erik Sonju, P.E., CEO, Power System Engineering** - Mr. Sonju will  
16 present and discuss his independent analysis of Southern Pioneer's capital costs  
17 and economics of its proposed SemCrude Substation Upgrade project compared  
18 against KPP's Kingman Direct Connection project. Mr. Sonju will also  
19 demonstrate the duplication of facilities and service, inefficient service and  
20 disruption to the local planning process and resulting disorderly development of  
21 electric service that will occur if KPP is allowed to bypass Southern Pioneer's 34.5  
22 kV system and build the Kingman Direct Connection.
- 23 • **Ms. Elena Larson, Manager, Rates and Regulatory Services, Power System**  
24 **Engineering** – Ms. Larson will present and discuss an analysis of impacts to  
25 Kansas ratepayers for each of the KPP Kingman Direct Connection and Southern  
26 Pioneer's alternative SemCrude Substation Upgrade project.  
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<sup>3</sup> Kansas Gas & Electric Co. v. Public Service Corn., 122 Kan. 462, 466, 251 Pac. 1097 (1927).

<sup>4</sup> Docket No. 07-ITCE-380-COC, Order Approving Stipulation and Agreement and Addressing Application of Statutes (Jun. 5, 2007), ¶¶36-37.

- 1       • **Mr. Brian Beecher, P.E., Manager-Engineering and Operations, Southern**  
2       **Pioneer Electric Company** – Mr. Beecher will discuss Southern Pioneer’s  
3       updated cost estimate for the SemCrude Substation Upgrade, and the technical,  
4       safety and compliance competencies of Southern Pioneer as compared to KPP  
5       when considering the Southern Pioneer SemCrude Substation Upgrade as the  
6       alternative to the KPP Direct Connection. He will also generally address the  
7       duplication of facilities and services and encumbrance of landscape issues for the  
8       Kingman Direct Connection.  
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- 10       • **Dr. Ala Tamimi, P.E., VP Transmission Policy and Planning, Sunflower**  
11       **Electric Power Corporation** – Dr. Tamimi will discuss the purpose and  
12       importance of the local planning process for the 34.5 kV facilities and the role of  
13       Mid-Kansas as the host transmission provider, as well as the planning and  
14       evaluation process followed by Mid-Kansas in addressing KPP’s request for full  
15       service to the City of Kingman.  
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- 17       • **Mr. Davis Rooney, CFO and VP Finance, Sunflower Electric Power**  
18       **Corporation** – Mr. Rooney will address KPP’s cost benefit analysis of the  
19       Kingman Direct Connection and the costs and benefits to the public.  
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- 21       • **Mr. Corey Linville, VP Power Supply and Delivery, Sunflower Electric Power**  
22       **Corporation** – Mr. Linville will address the financial analysis submitted by KPP  
23       as to marketing of excess capacity and the value of increasing import capability  
24       with the Kingman Direct Connection.

25       **II. OVERVIEW OF SOUTHERN PIONEER AND SERVICE TO**  
26       **KINGMAN**

27       **Q. Please provide a brief overview of Southern Pioneer.**

28       A. Southern Pioneer is a not-for-profit, taxable Kansas corporation with its principal place of  
29       business located in Ulysses, Kansas, with distribution and customer service offices in  
30       Liberal and Medicine Lodge, Kansas. Southern Pioneer serves approximately 17,300 total  
31       retail customers, as well as provides, through its agent, Mid-Kansas LADS to wholesale  
32       customers utilizing Southern Pioneer’s 34.5 kV sub-transmission system, in ten south  
33       central and southwest Kansas counties. Southern Pioneer is one of six Member-Owners of  
34       Mid-Kansas,<sup>5</sup> receiving wholesale power supply and transmission services from Mid-

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<sup>5</sup> The six electric utilities that own Mid-Kansas are: Lane-Scott Electric Cooperative, Inc., Southern Pioneer Electric

1 Kansas under a certain all-requirements contract. Southern Pioneer is a certificated  
2 electric public utility regulated by the Commission and is a wholly owned subsidiary of  
3 Pioneer, a not-for-profit member-owned electric cooperative not subject to Commission  
4 regulation for retail ratemaking purposes pursuant to K.S.A. § 66-104d. Southern Pioneer  
5 was granted public utility status on November 21, 2013, when the Commission approved  
6 the transfer of the retail certificated territory, customers, Rules and Regulations, and tariffs  
7 from Mid-Kansas to Southern Pioneer in Docket No. 14-MKEE-447-MIS. Southern  
8 Pioneer is fully regulated by the Commission.

9 **Q. Please provide a brief overview of KPP.**

10 A. KPP is a municipal energy agency (“MEA”) created under K.S.A. 12-885, et seq., and is a  
11 public utility subject to the jurisdiction of the Commission as provided by Kansas law.  
12 KPP provides wholesale capacity, energy and transmission services to over thirty  
13 member/owner municipal electric utilities, including the City of Kingman, pursuant to  
14 contractual arrangements.<sup>6</sup>

15 **Q. Please describe the project KPP is requesting the Commission approve in this**  
16 **proceeding.**

17 A. As stated in the Direct Testimony of Larry Holloway filed in this proceeding, KPP is  
18 requesting the Commission approve a transmission rights only (“TRO”) certificate of  
19 convenience and necessity for the construction of an entirely new 115/34.5 kV substation  
20 and approximately 5 miles of 34.5 kV overhead sub-transmission line connecting to an  
21 existing 34.5 kV line owned and operated by the City of Kingman.<sup>7</sup> This project, known

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Company, Prairie Land Electric Cooperative Association, Inc., The Victory Electric Cooperative Association, Inc.,  
Western Cooperative Electric Association, Inc., and Wheatland Electric Cooperative, Inc.

<sup>6</sup> [www.kpp.agency/about-kpp/kpp-s-story](http://www.kpp.agency/about-kpp/kpp-s-story)

<sup>7</sup> Holloway Direct Testimony, p. 2, lines 12-15.

1 as the “Kingman Direct Connection,” is proposed to be connected to the Ninnescah  
2 Transmission Line for the purpose of providing KPP’s member, the City of Kingman, with  
3 full import and export delivery service.

4 **Q. What are KPP’s current delivery arrangements for service to the City of Kingman?**

5 A. KPP is a wholesale LADS customer of Southern Pioneer,<sup>8</sup> taking service over Southern  
6 Pioneer’s 34.5 kV sub-transmission system. Specifically, KPP takes LADS over Southern  
7 Pioneer’s 34.5 facilities in order to effectuate power supply deliveries to two of its  
8 member cities – the City of Kingman and the City of Greensburg. Additionally, KPP  
9 takes service over Southern Pioneer’s 34.5 kV facilities for the output and delivery of the  
10 Greensburg Windfarm (“GWF”)<sup>9</sup> to loads outside the Mid-Kansas footprint.

11 Before I discuss the specifics of KPP’s local delivery service over Southern Pioneer’s  
12 34.5 kV system for the City of Kingman, I think it would be helpful to provide an  
13 overview of Southern Pioneer’s 34.5 kV system and the associated charges for such  
14 service.

15 **Q. When did Southern Pioneer acquire its 34.5 kV system?**

16 A. The Southern Pioneer 34.5 kV sub-transmission system was initially purchased by Mid-  
17 Kansas on behalf of Southern Pioneer as part of the Aquila-WPK Kansas electric asset  
18 purchase in 2007. As of the closing date, Southern Pioneer and the rest of the Mid-Kansas  
19 Members operated all distribution facilities on behalf of Mid-Kansas, including the 34.5  
20 kV systems, serving the former Aquila-WPK retail and wholesale customers, including the  
21 City of Kingman and City of Greensburg, pursuant to Commission-approved lease and

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<sup>8</sup> In addition to KPP, Southern Pioneer, by and through Mid-Kansas, provides wholesale LADS to Kansas Electric Cooperative, Inc. (“KEPCo”), and the Kansas Municipal Energy Agency. (“KMEA”).

<sup>9</sup> The GWF is owned by the City of Greensburg. KPP has a power purchase agreement with the City for the power generated. KPP then uses that power to supply its member cities.

1 service agreements. Effective December 31, 2007, pursuant to the Commission's order in  
2 Docket No. 08-MKKEE-099-MIS, ownership of the distribution facilities, including the  
3 34.5 kV systems, were transferred from Mid-Kansas to the respective Mid-Kansas  
4 Members; however, the retail service certificates and territories remained with Mid-  
5 Kansas and the Members continued to operate the facilities and serve the retail and  
6 wholesale customers under a new set of electric customer service agreements with Mid-  
7 Kansas. On October 15, 2013, the Commission approved by order in Docket No. 13-  
8 MKEE-447-MIS, the transfer of Mid-Kansas's Certificates of Convenience to the Mid-  
9 Kansas Member-Owners (including Southern Pioneer) to provide retail and wholesale  
10 electric utility and local transmission services in the State of Kansas.

11 **Q. What rates were established for service to customers over the 34.5 kV facilities?**

12 A. As a condition of the settlement agreement of the Aquila-WPK transaction, Mid-Kansas  
13 agreed to operate under the Commission-approved 2005 Aquila-WPK tariff rate schedules  
14 and not implement a rate increase that would affect Aquila-WPK customers until after  
15 March 2009. These acquired rate schedules included LADS rates that had been part of the  
16 Aquila-WPK tariffs since at least 1995. Subsequently, in 2009, Mid-Kansas, as the  
17 certificated service provider, made application in Docket No. 09-MKKEE-969-RTS (the  
18 "09-969 Docket") with the Commission for approval of certain rate schedules for service  
19 to wholesale and retail customers taking service over the respective Members' 34.5 kV  
20 facilities in order to reflect the appropriate cost of service of providing retail and  
21 wholesale service to the Mid-Kansas customers served by the respective Mid-Kansas  
22 Member. Mid-Kansas replaced the single Aquila-WPK LADS rate with a separate  
23 wholesale LADS rate for each Mid-Kansas Member division, including Southern Pioneer,

1 for third parties taking wholesale LADS over the Member-owned 34.5 kV sub-  
2 transmission facilities. The retail rate for customers taking service over the 34.5 kV  
3 facilities is bundled and recovered through the composite retail rate for each Mid-Kansas  
4 Member Division. In other words, the Southern Pioneer total 34.5 kV system revenue  
5 requirement is allocated between wholesale and retail on a load ratio share basis and  
6 recovered through its wholesale LADS Tariff Rate Schedule and appropriate retail rate  
7 schedules, respectively.<sup>10</sup> These retail and wholesale LADS tariff rate schedules for each  
8 Mid-Kansas Member division, including Southern Pioneer, were approved by Order of the  
9 Commission on January 11, 2010 in the 09-969 Docket.

10 **Q. Were there other issues related to the 34.5 kV addressed in the 09-969 Docket?**

11 A. In addition to the approval of the separate retail and wholesale LADS rates for service  
12 over the respective Mid-Kansas Member Divisions' 34.5 kV systems, wholesale LADS  
13 customers requested the Commission address certain issues regarding the classification  
14 and terms of wholesale LADS service over the Member Divisions' 34.5 kV systems.  
15 KPP and Kansas Electric Power Cooperative, Inc. ("KEPCo") argued for open access of  
16 the 34.5 kV facilities to wholesale customers in order to provide them with long-term open  
17 access transmission service from their sources of supply to their respective delivery points,  
18 as a majority of the KPP and KEPCo delivery points are located on the lower voltage Mid-  
19 Kansas Member 34.5 kV sub-transmission systems that are interconnected to the Mid-  
20 Kansas higher voltage transmission system. They also argued for a single point of contact,  
21 whereby wholesale LADS customers would only have to make arrangements with Mid-  
22 Kansas for service over the 34.5 kV, rather than having to request and secure service from

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<sup>10</sup> Southern Pioneer's wholesale LADS customers' combined load ratio share is approximately 40% of the total 34.5 kV system revenue requirement.

1 each of the Members for which they took service over their respective 34.5 kV facilities.  
2 Finally, KPP argued that the 34.5 kV facilities should be classified as “Transmission  
3 Facilities” under Attachment AI of the Southwest Power Pool, Inc. (“SPP”) Open Access  
4 Transmission Tariff (“OATT”) for inclusion under the SPP OATT and Mid-Kansas  
5 transmission rate.

6 As a condition of settlement in the 09-969 Docket, Mid-Kansas and the Members  
7 agreed that they would enter into an agency agreement designating Mid-Kansas as the  
8 agent and single point of contact for the Mid-Kansas Members for the purpose of  
9 providing service to wholesale LADS customers over the Mid-Kansas Members’ 34.5 kV  
10 systems.<sup>11</sup> Mid-Kansas, the Mid-Kansas Members, KPP and KEPCo further agreed to  
11 work in good faith to develop and execute wholesale LADS service agreements to address  
12 all delivery points for KEPCo and KPP on the Mid-Kansas Members’ 34.5 kV facilities  
13 and provide reasonable terms for service to such delivery points.<sup>12</sup> Finally, the parties  
14 agreed that the question of the appropriate classification of the 34.5 kV as “Transmission”  
15 or “Distribution” under the SPP OATT would be reserved for a later determination by the  
16 Commission.<sup>13</sup>

17 **Q. Was there a later, final determination by the Commission on the classification of the**  
18 **Mid-Kansas Member 34.5 kV facilities?**

19 A. Yes. On January 1, 2012, the Commission approved a settlement agreement among Mid-  
20 Kansas, the Mid-Kansas Members, KPP and KEPCo in Docket No. 11-GIME-597-GIE  
21 (the “11-597 Docket”) regarding the classification of the Mid-Kansas Member 34.5 kV  
22 facilities (the “11-597 Settlement”). The Commission affirmed that the Mid-Kansas

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<sup>11</sup> Stipulation and Agreement, ¶9, November 25, 2009, 09-969 Docket.

<sup>12</sup> Id.

<sup>13</sup> Id. at ¶10.

1 Member 34.5 kV facilities are not “transmission facilities” under Attachment AI to SPP’s  
2 OATT.<sup>14</sup> The Commission also made a stipulated finding that the 34.5 kV facilities that  
3 currently provide or are necessary to provide service to one or more wholesale customers  
4 are providing a “transmission service” under Kansas law and such service must be open  
5 access service administered by Mid-Kansas under a Mid-Kansas open access transmission  
6 tariff.<sup>15</sup>

7 Under the terms of the settlement among Mid-Kansas, the Mid-Kansas Members, KPP  
8 and KEPCo, the Mid-Kansas Members, including Southern Pioneer, expressly agreed to  
9 open their respective 34.5 kV facilities to Mid-Kansas to provide service to wholesale  
10 customers under open access terms and conditions.<sup>16</sup> The Mid-Kansas Members further  
11 agreed that they would be obligated to make such extensions and improvements as  
12 necessary to provide wholesale customers with sufficient and reliable capacity for service  
13 of wholesale customers generation and loads, and that any costs of network improvements  
14 not supported by future wholesale LADS revenue would be paid for by the wholesale  
15 customer under “Or” pricing principles.<sup>17</sup> It was also agreed that Mid-Kansas would be  
16 the agent responsible for administering this wholesale transmission service or LADS over  
17 the Mid-Kansas Member Division 34.5 kV facilities, including the 34.5 kV sub-  
18 transmission facilities of Southern Pioneer under the terms and conditions of a new Mid-  
19 Kansas OATT, which Mid-Kansas was ordered to file as soon as reasonably possible.<sup>18</sup>

20 Finally, the parties came to an agreement on the specific service and operating agreements

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<sup>14</sup> 11-597 Settlement, ¶1(a), December 1, 2011 and Order Addressing Joint Motion to Approve Stipulation and Agreement (“11-597 Order”), January 11, 2012, 11-597 Docket.

<sup>15</sup> Id.

<sup>16</sup> 11-597 Settlement at ¶1(e).

<sup>17</sup> Id. at ¶¶ (e) and (g).

<sup>18</sup> Id. at ¶(c) and 11-597 Order at Clause C.

1 under which Mid-Kansas would administer wholesale LADS for KPP and KEPCo over  
2 the affected Mid-Kansas Members' 34.5 kV systems.<sup>19</sup> These service agreements with  
3 KPP and KEPCo, titled the "Service Agreement for Network Integration Transmission  
4 Service," and "Network Operating Agreement" were approved by the Commission as  
5 special contracts effective December 1, 2011.<sup>20</sup> A copy of the KPP wholesale LADS  
6 service and operating agreements is attached hereto as **Exhibit RDM-1** (as it relates to the  
7 KPP agreements, hereinafter, the "Local Delivery NITSA" and "Local Delivery NOA.").

8 **Q. Where there any other concessions made by Mid-Kansas or any of the Mid-Kansas**  
9 **Members in the 11-597 Settlement?**

10 A. Yes, there was a specific concession made by Southern Pioneer in the 11-597 Settlement  
11 regarding Southern Pioneer's service to the City of Kingman and the delivery of the  
12 output of the Greensburg Windfarm.

13 **Q. What are the 34.5 kV service arrangements specific to the City of Kingman?**

14 A. The City of Kingman's load is 12 MW and is served in part (approximately 6 MW) off the  
15 Southern Pioneer-owned Pratt – Cunningham 34.5 kV sub-transmission line, which  
16 includes 20 miles of radial 34.5 kV facilities from the Mid-Kansas Pratt 115 kV substation  
17 to the Southern Pioneer Cunningham 34.5 – 13.8 kV substation. A diagram of the portion  
18 of the system is attached hereto as **Exhibit RDM-2**. At the Cunningham 34.5 kV – 13.8  
19 kV substation there is a 13.8 kV substation that serves as a delivery point for Southern  
20 Pioneer retail distribution service and a 34.5 kV regulating station and interconnection for  
21 the City of Kingman. The City of Kingman owns approximately 22.5 miles of 34.5 kV  
22 sub-transmission line connecting it to the Southern Pioneer Pratt – Cunningham 34.5 kV

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<sup>19</sup> See 11-597 Settlement, Exhibits 1 and 2.

<sup>20</sup> 11-597 Order at ¶11.

1 sub-transmission line at the Cunningham 34.5 kV regulating station. KPP pays the  
2 Southern Pioneer LADS charge based upon a 6 MW fixed reservation for service to the  
3 City of Kingman. At certain times through the year, Southern Pioneer has allowed KPP to  
4 exceed this 6 MW import limit based upon certain reliability operating conditions,  
5 however, KPP still pays for LADS service based upon this 6 MW even though they are  
6 exceeding the reservation.

7 **Q. Mr. Holloway indicates in his Direct Testimony that Southern Pioneer's 34.5 kV**  
8 **service to the City of Kingman has been inadequate and Southern Pioneer has not**  
9 **met its obligation to provide full delivery service to the City.<sup>21</sup> Do you agree with**  
10 **this?**

11 A. No, I do not. First, I would vehemently state that Mr. Holloway's assertions regarding  
12 Southern Pioneer's failure to provide adequate service to the City of Kingman are false,  
13 misleading and without merit. The fact of the matter is, KPP and the City of Kingman  
14 were offered several solutions over the years to provide the City with at least 12 MW of  
15 full import service. Southern Pioneer, in conjunction with Mid-Kansas, followed the  
16 transmission planning process it follows with all other wholesale and retail customers in  
17 trying to meet their obligations to provide sufficient and efficient service to its customers  
18 wishing to interconnect and take service from Southern Pioneer. However, KPP and the  
19 City declined all of the options studied and provided by Southern Pioneer and Mid-Kansas  
20 time and time again. Rather than pay for the cost of upgrades needed for Kingman to  
21 obtain the level of service it wanted, it chose instead, to continue with the 6 MW  
22 limitation imposed by existing facilities or exceed when reliability permitted as described  
23 previously.

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<sup>21</sup> Holloway Direct Testimony, P. 9, Line 8 through P. 13, Line 14; and P. 23, Line 22 through p. 28, Line 18.

1 **Q. Please explain further.**

2 A. The City of Kingman was historically not connected to the grid and instead made the  
3 decision to operate as an island, serving its entire load with its behind-the-meter  
4 generation resources. It is my understanding that the City of Kingman made a request for  
5 interconnection with Aquila-WPK in 2002 to allow Aquila-WPK to supplement the City  
6 of Kingman's own generation for emergency import.<sup>22</sup> This interconnection was limited  
7 to 2 MW.<sup>23</sup> Subsequently, the City of Kingman wanted a second interconnection with  
8 Aquila-WPK to provide for more energy imports that were more economical than running  
9 its own gas generation.<sup>24</sup> It is my understanding that the City of Kingman was offered  
10 several interconnection options by Aquila-WPK. The first option was to build a 115 kV  
11 transmission line from the Aquila-WPK 115 kV system directly to the City of Kingman;  
12 however, the City declined such option as the costs of the facilities would have been  
13 directly assigned to the City.<sup>25</sup> Aquila-WPK then offered to interconnect the City by  
14 building a 34.5 kV tap from its Cunningham substation to the City, but that would also  
15 have required a rebuild of the Pratt – Cunningham 34.5 kV sub-transmission line and a  
16 new transformer at Pratt. These costs would have also been directly assigned to Kingman  
17 pursuant to appropriate cost allocation policies, and therefore, the City also declined that  
18 option.<sup>26</sup> Instead, Kingman chose to build the 34.5 kV sub-transmission line from  
19 Cunningham instead of upgrading the Pratt – Cunningham 34.5 kV sub-transmission line  
20 to provide for import to its full load, unilaterally chose a 6 MW limit on the service

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<sup>22</sup> See Rebuttal Testimony of Noman L. Williams on behalf of Mid-Kansas, p. 22, lines 5-11, November 21, 2011, 11-597 Docket.

<sup>23</sup> This interconnection was abandoned earlier this year at the request of KPP.

<sup>24</sup> Id. at lines 12-14.

<sup>25</sup> Id. at lines 14-18.

<sup>26</sup> Id. at lines 19-22 and p. 23, lines 1-2.

1 available. This allowed Kingman to avoid having to take direct assignment of the costs  
2 associated with the necessary upgrades that would have permitted the City to take its full  
3 requirements over the Aquila-WPK 34.5 kV facilities.<sup>27</sup> This is the situation Mid-Kansas  
4 and Southern Pioneer inherited when the Aquila-WPK assets were purchased in 2007.

5 **Q. Mr. Holloway indicates in his testimony that it was somehow unfair for the City of**  
6 **Kingman to bear the cost of constructing the City-owned 34.5 kV radial line to**  
7 **interconnect to the Aquila-owned Pratt-Cunningham 34.5 kV facilities as well as**  
8 **paying for the upgrades to the Aquila-WPK facilities to provide the City with 12**  
9 **MW of full delivery service.<sup>28</sup> Do you agree with this?**

10 A. No, I don't. While I was not a part of those discussions since Aquila-WPK was the  
11 service provider at the time the decision was made, it is standard cost allocation principles  
12 for retail and wholesale customers to pay for the cost of facilities benefiting the customer  
13 making the service request. These continued statements by Mr. Holloway just highlight  
14 KPP's real objective over the years - to have other ratepayers pay for the cost of facilities  
15 to serve them, inappropriately disguising the matter as an issue of inadequate and unfair  
16 service by the electric supplier.

17 In 2009, I understand that KPP took over the power supply for the City of Kingman  
18 and submitted a request to Southwest Power Pool ("SPP") to designate the full 14 MW<sup>29</sup>  
19 of Kingman load and generating resources for Network Integration Transmission Service  
20 ("NITS") service over the SPP transmission system.<sup>30</sup> However, pursuant to the necessary  
21 studies for the grant of NITS service over the separate Southern Pioneer 34.5 kV system,

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<sup>27</sup> Id. at p. 23, lines 3-10.

<sup>28</sup> Id. at p. 25, line 20 through p.26, line 6.

<sup>29</sup> This amount is based on the information in the March 9, 2009 SEPC/MKEC *System Reinforcements to Supply Additional Power to the City of Kingman* study.

<sup>30</sup> Id. at lines 13-20.

1 SPP, in conjunction with Mid-Kansas, identified the inherited 6 MW reliability import  
2 limitation on the Pratt – Cunningham 34.5 kV sub-transmission line.<sup>31</sup> Therefore, SPP  
3 limited KPP’s NITS transmission service to 6 MW of import to Kingman, unless or until  
4 the upgrades to the Pratt – Cunningham line were completed to allow for the full 14 MW  
5 import. No export limit was identified by SPP in KPP’s NITSA. Mid-Kansas and  
6 Southern Pioneer, like Aquila-WPK, appropriately treated the upgrades as direct  
7 assignment facilities pursuant to SPP cost allocation policies.<sup>32</sup> Again, KPP and the City  
8 of Kingman avoided direct assignment of the upgrade costs by electing to stay at the 6  
9 MW import limit and supplement service to the City load with their own behind-the-meter  
10 generation.

11 **Q. Despite the allocation of costs to KPP for upgraded facilities being in accordance**  
12 **with standard cost allocation for other wholesale and retail customers, did Southern**  
13 **Pioneer and Mid-Kansas attempt to address KPP’s concerns with cost allocation for**  
14 **new or upgraded facilities to provide service to the City of Kingman?**

15 A. Yes, we believe so. As part of the 11-597 Settlement, in order to address KPP’s concerns  
16 with being direct assigned the entire cost of rebuilding the Pratt – Cunningham 34.5 kV  
17 line to provide full import delivery service to the Kingman Network Load, Mid-Kansas  
18 and the Mid-Kansas Members agreed that any proposed network upgrades of Mid-Kansas  
19 Member 34.5 kV facilities, including proposed upgrades of any Southern Pioneer 34.5 kV  
20 facilities related to service to the City of Kingman, would be charged consistent with the

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<sup>31</sup> Id.

<sup>32</sup> Under SPP cost allocation policies, Direct Assignment facilities are those facilities or portion of facilities that are constructed for the sole benefit of a customer to enable their ability to take transmission service. In the case of the City of Kingman, the rebuild of the Pratt – Cunningham 34.5 kV sub-transmission line was determined to be a “Direct Assignment Facility” as it was a radial line whose upgrade would solely (will it benefit them “solely” forever?) benefit the City of Kingman.

1 SPP “Or” pricing methodologies.<sup>33</sup> Under this cost allocation methodology, KPP would  
2 only pay for the cost of that portion of network facilities not supported by increased LADS  
3 revenue that would be anticipated to be received from the wholesale customer as a result  
4 of the new or increased service over a ten year period. This would be in addition to KPP  
5 paying for any direct assignment facilities only benefiting KPP. Therefore, Southern  
6 Pioneer’s retail and wholesale customers would pay a load ratio share of the costs of any  
7 network upgrades allocated to Southern Pioneer under this pricing methodology, as  
8 Southern Pioneer’s Commission-approved retail and wholesale LADS rates for 34.5 kV  
9 service are set based upon the total 34.5 kV system revenue requirements, allocated out on  
10 a load ratio share basis to wholesale and retail customers.

11 **Q. In addition to the rebuild of the Pratt – Cunningham 34.5 kV sub-transmission line**  
12 **identified by Mid-Kansas as part of the 2009 SPP Aggregate Study request by KPP**  
13 **for full import service to the City of Kingman, did Mid-Kansas and/or Southern**  
14 **Pioneer review or consider other possible solutions to serving its retail customers and**  
15 **eliminating the 6 MW import limitation?**

16 A. Yes. Mid-Kansas has conducted several studies since the Aquila-WPK acquisition to  
17 identify various alternatives to serving Southern Pioneer’s retail and the Kingman load.  
18 For example, beginning in 2007, Mid-Kansas and Southern Pioneer studied and discussed  
19 alternatives to serve additional load at a new metering point off the then Ninescah-owned  
20 115 kV Transmission Line since Kingman consumed all 6 MW of available transmission  
21 service when it interconnected with the Cunningham substation in 2005. These  
22 discussions included serving the City of Kingman and Southern Pioneer’s retail customer  
23 SemCrude load points off a new 115/34.5 kV substation located in Section 20, T27S,

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<sup>33</sup> 11-597 Settlement, ¶1(g).

1 R10W, Pratt County, Kansas, approximately 2.5 miles west of the existing 34.5 kV sub-  
2 transmission line owned by the City of Kingman. The assumption was that Southern  
3 Pioneer could utilize the additional capacity off the Ninnescah-owned Transmission line to  
4 serve both its retail and the City of Kingman.

5 **Q. What was the result of these discussions to serve SemCrude and the City of Kingman**  
6 **at a new 115-34.5 kV substation at a point off the Ninnescah-owned Transmission**  
7 **Line?**

8 A. Southern Pioneer subsequently approached Ninnescah Rural Electric Cooperative  
9 (“Ninnescah”), the then owner of the Ninnescah Transmission Line, with a request to  
10 interconnect and utilize the capacity on the transmission line in order to serve Southern  
11 Pioneer’s SemCrude retail load as well as the City of Kingman wholesale load through the  
12 construction of a new 115/34.5 kV substation at a point on the transmission line. While  
13 Ninnescah was open to discussing the ability for Southern Pioneer to interconnect and  
14 serve its retail customer SemCrude, Ninnescah was not willing to allow Southern Pioneer  
15 to also serve KPP and the City of Kingman due in part to potential exposure to FERC  
16 open access requirements or a requirement under Kansas law that Ninnescah allow other  
17 entities to interconnect to its transmission line or purchase transmission service from  
18 Ninnescah.

19 **Q. What was Southern Pioneer’s response to limited use on the Ninnescah Transmission**  
20 **Line?**

21 A. While Southern Pioneer was disappointed in Ninnescah’s decision to limit use of the line  
22 to just Southern Pioneer’s retail customer and knew it could not legally force open access  
23 on the line for service to the City of Kingman, Southern Pioneer determined it needed to

1 move forward with negotiating a limited transmission service agreement with Ninnescah  
2 in order to meet its impending obligation to serve its SemCrude retail load while  
3 continuing to serve the 6MW of Kingman load at Cunningham. This option to serve the  
4 SemCrude load was the most economical and beneficial for Southern Pioneer and  
5 SemCrude and left open the ability to engage in future negotiations with regard to the  
6 Ninnescah Transmission Line and service to the City of Kingman. Therefore, on  
7 September 22, 2009, a Wholesale Transmission Service and Interconnection Agreement  
8 was executed between Southern Pioneer and Ninnescah. The agreement expressly  
9 provided that Southern Pioneer could only utilize the capacity on the Ninnescah 115 kV  
10 Transmission Line for the purpose of serving its SemCrude load. Southern Pioneer  
11 attempting to wheel capacity on the line to any other entity would result in immediate  
12 termination of the agreement. The agreement was approved by Order of the Commission  
13 on June 16, 2010 in Docket No. 10-NNHE-326-CON. Southern Pioneer subsequently  
14 constructed and energized the SemCrude 115/34.5 kV Transmission Substation  
15 (“SemCrude Substation”) on April 11, 2011 for interconnection to the Ninnescah  
16 Transmission Line. While the SemCrude Substation transformer was not installed to serve  
17 the entire capacity of SemCrude and the City of Kingman loads, the footprint of the  
18 substation was planned and built with the City of Kingman in mind in the event Southern  
19 Pioneer and Ninnescah were able to subsequently reach agreement to access the  
20 Ninnescah Transmission Line for service to the City of Kingman as well.

21 **Q. Was Southern Pioneer subsequently successful in obtaining access to the Ninnescah**  
22 **Transmission Line to serve both SemCrude and the City of Kingman loads?**

1 A. Yes, we were. Shortly after Commission approval of the Transmission Service and  
2 Interconnection Agreement between Ninnescah and Southern Pioneer, Southern Pioneer  
3 and Mid-Kansas continued to look for solutions to all of KPP's 34.5 kV local access  
4 delivery services issues, including continuing to study and provide solutions to the City of  
5 Kingman delivery constraints. As will be fully discussed in the Direct Testimony of Dr.  
6 Al Tamimi and the Direct Testimony of Erik Sonju, Mid-Kansas's planning studies  
7 provided several possible solutions to serve the City of Kingman; however, connection to  
8 the Ninnescah Transmission Line through Southern Pioneer's SemCrude Substation was  
9 consistently identified in the study results as the optimal and most efficient and economic  
10 option to serve the City of Kingman in lieu of the construction of 115 kV transmission  
11 facilities at a significant cost. Therefore, as a result of the August 2013 Global Settlement  
12 Agreement between KPP, Southern Pioneer and Mid-Kansas, Mid-Kansas agreed that it  
13 would negotiate with Ninnescah to purchase the Ninnescah Transmission Line from  
14 Ninnescah in order to remove the limitation on accessing the capacity on the line to serve  
15 the City of Kingman through Southern Pioneer's SemCrude Substation. With the support  
16 of the Mid-Kansas Members in order to help Southern Pioneer provide service to the City  
17 of Kingman, Mid-Kansas was successful in these negotiations and closed on the purchase  
18 of the Ninnescah Transmission Line upon approval by the Commission on April 29, 2014.

19 **Q. What happened next?**

20 A. Upon Mid-Kansas successfully purchasing the Ninnescah Transmission Line, the parties  
21 then began to discuss the scoping and engineering of the capacity upgrades at the  
22 SemCrude Substation and 34.5 kV sub-transmission line extension at the SemCrude  
23 Substation to serve the City of Kingman (the "SemCrude Substation Upgrade"). In June

1 of 2014, Southern Pioneer provided KPP with a cost estimate for the SemCrude  
2 Substation Upgrade project and appropriate allocation of costs to KPP pursuant to the  
3 “Or” pricing methodology approved by the Commission and required by Southern Pioneer  
4 in the 11-597 Settlement Agreement. The total estimated cost for the project was \$1.9M  
5 and application of this cost allocation methodology provided that KPP would be  
6 responsible for \$1.4M of the total capital costs. In August 2014, after Southern Pioneer  
7 did not hear back from KPP on the cost estimate and allocation for the SemCrude  
8 Substation Upgrade, Southern Pioneer sent KPP a letter. KPP responded to the letter,  
9 stating that they remained interested in the project, but that due to a change in City of  
10 Kingman management, they needed more time to review and discuss the project. After  
11 several back and forth communications and meetings between the parties, KPP asked for  
12 an updated cost estimate for the SemCrude Substation Upgrade project a year later, in July  
13 2015. Pursuant to this request, Southern Pioneer conducted and provided KPP with an  
14 updated cost estimate for the SemCrude Substation Upgrade project in September 2015.  
15 The total cost of the project went down to \$1,776,046, with \$1,37,249 being assigned to  
16 KPP. The remainder of the project cost, \$418,798, along with the associated O&M, would  
17 be paid for by Southern Pioneer and included in Southern Pioneer’s 34.5 kV wholesale  
18 LADS charge and retail revenue requirements and associated rates.

19 **Q. What was KPP’s response to this updated cost estimate and allocation proposal for**  
20 **the SemCrude Substation Upgrade project?**

21 A. A few months later, in November 2015, KPP formally notified Southern Pioneer that it  
22 would not be pursuing the SemCrude Substation Upgrade, but instead had made a request  
23 with the SPP for a new delivery point on the Ninescah Transmission Line for service to

1 the City of Kingman, by way of the construction of the Kingman Direct Connection. The  
2 request was for 13 MW of load import service and 16 MW of generation export service.  
3 Attached hereto and incorporate herein as **Exhibit RDM-3** is KPP's AQ Request with  
4 SPP.

5 **Q. What was Southern Pioneer's response to KPP's notification that it was pursuing its**  
6 **own access to the Ninescah Transmission Line through construction of the**  
7 **Kingman Direct Connection?**

8 A. Southern Pioneer was very concerned as KPP's bypass of Southern Pioneer's existing 34.5  
9 kV system by construction of the Kingman Direct Connection is, among other things, a  
10 duplication of facilities and services and is not in the best interest of Southern Pioneer's  
11 retail and other wholesale customers. Southern Pioneer also did not believe that the  
12 Kingman Direct Connection was in the public interest. Subsequently, on September 8,  
13 2016, Southern Pioneer filed a complaint against KPP in Docket No. 17-KPPE-092-COM  
14 ("17-092 Docket"), requesting the Commission enjoin KPP from constructing the  
15 Kingman Direct Connection or assess a facility switching fee to KPP in order to hold  
16 Southern Pioneer wholesale and retail customers harmless from KPP's proposed bypass of  
17 Southern Pioneer's 34.5 kV system. However, it was ultimately determined by Southern  
18 Pioneer and Commission Staff that judicial efficiency would best be achieved by  
19 addressing the duplication of facilities and services issue asserted by Southern pioneer in  
20 this proceeding, and Commission Staff also asserted that each of the parties should bring  
21 forward their economic proposals for each project to be considered by the Commission in  
22 this proceeding when determining whether granting KPP a certificate for the Kingman

1 Direct Connection is in the public interest.<sup>34</sup> Therefore, on April 12, 2018, Southern  
2 Pioneer and Staff filed a Joint Motion to Dismiss the Complaint with certain conditions.<sup>35</sup>  
3 The Commission approved the Joint Motion and dismissed the Complaint proceeding  
4 without prejudice and with specified conditions on May 1, 2018.<sup>36</sup>

5 **III. K.S.A. 66-1,171 AND OTHER PUBLIC INTEREST FACTORS**

6 **1. Encourage the Orderly Development of Electric Service, Avoid Duplication of**  
7 **Facilities, Ensure Sufficient and Efficient Service, and Minimize Disputes Among**  
8 **Suppliers.**

9 **Q. Please explain why you believe KPP's proposed construction of the Kingman Direct**  
10 **Connection is a wasteful duplication of facilities and services and results in inefficient**  
11 **service.**

12 A. In order for KPP to bypass Southern Pioneer's 34.5 kV sub-transmission system and  
13 connect directly to the Ninnescah 115 kV Transmission Line owned by Mid-Kansas at a  
14 new delivery point, KPP must construct the Kingman Direct Connection, which as earlier  
15 described, would require a new 34.5 kV sub-transmission line from the existing City of  
16 Kingman 34.5 kV sub-transmission line at a point east of and near the Cunningham  
17 Substation, to a newly constructed 115/34.5 kV substation and associated interconnection  
18 facilities. The proposed construction of the new 115/34.5 kV substation and  
19 interconnection facilities by KPP would be located directly to the west of Southern  
20 Pioneer's already existing Southern Pioneer 115/34.5 kV SemCrude Substation. Figure 1  
21 in the Direct Testimony of Mr. Holloway shows the close locations of the existing

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<sup>34</sup> 17-092 Docket, Staff Report and Recommendation, p. 8-9.

<sup>35</sup> Southern Pioneer agreed that as a condition of the dismissal without prejudice, Southern Pioneer would not assert a breach of contract claim with respect to the Kingman Direct Connection and would not pursue the requested facility switching fee concerning the Kingman Direct Connection for at least 60 days after conclusion of this Docket. See Docket No. 17-KPPE-092-COM, Joint Motion to Dismiss Complaint, ¶11.

<sup>36</sup> 17-092 Docket, Order Granting Joint Motion to Dismiss Complaint without Prejudice, ¶7.

1 SemCrude Substation and KPP's newly proposed substation for the Kingman Direct  
2 Connection.

3 These newly proposed KPP Kingman Direct Connection facilities would be in lieu of  
4 KPP taking full import local access delivery service from Southern Pioneer's 34.5 kV  
5 system through the upgrades identified as the SemCrude Substation Upgrade project at  
6 Southern Pioneer's existing 115/34.5 kV SemCrude Substation that is also interconnected  
7 directly to the Ninnescah 115 kV Transmission Line.

8 **Q. Please continue.**

9 A. KPP is attempting to extend new services across Southern Pioneer's certified service  
10 territory, interfering with and constituting an unreasonable and wasteful duplication of  
11 capital-intensive facilities and services already provided by Southern Pioneer pursuant to  
12 its obligation to serve retail and wholesale customers under Kansas law and the 11-597  
13 Settlement. Where there has been one real property acquisition, there will now be two;  
14 where there has been one electric substation there will now be two with, except for the  
15 transformer upgrade, entirely duplicative equipment; where there has been one wholesale  
16 local access delivery service provider, there will now be two.

17 Southern Pioneer has existing sub-transmission and distribution lines in the area for  
18 service to its existing retail customer (SemCrude), as well as the ability and obligation to  
19 serve prospective retail and/or wholesale customers by and through its 115/34.5 kV  
20 SemCrude Substation. It has existing full-time O&M, safety and compliance personnel on  
21 the ground providing distribution and transmission service; KPP does not. It is presently  
22 providing 6 MW of service to the City of Kingman through the existing Southern Pioneer  
23 Pratt-Cunningham 34.5 kV facilities. The construction of the Kingman Direct Connection

1 would be a duplication of these existing services and would result in inefficient and  
2 disorderly development of electric facilities and service.

3 **Q. Mr. Holloway asserts in his Direct Testimony that the SemCrude Substation was**  
4 **built only to serve the SemCrude load and that much of the substation equipment**  
5 **would need to be replaced and rebuilt to accommodate the Kingman load and**  
6 **generation. Do you agree with this statement?**

7 A. No, I do not at all. The SemCrude Substation was designed and is fully capable with the  
8 existing footprint and equipment to serve the City of Kingman load. The only material  
9 upgrade required at the SemCrude Substation is to upgrade the transformer capacity to  
10 accommodate the full 13 MW of Kingman load and 16 MW of generation export, in  
11 addition to minor structural steel changes. Southern Pioneer planned and constructed the  
12 SemCrude Substation footprint to accommodate additional load interconnections with the  
13 City of Kingman in mind in the event it was successful in its negotiations with Ninnescah  
14 to access the capacity on the Ninnescah Transmission Line for wholesale service to the  
15 City. As discussed above, these negotiations were subsequently successful and Mid-  
16 Kansas agreed to purchase the Ninnescah Transmission Line in 2013 to facilitate the  
17 SemCrude Substation Upgrade in providing full 13 MW of import service and 16 MW of  
18 export service to the City of Kingman. Southern Pioneer has and continues to stand ready  
19 and willing to serve the full Kingman load through upgrades to the transformer at the  
20 SemCrude Substation as it believes this project remains the optimal economic solution to  
21 meet the City of Kingman's needs, ensures the efficient and orderly and sufficient  
22 development of electric service, and is therefore in the best interest of Kansas ratepayers.

1 **Q. Please explain why you believe the Kingman Direct Connection will not result in the**  
2 **efficient and orderly development of electric facilities.**

3 Q. First, I would state that under the 11-597 Settlement, Mid-Kansas and its Members agreed  
4 that it had the responsibility to provide wholesale customers with efficient and sufficient  
5 service on the 34.5 kV local delivery system. This includes the obligation to build and  
6 maintain the facilities capable of meeting the demands of the wholesale load within its  
7 service territory. Southern Pioneer has accepted this obligation and has developed work  
8 plans and built its system with the expectation that the load for which the system is built  
9 will remain dedicated to the utility for cost recovery purposes and will not be subject to  
10 loss through duplicative utility services.

11 It is not efficient, nor does it ensure the orderly development of electric service, to plan  
12 facilities in a vacuum on a customer-by-customer basis as KPP is proposing to do with the  
13 Kingman Direct Connection. Rather, Southern Pioneer, in conjunction with Mid-Kansas,  
14 conducts studies and identifies solutions to serve all planned wholesale and retail load on a  
15 10-year long-term and integrated/holistic basis in order to efficiently and effectively meet  
16 its service obligations. Southern Pioneer has included the City of Kingman load in its  
17 planning with the anticipation that Southern Pioneer would be serving the load long-term.  
18 The SemCrude Substation Upgrade project has consistently been identified in the local  
19 planning process as the optimal and most economic solution to serve the City of Kingman.

20 **Q. Do you have precedential concerns with a decision by the Commission allowing KPP**  
21 **to proceed with the Kingman Direct Connection?**

22 A. Yes, as a foundational fact, it should be remembered that the incumbent provider – in this  
23 case, Southern Pioneer - must plan and build or upgrade for the long-term viable 34.5 kV

1 facilities necessary to serve the needs of both retail and wholesale customers. In contrast,  
2 those same wholesale customers demanding long-term local delivery service can  
3 unilaterally leave Southern Pioneer's 34.5 kV system at any point in time. It is in the best  
4 interests of the incumbent's customers that the incumbent obtain a return on such  
5 investments from the wholesale revenue stream for which the facilities were planned and  
6 built. If the Commission is going to allow a wholesale customer to build its own facilities  
7 to bypass the incumbent's 34.5 kV system, it should be approved, at the very least, only  
8 when the bypass proposed is truly the most efficient, economic solution to a service  
9 problem. Otherwise, it will set a harmful precedent and perverse incentive for wholesale  
10 customers to abandon 34.5 kV facilities for duplicative and more costly higher voltage  
11 interconnection options, especially if those high voltage transmission options can be  
12 socialized and paid for by Kansas ratepayers under the SPP cost allocation process. This  
13 inefficient and disorderly development of electric service results in economic waste and  
14 leaves the existing service provider obligated to serve with underutilized facilities and  
15 shifts the costs to the remaining wholesale customers and captive retail customers.

16 **Q. But doesn't Mr. Holloway state that Southern Pioneer has not invested any money in**  
17 **the 34.5 kV facilities directly serving the City of Kingman and therefore any LADS**  
18 **revenues received from KPP for service to Kingman is "found money" and its bypass**  
19 **of the Southern Pioneer 34.5 kV system will not harm Southern Pioneer?**<sup>37</sup>

20 A. Yes, he does. However, these statements are incorrect. First, the Mid-Kansas Member's  
21 portion (including Southern Pioneer's) of the Aquila asset purchase was based on earnings  
22 before interest, taxes, depreciation and amortization ("EBITDA"), and as a result, the  
23 Members were expecting and depending on this revenue stream from both retail and

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<sup>37</sup> Holloway Direct Testimony, p. 26, line 7 through p. 27, line 7.

1 wholesale customers to pay for the acquisition of the 34.5 kV system, including those 34.5  
2 kV facilities serving the City of Kingman.

3 In addition, Southern Pioneer has incurred ongoing O&M costs for such facilities  
4 necessary to serve the City of Kingman since it inherited the facilities in 2007.  
5 Additionally, Southern Pioneer and the other Mid-Kansas Members agreed to have Mid-  
6 Kansas purchase the Ninnescah Transmission Line for \$950,000 to serve the City of  
7 Kingman.<sup>38</sup> The \$950,000 included a net book value of \$352,206 and an acquisition  
8 premium of \$597,794.<sup>39</sup> The Mid-Kansas Members are paying for approximately 65% of  
9 the Ninnescah Transmission Line costs even though those Members' retail load is less  
10 than 6% of the transmission line.<sup>40</sup>

11 Second, as stated above, Southern Pioneer does not plan its 34.5 kV local system to  
12 serve just one customer. Planning is done to serve an integrated system to ensure it can  
13 meet the needs of existing and future retail and wholesale loads. This 10-year integrated  
14 planning requires Southern Pioneer to make investments in facilities that may not directly  
15 benefit a certain customer as a result of having to plan for such loads. Therefore, just  
16 because KPP has not committed to any investment upgrades on the Southern Pioneer 34.5  
17 kV system to provide full service to Kingman, it does not specifically mean that Kingman  
18 is not driving upgrades elsewhere on the Southern Pioneer 34.5 kV system. The mere fact  
19 that the Kingman load is on the 34.5 kV local delivery system can and has driven 34.5 kV  
20 system improvements elsewhere on the 34.5 kV local delivery system.

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<sup>38</sup> See Docket No. 14-MKEE-170-TAR, Order Approving Unanimous Settlement Agreement, ¶2.

<sup>39</sup> Id.

<sup>40</sup> Southern Pioneer is the only Member with retail load on the Ninnescah line. When KPP eventually attaches to the Ninnescah Transmission Line, KPP and wholesale customer KEPCo will account for 95% of the use of the line but collectively today the Mid-Kansas Members are paying 65% of the total line cost of which Southern Pioneer pays 34% of this share.

1           A good example of this reality, based on integrated planning, is Southern Pioneer's  
2           SemCrude retail load. When Southern Pioneer received the request for service to the  
3           SemCrude pumping station retail load, it knew that it would not be possible to serve the  
4           load from the exiting Pratt – Cunningham 34.5 kV sub-transmission line due to the line  
5           being fully loaded for service to the City of Kingman (6 MW) and Southern Pioneer's  
6           retail customers in and near the City of Cunningham (4 MW). Therefore, the most  
7           economical option was to pursue the transmission service arrangement with Ninescah to  
8           access the capacity on the Ninescah Transmission Line through building the SemCrude  
9           Substation. The total actual cost to construct the SemCrude Transmission Substation and  
10          associated distribution substation and facilities to serve the new SemCrude load was  
11          \$5,452,555.<sup>41</sup> Had Southern Pioneer known that KPP intended to bypass Southern  
12          Pioneer's 34.5 kV facilities at some point in the near future to avoid payment of the  
13          Southern Pioneer wholesale LADS, Southern Pioneer would not have had to construct the  
14          new SemCrude Substation facilities, which costs were borne by SemCrude and Southern  
15          Pioneer's retail and wholesale customers. Rather, the SemCrude load could have been fed  
16          from the existing Southern Pioneer 34.5 kV facilities, as the release of the 6 MW  
17          obligation to the City of Kingman would have freed up sufficient capacity to serve the  
18          increased 2.3 MW SemCrude load. This is a prime example of how the 34.5 kV local  
19          delivery system is planned on an integrated rather than a customer specific basis to ensure  
20          efficient and orderly service, and the costs to build and ensure sufficient and reliable  
21          capacity to service wholesale and retail loads are borne by all 34.5 kV customers as  
22          approved by the Commission, even though not all customers *directly* benefit from specific

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<sup>41</sup> Approximately \$4M of this cost was direct assigned to the retail customer, SemCrude.

1 system improvements.<sup>42</sup> Mr. Holloway has participated in several of Southern Pioneer's  
2 34.5 kV rate cases and is quite aware from a ratemaking standpoint that the Commission-  
3 approved Southern Pioneer 34.5 kV local access delivery service charge supports this  
4 integrated planning concept as it provides that the Commission-approved 34.5 kV system  
5 revenue requirement is to be recovered from all rate classes on a load ratio share  
6 (socialized) basis.<sup>43</sup> So, all 34.5 kV customers pay for the cost of all network facilities  
7 necessary to serve the integrated 34.5 kV load, regardless of whether certain facilities  
8 directly benefit a certain customer. To allege that revenues from Kingman are simply  
9 "new found money" is simply misleading.

10 **Q. You state that there are ratepayer impacts to the wasteful duplication of facilities**  
11 **and services and the inefficient and disorderly development of electric service that**  
12 **will result with KPP's Kingman Direct Connection. Please explain.**

13 A. The Kingman Direct Connection will result in the wasteful duplication of facilities and  
14 services already provided by Southern Pioneer as the existing utility service provider, and  
15 will not ensure the orderly and efficient development of electric service in the State of  
16 Kansas, all of which result in higher costs to Kansas ratepayers. While KPP asserts that  
17 the Kingman Direct Connection will result in positive benefits to the City of Kingman, the  
18 overall cost impacts of the Kingman Direct Connection to Southern Pioneer retail and  
19 wholesale ratepayers is not in the public interest. As discussed in the Direct Testimonies  
20 of Mr. Erik Sonju, Mr. Brian Beecher, and Mr. Davis Rooney, the cost of the brand-new

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<sup>42</sup> Similar to KPP and the City of Kingman, SemCrude paid for roughly \$4.6M of the total \$5.4M of costs to build the SemCrude Substation and yet SemCrude also continues to pay for its load ratio share of Southern Pioneer's 34.5 kV total system revenue requirement through its Commission-approved composite retail rate.

<sup>43</sup> A project that is necessary to provide efficient and sufficient service to the public involves the socialization of costs. However, in a situation where a project is not needed for the public but, rather, is desired by one customer to serve that customer's parochial interests only, socialization of costs is not appropriate. This regulatory principle is reflected in the SPP "Or" pricing structure.

1 Kingman Direct Connection facilities is substantially more than the cost of the work  
2 required at the existing Southern Pioneer SemCrude Substation to accommodate the  
3 Kingman load and other potential loads. Since KPP does not have hard transmission or  
4 distribution assets which it owns and operates, it will be required to contract for O&M,  
5 safety and any potential NERC compliance services. These are duplicative services which  
6 will be at an additional cost. As fully discussed in the Direct Testimony of Mr. Brian  
7 Beecher, Southern Pioneer, as the existing certified retail and wholesale service provider,  
8 is a transmission and distribution asset owner and operator with the existing personnel,  
9 staffing and equipment on the ground that are readily able and capable to fulfill these  
10 obligations.<sup>44</sup> This all results in economic waste and unnecessary costs to Kansas  
11 ratepayers.

12 Further, if the Commission approves the Kingman Direct Connection and allows KPP  
13 to bypass Southern Pioneer's 34.5 kV facilities, the remaining 34.5 kV wholesale and  
14 retail customers of Southern Pioneer will bear the costs of that decision by way of  
15 significantly increased rates resulting from the loss of revenue associated with Southern  
16 Pioneer's wholesale LADS to the City of Kingman. This detrimental impact is fully  
17 discussed in the Direct Testimony of Ms. Elena Larson.

18 Finally, Mr. Holloway has stated in his Direct Testimony that KPP is willing to place  
19 its Kingman Direct Connection facilities under the SPP OATT, if needed to provide  
20 transmission service to others in the area.<sup>45</sup> If he is successful in doing so, then the  
21 Kingman Direct Connection facilities, while currently only serving the City of Kingman,  
22 would be socialized across the entire Mid-Kansas transmission zone and paid for by all

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<sup>44</sup> Southern Pioneer has delegated by contract its NERC Compliance obligations to Mid-Kansas, who fulfills this responsibility on behalf of all its Member-Owners.

<sup>45</sup> Direct Testimony of Larry Holloway, p. 32, Ins. 5-8.

1 retail and wholesale customers located in the entire Mid-Kansas footprint. KPP and the  
2 City of Kingman would be achieving an unfair objective – to receive transmission service  
3 effectively for free by making others pay the costs. Therefore, not only would Kansas  
4 ratepayers be burdened with the cost shifts associated with KPP/City of Kingman  
5 bypassing Southern Pioneer’s 34.5 kV facilities as previously described, but they would  
6 also be burdened with the costs of the unnecessary and duplicative transmission facilities  
7 built to serve only the City of Kingman. If the Commission approves KPP’s certificate  
8 allowing this type of activity, it will create a perverse incentive for investment-seeking  
9 entities to attempt to partner with utilities like KPP to build unnecessary facilities, qualify  
10 the facilities as “transmission” under the SPP OATT, and receive guaranteed cost recovery  
11 for the costs of such facilities that only benefit one customer and provide a sizable rate of  
12 return for Wall Street. In fact, we know that Gridliance and KPP have already entered  
13 into a partnership for the building of transmission in the State of Kansas,<sup>46</sup> which could  
14 potentially include other facilities being rolled into the SPP transmission rate and paid for  
15 by Kansas ratepayers even though the facilities only benefit one or a few customers. The  
16 Commission should consider whether it wants to establish a precedent that removes KCC  
17 jurisdiction over the cost recovery for these types of facilities to the detriment of Kansas  
18 ratepayers.<sup>47</sup> This rate impact analysis and the broader policy implications are fully  
19 presented in the Direct Testimony of Elena Larson, Dr. Al Tamimi, and Mr. Davis  
20 Rooney.

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<sup>46</sup> <http://www.gridliance.com/2016/06/29/kansas-power-pool-teams-with-gridliance-to-explore-joint-transmission-projects/>

<sup>47</sup> Under the recently amended K.S.A. § 12-8,111, the Commission has no jurisdiction over KPP’s transmission rates if the facilities are qualified under Attachment AI of the SPP OATT.

1 **2. INCREASED DISPUTES BETWEEN ELECTRIC SUPPLIERS**

2 **Q. Does the Kingman Direct Connection Minimize Disputes between electric suppliers?**

3 A. No, the Kingman Direct Connection will not minimize disputes between electric suppliers.

4 In fact, the practice of bypassing instead of following the local planning process will in all  
5 likelihood increase disputes between electric suppliers, especially those desiring to  
6 overbuild transmission for profit. This moves local planning from a stakeholder process  
7 to a litigated process at the Commission. If KPP builds the Kingman Direct Connection,  
8 there would be two competing wholesale local delivery service providers in the same  
9 service territory, literally within a few hundred feet of each other. KPP has indicated in  
10 the Direct Testimony of Larry Holloway that it will overbuild and stands ready to serve  
11 other wholesale loads off the Kingman Direct Connection in addition to serving the City  
12 of Kingman.<sup>48</sup> Given the contentious history between Southern Pioneer and KPP on local  
13 access delivery service issues in serving the City of Kingman and the Greensburg  
14 Windfarm,<sup>49</sup> I can say with certainty that KPP would be competing with Southern Pioneer  
15 to service future wholesale load growth in the area, even possibly enticing other existing  
16 wholesale loads currently taking service from Southern Pioneer to leave the Southern  
17 Pioneer 34.5 kV system and take service from the KPP Direct Connection. This is an  
18 inefficient provision of services already provided for in the immediate area and only  
19 compounds the wasteful duplication of facilities and services and local planning for future  
20 potential load growth. It would also lead other wholesale customers to build duplicate  
21 facilities for profit thereby creating the potential for more disputes between electric

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<sup>48</sup> Direct Testimony of Larry Holloway, p. 24, lines 3-6.

<sup>49</sup> See 09-969 Docket, 11-597 Docket, Docket No. 11-MKEE-011-COM, Docket No. 15-SPEE-161-RTS.

1 suppliers the Commission will have to review and consider in the future, all at the expense  
2 of the retail and remaining wholesale customers.

3 **IV. FACTUALLY INACCURATE STATEMENTS OF MR. HOLLOWAY**

4 **Q. Are there any other statements made by Mr. Holloway in his Direct Testimony that**  
5 **you would like to address?**

6 A. Yes. Mr. Holloway states that a factor that makes the SemCrude Substation Upgrade  
7 “impractical” is that the cost allocation proposal from Southern Pioneer requires KPP to  
8 pay for a majority of the necessary upgrades. As mentioned above, the last cost allocation  
9 provided to KPP in September 2015 provided that KPP would pay \$1.3M of the total  
10 \$1.8M estimated cost of the SemCrude Project to provide full service to the City of  
11 Kingman. First, as previously discussed, this cost allocation proposal was calculated in  
12 accordance with Southern Pioneer and KPP’s agreement under the 11-597 Settlement to  
13 allocate costs for the Kingman Project in accordance with “or” pricing principles. Second,  
14 of the \$1.3M cost allocated to KPP, approximately \$700,000 was for the approximately  
15 3.5 miles of 34.5 kV radial sub-transmission line to interconnect Kingman’s existing 34.5  
16 kV sub-transmission line to the SemCrude Substation – a cost that KPP will also incur  
17 with the Kingman Direct Connection. Therefore, as to the SemCrude Substation upgrades  
18 itself, Southern Pioneer was estimated to incur \$500,000 in cost and KPP \$600,000.  
19 Southern Pioneer’s cost estimate and associated cost allocation for the SemCrude  
20 Substation Upgrade has recently been updated and is summarized in the Direct Testimony  
21 of Brian D. Beecher.

22 **Q. Is there anything else?**

1 A. Yes, there is. Earlier I addressed the unsupported statements made by Mr. Holloway that  
2 Southern Pioneer has provided the City of Kingman with inadequate service. I would also  
3 like to address his general comments that Southern Pioneer, by virtue of owning and  
4 operating its 34.5 kV system separate and apart from the Mid-Kansas high voltage  
5 transmission system, is pancaking rates and putting needless restrictions on transmission  
6 service. The merits of placing the Mid-Kansas Member 34.5 kV facilities, including the  
7 Southern Pioneer 34.5 kV facilities, under the SPP OATT has already been decided by the  
8 Commission in the 11-597 Docket. Mid-Kansas, the Members, Commission Staff, and  
9 wholesale customers KEPCo and KPP agreed in the 11-597 Settlement the treatment for  
10 the Member 34.5 kV systems. It was agreed and supported by all parties that they were  
11 not “Transmission Facilities” under Attachment AI of the SPP OATT as they were owned  
12 and operated by the Mid-Kansas Members separate and apart from the SPP Transmission  
13 System. Rather, it was instead agreed that the 34.5 kV facilities providing wholesale  
14 service provide a transmission service regulated by Kansas law. As such, Southern  
15 Pioneer, as the owner of the 34.5 kV facilities, must recover the revenue requirements  
16 associated with owning and operating its 34.5 kV facilities by way of its Commission-  
17 approved 34.5 kV LADS charge, which was also established and agreed to by all parties,  
18 including KPP, in the 09-969 Docket. Subsequent to the 09-969 Docket and 11-597  
19 Docket, Mid-Kansas filed for approval of the Mid-Kansas OATT in Docket No. 12-  
20 MKEE-650-TAR, governing the service terms and conditions over the Mid-Kansas  
21 Members’, including Southern Pioneer’s, 34.5 kV systems. KPP chose not to participate  
22 in that proceeding, yet now wants to continue to debate the operation of the 34.5 kV and  
23 associated rates that have been approved by the Commission as just and reasonable.

1 Further, I want to correct Mr. Holloway's statements that the Kingman Direct  
2 Connection will provide for better transmission service than Southern Pioneer's 34.5 kV  
3 facilities because they will be placed under the SPP OATT. These statements are  
4 completely unfounded. There will be no better service provided by the Kingman Direct  
5 Connection than by the Southern Pioneer SemCrude Substation Upgrade simply by  
6 placing the facilities under the SPP OATT. As earlier discussed, we all agreed to the  
7 classification and functional aspects of the Southern Pioneer and other Mid-Kansas  
8 Member 34.5 kV facilities in the 11-597 Settlement, including that the Mid-Kansas  
9 Members would provide open access to the 34.5 kV system consistent with FERC and  
10 SPP open access principles. Therefore, qualifying the 34.5 facilities as "transmission  
11 facilities" and placing them under Attachment AI of the SPP OATT doesn't provide KPP  
12 with better transmission service than would the Southern Pioneer 34.5 kV facilities; it only  
13 means that the 34.5 kV facility costs will now be socialized over a wider customer base  
14 (all wholesale and retail customers located in the Mid-Kansas transmission zone), rather  
15 than paid for only by KPP. In other words, placing the Kingman Direct Connection  
16 facilities under the SPP OATT just changes who pays for the facility revenue  
17 requirements. The same would be true for the Southern Pioneer SemCrude Substation  
18 Upgrade facilities. Putting the Southern Pioneer facilities under the SPP OATT would not  
19 change the overall 34.5 kV system revenue requirement that must be recovered for  
20 Southern Pioneer's investments in its 34.5 kV system to ensure sufficient and efficient  
21 service to retail and wholesale customers, nor would it change the service quality or  
22 characteristics. It would simply change who pays for the facilities. On one end, Mr.  
23 Holloway argues against Southern Pioneer's socialized LADS rate structure because he

1 states he is having to pay for 34.5 kV facilities not built for service to Kingman, but on the  
2 other end, he states that he intends to roll the Kingman Direct Connection facilities into  
3 SPP in order for the costs to be socialized and paid for by all customers. Similarly, he has  
4 also argued for Southern Pioneer to roll its 34.5 kV facilities into the SPP OATT for the  
5 very same reason.

6 **Q. What is your final recommendation to the Commission?**

7 A. For all the reasons stated herein, I recommend the Commission reject KPP's Application  
8 for a Certificate of Convenience and Authority to build the Kingman Direct Connection as  
9 not being in the public interest under K.S.A. §12-8,111(a) and other public interest factors  
10 as considered by the Commission.

11 **Q. Does this conclude your Testimony?**

12 A. Yes, it does.

PREFILED DIRECT TESTIMONY  
DOCKET NO. 18-KPPE-343-COC

VERIFICATION OF RANDALL D. MAGNISON

STATE OF KANSAS        )  
                                  ) ss:  
COUNTY OF GRANT     )

Randall D. Magnison, being first duly sworn, deposes and says that he is the Randall D. Magnison referred to in the foregoing document titled "Prefiled Direct Testimony of Randall D. Magnison" before the State Corporation Commission of the State of Kansas, that he is an officer of Southern Pioneer Electric Company, 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.

  
\_\_\_\_\_  
Randall D. Magnison

**SUBSCRIBED AND SWORN** to before me this 9 day of JULY 2018.

  
\_\_\_\_\_  
Notary Public



My Appointment Expires: 9-30-2021

## ATTACHMENT F

## SERVICE AGREEMENT FOR NETWORK INTEGRATION TRANSMISSION SERVICE

This Network Integration Transmission Service Agreement ("Service Agreement") is entered into this 11th day of January, 2012, by and between **Kansas Power Pool** ("KPP" or "Network Customer"), and **Mid-Kansas Electric Company, LLC** ("Mid-Kansas" or "Transmission Provider"). The Network Customer and Transmission Provider shall be referred to individually as "Party" and collectively as "Parties."

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Kansas Corporation Commission ("Commission") as it may from time to time be amended;

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners of the 34.5 kV and lower voltage facilities used to serve Network Customer and acts as agent for the Transmission Owners in providing service under the Tariff;

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

- 1.0** The Transmission Provider agrees during the term of this Service Agreement, as it may be amended from time to time, to provide Network Integration Transmission Service in accordance with the Tariff to enable delivery of power and energy from the Network Customer's Network Resources that the Network Customer has committed to meet its load.

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
Attachment F – Service Agreement for Network Integration Transmission Service

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- 2.0** The Network Customer agrees to take and pay for Network Integration Transmission Service in accordance with the provisions of Parts I, III and V of the Tariff and this Service Agreement with attached specifications.
- 3.0** The terms and conditions of such Network Integration Transmission Service shall be governed by the Tariff, as in effect at the time this Service Agreement is executed by the Network Customer, or as the Tariff is thereafter amended or by its successor tariff, if any. The Tariff, as it currently exists, or as it is hereafter amended, is incorporated in this Service Agreement by reference. In the case of any conflict between this Service Agreement and the Tariff, the Tariff shall control. The Network Customer has been determined by the Transmission Provider to have a Completed Application for Network Integration Transmission Service under the Tariff. The completed specifications are based on the information provided in the Completed Application and are incorporated herein and made a part hereof as Attachment 1.
- 4.0** Service under this Service Agreement shall commence on such date as it is permitted to become effective by the Commission. This Service Agreement shall be effective coterminous with that certain Service Agreement for Network Integration Transmission Service by an between Network Customer and the Southwest Power Pool, Inc. ("SPP NITSA") as such SPP NITSA shall be in effect from time to time provided that this Service Agreement may be terminated by the Network Customer by giving the Transmission Provider one-year advance written notice or by the mutual written consent of the Transmission Provider and Network Customer. Upon termination, the Network Customer remains responsible for any outstanding charges, including all costs incurred and apportioned or assigned to the Network Customer under this Service Agreement.
- 5.0** The Transmission Provider and Network Customer have executed a Network Operating Agreement as required by the Tariff.
- 6.0** Any notice or request made to or by either Party regarding this Service Agreement shall be made to the representative of the other Party as indicated below. Such representative and address for notices or requests may be changed from time to time by notice by one Party or the other.

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
Attachment F – Service Agreement for Network Integration Transmission Service

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**Mid-Kansas (Transmission Provider)**

Mid-Kansas Electric Company, LLC  
President and CEO  
301 West 13th Street  
P.O. Box 980  
Hays, Kansas 67601  
Phone: 800-354-3638  
Fax: 785-623-3395

**KPP (Network Customer)**

CEO and General Manager  
Kansas Power Pool  
200 West Douglas Avenue, Suite 601  
Wichita, Kansas 67202  
Phone: 316-264-3166  
Fax: 316-264-3434

- 7.0** This Service Agreement shall not be assigned by either Party without the prior written consent of the other Party, which consent shall not be unreasonably withheld. However, either Party may, without the need for consent from the other, transfer or assign this Service Agreement to any person succeeding to all or substantially all of the assets of such Party. However, the assignee shall be bound by the terms and conditions of this Service Agreement.
- 8.0** Nothing contained herein shall be construed as affecting in any way the Transmission Provider's or a Transmission Owner's right to unilaterally make application to the Commission, or other regulatory agency having jurisdiction, for any change in the Tariff or this Service Agreement under applicable law and any rules and regulations promulgated thereunder, or the Network Customer's rights under applicable law and rules and regulations promulgated thereunder.
- 9.0** By signing below, the Network Customer verifies that all information submitted to the Transmission Provider to provide service under the Tariff is complete, valid and accurate, and the Transmission Provider may rely upon such information to fulfill its responsibilities under the Tariff.

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
Attachment F – Service Agreement for Network Integration Transmission Service

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IN WITNESS WHEREOF, the Parties have caused this Service Agreement to be executed by their respective authorized officials.

**TRANSMISSION PROVIDER**

Stuart S. Lowry  
Signature  
Stuart S. Lowry  
Printed name  
President and CEO  
Title  
10/29/12  
Date

**NETWORK CUSTOMER**

Larry W Holloway  
Signature  
Larry W Holloway  
Printed name  
Interim General Manager  
Title  
10/26/2012  
Date

**Attachment 1 to the Network Integration Transmission Service Agreement  
BETWEEN MID-KANSAS ELECTRIC COMPANY, LLC and KANSAS POWER POOL  
SPECIFICATIONS FOR NETWORK INTEGRATION TRANSMISSION SERVICE**

**1.0 Network Resources**

The Network Resources are listed in Appendix 1.

**2.0 Network Loads**

The Network Load consists of the bundled native load or its equivalent for Network Customer load in the Sunflower Electric Power Corporation (“Sunflower”) Control Area as listed in Appendix 2.

The Network Customer’s Network Load shall be measured on an hourly integrated basis, by suitable metering equipment located at each connection and delivery point, and each generating facility. The meter owner shall cause to be provided to the Transmission Provider, Network Customer and applicable Transmission Owner, on a monthly basis such data as required by Transmission Provider for billing. The Network Customer’s load shall be adjusted, for settlement purposes, to include applicable Transmission Owner transmission and distribution losses, as applicable, as specified in Sections 8.5 and 8.6, respectively. For a Network Customer providing retail electric service pursuant to a state retail access program, profiled demand data, based upon revenue quality non-IDR meters, may be substituted for hourly integrated demand data.

Measurements taken and all metering equipment shall be in accordance with the Transmission Provider’s standards and practices for similarly determining the Transmission Provider’s load. The actual hourly Network Loads, by delivery point, internal generation site and point where power may flow to and from the Network Customer, with separate readings for each direction of flow, shall be provided.

**3.0 Affected Control Areas and Intervening Systems Providing Transmission Service**

The affected control area is Sunflower. The intervening systems providing transmission service are [none].

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
Attachment F – Service Agreement for Network Integration Transmission Service

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**4.0 Electrical Location of Initial Sources**

See Appendix 1.

**5.0 Electrical Location of the Ultimate Loads**

The loads of KPP identified in Section 2.0 hereof as the Network Load are electrically located within the Sunflower Control Area.

**6.0 Delivery Points**

The delivery points are the interconnection points of KPP identified in Section 2.0 as the Network Load.

**7.0 Receipt Points**

The Points of Receipt are listed in Appendix 2.

**8.0 Compensation**

Service under this Service Agreement may be subject to some combination of the charges detailed below. The appropriate charges for individual transactions will be determined in accordance with the terms and conditions of the Tariff.

**8.1 Transmission Charge**

Monthly Demand Charge shall be the Divisional, Local Access Delivery Service Monthly Rate in the Tariff, billed to Local Points of Delivery identified in Appendix 3.

**8.2 System Impact and/or Facility Study Charge**

Studies may be required in the future to assess the need for system reinforcements in light of the ten-year forecast data provided. Future charges, if required, shall be in accordance with Section 32 of the Tariff.

**8.3 Direct Assignment Facilities Charge**

**8.4 Ancillary Service Charges**

**8.4.1** The following Ancillary Services are required under this Service Agreement.

- a) Scheduling, System Control and Dispatch Service per Schedule 1 of the Tariff.
- b) Tariff Administration Service per Schedule 1-A of the Tariff.
- c) Reactive Supply and Voltage Control from Generation Sources Service per Schedule 2 of the Tariff.

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Attachment F – Service Agreement for Network Integration Transmission Service

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- d) Regulation and Frequency Response Service per Schedule 3 of the Tariff.
- e) Energy Imbalance Service per Schedule 4 of the Tariff.
- f) Operating Reserve – Spinning Reserve Service per Schedule 5 of the Tariff.
- g) Operating Reserve – Supplemental Reserve Service per Schedule 6 of the Tariff.

The Ancillary Services may be self-supplied by the Network Customer or provided by a third party in accordance with Sections 8.4.2 through 8.4.4, with the exception of the Ancillary Services for Schedules 1, 1-A, and 2, which must be purchased from the Transmission Provider.

**8.4.2** In accordance with the Tariff, when the Network Customer elects to self-supply or have a third party provide Ancillary Services, the Network Customer shall indicate the source for its Ancillary Services to be in effect for the upcoming calendar year in its annual forecasts. If the Network Customer fails to include this information with its annual forecasts, Ancillary Services will be purchased from the Transmission Provider in accordance with the Tariff.

**8.4.3** When the Network Customer elects to self-supply or have a third party provide Ancillary Services and is unable to provide its Ancillary Services, the Network Customer will pay the Transmission Provider for such services and associated penalties in accordance with the Tariff as a result of the failure of the Network Customer's alternate sources for required Ancillary Services.

**8.4.4** All costs for the Network Customer to supply its own Ancillary Services shall be the responsibility of the Network Customer.

**8.5 Real Power Losses – Transmission**

**8.6 Real Power Losses – Distribution**

The Network Customer shall replace losses in accordance with the Tariff. Loss repayment shall include provision for losses in the Transmission System plus any transformation losses shown in Appendix 3, provided that the transformer loss

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
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factor shown in Appendix 2 shall not apply where transformer loss compensation is included in the delivery point meter settings. To the extent that the Network Customer pays for losses pursuant to the SPP NITSA, it shall not be obligated to pay duplicative charges under the Tariff.

**8.7 Power Factor Correction Charge**

The Network Customer shall provide adequate reactive compensation for its Network Load to maintain the load power factor at each of the delivery points shown in Appendix 2 between .95 lagging and .98 leading. The Network Customer will correct conditions that result in excessive reactive flows as soon as practical upon notification from the Transmission Provider. If the condition is not promptly corrected, the Network Customer shall compensate the Transmission Provider for excessive reactive flows at a rate consistent with SPP market practices. The Parties shall maintain the system voltages on their respective side of the Receipt Point in accordance with Good Utility Practice.

**8.8 Re-dispatch Charge**

Re-dispatch charges shall be in accordance with Section 33.3 of the Tariff.

**8.9 Wholesale Distribution Service Charge**

**8.10 Network Upgrade Charges**

**8.11 Meter Data Processing Charge**

**8.12 Other Charges**

**9.0 Credit for Network Customer-Owned Transmission Facilities**

**10.0 Designation of Parties Subject to Reciprocal Service Obligation**

**11.0 Other Terms and Conditions**

**APPENDIX 1**

**Network Resources of  
Kansas Power Pool  
As Shown in the Appendix 1 of the SPP NITSA**

**On the condition that KPP has provided Mid-Kansas with a copy of all applications and related correspondence concerning additional Network Resources at the same time it provides such information to SPP**

**Appendix 2**

**Receipt Points of**

**KPP**

**As Shown in Appendix 2 to the SPP NITSA**

**On the condition that KPP has provided Mid-Kansas with a copy of all applications and related correspondence concerning additional Receipt Points at the same time it provides such information to SPP.**

Kansas Power Pool – Mid-Kansas Electric Company, LLC  
Attachment F – Service Agreement for Network Integration Transmission Service

## APPENDIX 3

## LOCAL POINTS OF DELIVERY

| Southern Pioneer   |            |                     |                    |                              |
|--|------------|---------------------|--------------------|------------------------------|
| Name: Location   | KPP Member | Delivery Volt. (kV) | Metered Volt. (kV) | Transformation % Loss Factor |
| *Greensburg: Sec. 16, T28S, R18W, Kiowa Co.              |            | 34,500              | 34,500             | N/A                          |
| **Kingman: Sec. 32, T27S, R10W, Kingman Co.              |            | 34,500              | 34,500             | N/A                          |
| ***Greensburg Wind Farm: Sec. 32, T28S, R 18W, Kiowa Co. |            | 34,500              | 34,500             | N/A                          |

- \* Bill the Local Access Delivery Monthly Demand charge, identified in the Tariff, on the metered value that is coincident with the Southern Pioneer 34.5 kV system peak
- \*\* Bill a 6 MW reservation due to path limit
- \*\*\* Bill the Local Access Delivery Monthly Demand charge, identified in the Tariff, on the metered value that is coincident with the Southern Pioneer 34.5 kV system peak.

| Western   |            |                     |                    |                              |
|---|------------|---------------------|--------------------|------------------------------|
| Name: Location  | KPP Member | Delivery Volt. (kV) | Metered Volt. (kV) | Transformation % Loss Factor |
| *Luray: SE 1/4, Sec. 6, T11S, R12W, Russell Co.       |            | 34,500              | 34,500             | N/A                          |
| *Lucas: NE 1/4, Sec. 33, T11S, R11W, Russell Co.      |            | 34,500              | 34,500             | N/A                          |
| *Holyrood: NE 1/4, Sec. 10, T17S, R10W, Ellsworth Co. |            | 34,500              | 34,500             | N/A                          |

- \* Bill the Local Access Delivery Monthly Demand charge, identified in the Tariff, that is the metered value coincident with Western's 34.5 kV system peak

| Wheatland                                 |            |                     |                    |                              |
|---|------------|---------------------|--------------------|------------------------------|
| Name: Location                            | KPP Member | Delivery Volt. (kV) | Metered Volt. (kV) | Transformation % Loss Factor |
| *Attica: Sec. 30, T32S, R8W, Harper Co.   |            | 34,500              | 2,400              | 1.0%                         |
| **Kingman: Sec. 6, T28S, R7W, Kingman Co. |            | 34,500              | 12,470             | 1.0%                         |

- \* Bill the Local Access Delivery Monthly Demand charge, identified in the Tariff, that is the metered value coincident with Wheatland's 34.5 kV system peak
- \*\* Bill the Local Access Delivery Monthly Demand charge, identified in the Tariff, at 2 MW due to a physical path limit

ATTACHMENT G

NETWORK OPERATING AGREEMENT

This Network Operating Agreement ("Operating Agreement") is entered into this 11th day of January, 2012, by and between **Kansas Power Pool** ("KPP" or "Network Customer"), **Mid-Kansas Electric Company, LLC** ("Mid-Kansas" or "Transmission Provider") and **Southern Pioneer Electric Company** ("Host Transmission Owner"). The Network Customer, Transmission Provider, and Host Transmission Owner shall be referred to individually as "Party" and collectively as "Parties."

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Kansas Corporation Commission ("Commission");

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners of the 34.5 kV and lower voltage facilities used to serve Network Customer (the "Transmission System" for purposes of this Operating Agreement) and acts as an agent for these Transmission Owners in providing service under the Tariff;

WHEREAS, the Host Transmission Owner owns the 34.5 kV and lower-voltage facilities to which the Network Customer's Network Load is physically connected or is the Control Area to which the Network Load is dynamically scheduled;

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff;

WHEREAS, the Network Customer and Transmission Provider have entered into a Network Integration Transmission Service Agreement ("Service Agreement") under the Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff, unless otherwise specified herein.

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
Attachment G – Network Operating Agreement

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NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

**1.0 Network Service**

This Operating Agreement sets out the terms and conditions under which the Transmission Provider, Host Transmission Owner, and Network Customer will cooperate, and the Host Transmission Owner and Network Customer will operate their respective systems, and specifies the equipment that will be installed and operated. The Parties shall operate and maintain their respective systems in a manner that will allow the Host Transmission Owner and the Network Customer to operate their systems and Control Area, and the Transmission Provider to perform its obligations consistent with Good Utility Practice. The Transmission Provider may, on a non-discriminatory basis, waive the requirements of Section 4.1 and Section 8.3 to the extent that such information is unknown at the time of application or where such requirement is not applicable.

**2.0 Designated Representatives of the Parties**

- 2.1 Each Party shall designate a representative and alternate (“Designated Representative(s)”) from their respective company to coordinate and implement, on an ongoing basis, the terms and conditions of this Operating Agreement, including planning, operating, scheduling, re-dispatching, curtailments, control requirements, technical and operating provisions, integration of equipment, hardware and software, and other operating considerations.
- 2.2 The Designated Representatives shall represent the Transmission Provider, Host Transmission Owner, and Network Customer in all matters arising under this Operating Agreement and which may be delegated to them by mutual agreement of the Parties hereto.
- 2.3 The Designated Representatives shall meet or otherwise confer at the request of any Party upon reasonable notice, and each Party may place items on the meeting agenda. All deliberations of the Designated

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Representatives shall be conducted by taking into account the exercise of Good Utility Practice. If the Designated Representatives are unable to agree on any matter subject to their deliberation, that matter shall be resolved pursuant to Section 12.0 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **3.0 System Operating Principles**

- 3.1 The Network Customer must design, construct, and operate its facilities safely and efficiently in accordance with Good Utility Practice, North American Electric Reliability Corporation (“NERC”), Southwest Power Pool, Inc. (“SPP”), or any successor requirements, industry standards, criteria, and applicable manufacturer’s equipment specifications, and within operating physical parameter ranges (voltage schedule, load power factor, and other parameters) required by the Host Transmission Owner and Transmission Provider.
- 3.2 The Host Transmission Owner and Transmission Provider reserve the right to inspect the facilities and operating records of the Network Customer upon mutually agreeable terms and conditions.
- 3.3 Electric service, in the form of three phase, approximately 60 hertz alternating current, shall be delivered at designated delivery points and nominal voltage(s) listed in the Service Agreement. When multiple delivery points are provided to a specific Network Load identified in Appendix 3 of the Service Agreement, they shall not be operated in parallel by the Network Customer without the approval of the Host Transmission Owner and Transmission Provider. The Designated Representatives shall establish the procedure for obtaining such approval. The Designated Representatives shall also establish and monitor standards and operating rules and procedures to assure that Transmission System integrity and the safety of customers, the public, and employees are maintained or enhanced when such parallel operations are permitted either on a continuing basis or for intermittent switching or other service needs. Each

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- Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.
- 3.4 The Host Transmission Owner and Network Customer shall operate their systems and delivery points in continuous synchronism and in accord with applicable NERC Standards, SPP Criteria, and Good Utility Practice.
- 3.5 If the function of any Party's facilities is impaired or the capacity of any delivery point is reduced, or synchronous operation at any delivery point(s) becomes interrupted, either manually or automatically, as a result of force majeure or maintenance coordinated by the Parties, the Parties will cooperate to remove the cause of such impairment, interruption, or reduction, so as to restore normal operating conditions expeditiously.
- 3.6 The Transmission Provider and Host Transmission Owner, if applicable, reserve the sole right to take any action necessary during an actual or imminent emergency to preserve the reliability and integrity of the Transmission System, limit or prevent damage, expedite restoration of service, ensure safe and reliable operation, avoid adverse effects on the quality of service, or preserve public safety.
- 3.7 In an emergency, the reasonable judgment of the Transmission Provider and Host Transmission Owner, if applicable, in accordance with Good Utility Practice, shall be the sole determinant of whether the operation of the Network Customer loads or equipment adversely affects the quality of service or interferes with the safe and reliable operation of the Transmission System. The Transmission Provider or Host Transmission Owner, if applicable, may discontinue transmission service to such Network Customer until the power quality or interfering condition has been corrected. Such curtailment of load, re-dispatching, or load shedding shall be done on a non-discriminatory basis by Load Ratio Share, to the extent practicable. The Transmission Provider or Host Transmission Owner, if applicable, will provide reasonable notice and an opportunity to alleviate the condition by the Network Customer to the extent practicable.

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#### 4.0 System Planning and Protection

- 4.1 No later than October 1 of each year, the Network Customer shall provide the Transmission Provider and Host Transmission Owner the following information:
- a) A ten-year projection of summer and winter peak demands with the corresponding power factors and annual energy requirements on an aggregate basis for each delivery point. If there is more than one delivery point, the Network Customer shall provide the summer and winter peak demands and energy requirements at each delivery point for the normal operating configuration;
  - b) A ten-year projection by summer and winter peak of planned generating capabilities and committed transactions with third parties, which resources are expected to be used by the Network Customer to supply the peak demand and energy requirements provided in (a);
  - c) A ten-year projection by summer and winter peak of the estimated maximum demand in kilowatts that the Network Customer plans to acquire from the generation resources owned by the Network Customer, and generation resources purchased from others; and
  - d) A projection for each of the next ten years of Transmission System facility additions to be owned and/or constructed by the Network Customer which facilities are expected to affect the planning and operation of the Transmission System within the Host Transmission Owner's Control Area.

This information is to be delivered to the Transmission Provider's and Host Transmission Owner's Designated Representatives pursuant to Section 2.0.

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- 4.2 Information exchanged by the Parties under this article will be used for system planning and protection only and will not be disclosed to third parties absent mutual consent or order of a court or regulatory agency.
- 4.3 The Host Transmission Owner, and Transmission Provider, if applicable, will incorporate this information in its system load flow analyses performed during the first half of each year. Following completion of these analyses, the Transmission Provider or Host Transmission Owner will provide the following to the Network Customer:
- a) A statement regarding the ability of the Host Transmission Owner's Transmission System to meet the forecasted deliveries at each of the delivery points;
  - b) A detailed description of any constraints on the Host Transmission Owner's system within the five-year horizon that will restrict forecasted deliveries; and
  - c) In the event that studies reveal a potential limitation of the Transmission Provider's ability to deliver power and energy to any of the delivery points, a Designated Representative of the Transmission Provider will coordinate with the Designated Representatives of the Host Transmission Owner and the Network Customer to identify appropriate remedies for such constraints, including but not limited to: construction of new Transmission System facilities, upgrades, or other improvements to existing Transmission System facilities, or temporary modification to operating procedures designed to relieve identified constraints. Any constraints within the Transmission System will be remedied pursuant to the procedures of Attachment O of the Tariff.

For all other constraints, the Host Transmission Owner, upon agreement with the Network Customer and consistent with Good Utility Practice, will endeavor to construct and place into service

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sufficient capacity to maintain reliable service to the Network Customer.

An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with the Tariff and with the Commission's rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, the Transmission Provider shall submit its proposal for the remedy or sharing of such costs to the Commission for approval consistent with the Tariff.

- 4.4 The Host Transmission Owner and the Network Customer shall coordinate with the Transmission Provider: (1) all scheduled outages of generating resources and Transmission System facilities consistent with the reliability of service to the customers of each Party, and (2) additions or changes in facilities which could affect another Party's system. Where coordination cannot be achieved, the Designated Representatives shall intervene for resolution.
- 4.5 The Network Customer shall coordinate with the Host Transmission Owner regarding the technical and engineering arrangements for the delivery points, including one-line diagrams depicting the electrical facilities configuration and parallel generation, and shall design and build the facilities to avoid interruptions on the Host Transmission Owner's Transmission System.
- 4.6 The Network Customer shall provide for automatic and underfrequency load shedding of the Network Customer Network Load in accordance with the NERC Standards and SPP Criteria related to emergency operations.

## **5.0 Maintenance of Facilities**

- 5.1 The Network Customer shall maintain its facilities necessary to reliably receive capacity and energy from the Host Transmission Owner's Transmission System consistent with Good Utility Practice. The

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Transmission Provider or Host Transmission Owner, as appropriate, may curtail service under this Operating Agreement to limit or prevent damage to generating or transmission or distribution facilities caused by the Network Customer's failure to maintain its facilities in accordance with Good Utility Practice, and the Transmission Provider or Host Transmission Owner may seek as a result any appropriate relief from the Commission.

- 5.2 The Designated Representatives shall establish procedures to coordinate the maintenance schedules, and return to service, of the generating resources and transmission, distribution and substation facilities, to the greatest extent practical, to ensure sufficient Transmission System resources are available to maintain system reliability and reliability of service.
- 5.3 The Network Customer shall obtain: (1) concurrence from the Transmission Provider before beginning any scheduled maintenance of facilities which could impact the operation of the Transmission System over which transmission service is administered by Transmission Provider; and (2) clearance from the Transmission Provider when the Network Customer is ready to begin maintenance on a Transmission System line or substation. The Transmission Provider shall coordinate clearances with the Host Transmission Owner. The Network Customer shall notify the Transmission Provider and the Host Transmission Owner as soon as practical at the time when any unscheduled or forced outages occur and again when such unscheduled or forced outages end.

## **6.0 Scheduling Procedures**

- 6.1 Prior to the beginning of each week, the Network Customer shall provide to the Transmission Provider expected hourly energy schedules for that week for all energy flowing into the Transmission System administered by Transmission Provider.

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6.2 In accordance with the general provisions of Section 35 of the Tariff and the specific SPP requirements set forth in Section 36 of the SPP Tariff, the Network Customer shall provide to the Transmission Provider the Network Customer's hourly energy schedules for the next calendar day for all energy flowing into the Transmission System administered by the Transmission Provider. The Network Customer may modify its hourly energy schedules up to 20 minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The hourly schedule must be stated in increments of 1,000 kW per hour. The Network Customer shall submit, or arrange to have submitted, to the Transmission Provider a NERC transaction identification Tag where required by NERC Standard INT-001. These hourly energy schedules shall be used by the Transmission Provider to determine whether any Energy Imbalance Service charges, pursuant to Schedule 4 of the Tariff apply.

## **7.0 Ancillary Services**

- 7.1 The Network Customer must make arrangements in appropriate amounts for all of the required Ancillary Services described in the Tariff. The Network Customer must obtain these services from the Transmission Provider or Host Transmission Owner or, where applicable, self-supply or obtain these services from a third party.
- 7.2 Where the Network Customer elects to self-supply or have a third party provide Ancillary Services, the Network Customer must demonstrate to the Transmission Provider that it has either acquired the Ancillary Services from another source or is capable of self-supplying the services.
- 7.3 The Network Customer must designate the supplier of Ancillary Services.

## **8.0 Metering**

- 8.1 The Network Customer shall provide for the installation of meters, associated metering equipment, and telemetering equipment. The

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Network Customer shall permit (or provide for, if the Network Customer is not the meter owner) the Transmission Provider's and Host Transmission Owner's representative to have access to the equipment at all reasonable hours and for any reasonable purpose, and shall not permit unauthorized persons to have access to the space housing the equipment. Network Customer shall provide to (or provide for, if the Network Customer is not the meter owner) the Host Transmission Owner access to load data and other data available from any delivery point meter. If the Network Customer does not own the meter, the Host Transmission Owner shall make available, upon request, all load data and other data obtained by the Host Transmission Owner from the relevant delivery point meter, if available utilizing existing equipment. The Network Customer will cooperate on the installation of advanced technology metering in place of the standard metering equipment at a delivery point at the expense of the requestor; provided, however, that meter owner shall not be obligated to install, operate, or maintain any meter or related equipment that is not approved for use by the meter owner and/or Host Transmission Owner, and provided that such equipment addition can be accomplished in a manner that does not interfere with the operation of the meter owner's equipment or any Party's fulfillment of any statutory or contractual obligation.

- 8.2 The Network Customer shall provide for the testing of the metering equipment at suitable intervals, and its accuracy of registration shall be maintained in accordance with standards acceptable to the Transmission Provider and consistent with Good Utility Practice. At the request of the Transmission Provider or Host Transmission Owner, a special test shall be made. But if less than two percent inaccuracy is found, the requesting Party shall pay for the test. Representatives of the Parties may be present at all routine or special tests and whenever any readings for purposes of settlement are taken from meters not having an automated record. If any test of metering equipment discloses an inaccuracy exceeding two

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percent, the accounts of the Parties shall be adjusted. Such adjustment shall apply to the period over which the meter error is shown to have been in effect or, where such period is indeterminable, for one-half the period since the prior meter test. Should any metering equipment fail to register, the amounts of energy delivered shall be estimated from the best available data.

- 8.3 If the Network Customer is supplying energy to retail load that has a choice in its supplier, the Network Customer shall be responsible for providing all information required by the Transmission Provider for billing purposes. Metering information shall be available to the Transmission Provider either by individual retail customer or aggregated retail energy information for that load the Network Customer has under contract during the billing month. For the retail load that has interval demand metering, the actual energy used by interval must be supplied. For the retail load using standard kWh metering, the total energy consumed by meter cycle, along with the estimated demand profile, must be supplied. All rights and limitations between Parties granted in Sections 8.1, and 8.2 are applicable in regards to retail metering used as the basis for billing the Network Customer.

## 9.0 Connected Generation Resources

- 9.1 The Network Customer's connected generation resources that have automatic generation control and automatic voltage regulation shall be operated and maintained consistent with regional operating standards, and the Network Customer or the operator shall operate, or cause to be operated, such resources to avoid adverse disturbances or interference with the safe and reliable operation of the Transmission System.
- 9.2 For all Network Resources of the Network Customer, the Network Customer shall provide the following generation telemetry readings to Balancing Authority, or such other information, in the form and at the times

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
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that are consistent with requirements for “Network Resources” under the SPP Tariff:

- 1) Analog MW;
- 2) Integrated MWHRS/HR;
- 3) Analog MVARs; and
- 4) Integrated MVARHRS/HR.

#### **10.0 Re-dispatching, Curtailment, and Load Shedding**

- 10.1 In accordance with Section 33 of the SPP Tariff, SPP may require re-dispatching of generation resources or curtailment of loads to relieve existing or potential Transmission System constraints. SPP shall be primarily responsible for actions under Section 33 of the SPP Tariff.
- 10.2 Solely with respect to situations for which SPP is not responsible or cannot act, the Parties shall implement load-shedding procedures to maintain the reliability and integrity for the Transmission System as provided in Section 33.1 of the SPP Tariff and in accordance with applicable NERC and SPP requirements and Good Utility Practice. Load shedding may include: (1) automatic load shedding, (2) manual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, the Host Transmission Owner shall notify the Network Customer’s dispatcher or schedulers of the required action and the Network Customer shall comply immediately.
- 10.3 The Network Customer will coordinate with the Host Transmission Owner to ensure sufficient load shedding equipment is in place on their respective systems to meet SPP requirements. The Network Customer and the Host Transmission Owner shall develop a plan for load shedding which may include manual load shedding by the Network Customer.

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### **11.0 Communications**

- 11.1 The Network Customer shall, at its own expense, install and maintain communication link(s) for scheduling. The communication link(s) shall be used for data transfer and for voice communication.
- 11.2 A Network Customer self-supplying Ancillary Services or securing Ancillary Services from a third party shall, at its own expense, install and maintain telemetry equipment communicating between the generating resource(s) providing such Ancillary Services and the Host Transmission Owner's Control Area.

### **12.0 Cost Responsibility**

- 12.1 The Network Customer shall be responsible for all costs incurred by the Network Customer, Host Transmission Owner, and Transmission Provider to implement the provisions of this Operating Agreement, including but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specification, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment or software, so long as the direct assignment of such costs is not inconsistent with Commission policy.
- 12.2 The Network Customer shall be responsible for all costs incurred by Network Customer, Host Transmission Owner, and Transmission Provider for ongoing operation and maintenance of the facilities required to implement the provisions of this Operating Agreement so long as the direct assignment of such costs is not inconsistent with Commission policy. Such work shall include, but is not limited to, normal and extraordinary engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, calibration, removal, or

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
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relocation of equipment required to accommodate service provided under this Operating Agreement.

### **13.0 Billing and Payments**

Billing and Payments shall be in accordance with Section 7 of the Tariff.

### **14.0 Dispute Resolution**

Any dispute among the Parties regarding this Operating Agreement shall be resolved pursuant to Section 12 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **15.0 Assignment**

15.1 This Operating Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns, but shall not be assigned by any Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other Parties. Such written consent shall not be unreasonably withheld.

15.3 So long as Mid-Kansas is the Transmission Provider, [Name] shall deal with Mid-Kansas, as agent for [Member], with respect to the Host Transmission Owner's rights and obligations under Sections 3.3 (approval of Delivery Point changes), 4.1 (system planning), 5.3 (clearances for maintenance activities), 6.1 and 6.2 (scheduling), 7.1 (ancillary services), 9.2 (telemetry information), 10.2 and 10.3 (load shedding), 13.0 (billing), and 20.0 (notice). During the period of Mid-Kansas' agency, [Member] may perform directly or through Mid-Kansas, as agent, with respect to the Host Transmission Owner's rights and obligations under Sections 3.2 (inspection of facilities and records), 3.5 (removing impairments), 3.6 and 3.7 (emergencies), and 5.1 (opening the interconnection).

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
Attachment G – Network Operating Agreement

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**16.0 Choice of Law**

The interpretation, enforcement, and performance of this Operating Agreement shall be governed by the laws of the State of Kansas, except laws and precedent of such jurisdiction concerning choice of law shall not be applied, except to the extent governed by the laws of the United States of America.

**17.0 Entire Agreement**

The Tariff and Service Agreement, as they are amended from time to time, are incorporated herein and made a part hereof. To the extent that a conflict exists between the terms of this Operating Agreement and the terms of the Tariff, the Tariff shall control.

**18.0 Unilateral Changes and Modifications**

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the right of the Transmission Provider or a Transmission Owner unilaterally to file with the Commission, or make application to the Commission for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under applicable law and rules and regulations promulgated thereunder.

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the ability of any Network Customer receiving Network Integration Transmission Service under the Tariff to exercise any right under applicable law and pursuant to rules and regulations promulgated thereunder; provided, however, that it is expressly recognized that this Operating Agreement is necessary for the implementation of the Tariff and Service Agreement. Therefore, no Party shall propose a change to this Operating Agreement that is inconsistent with the rates, terms and conditions of the Tariff and/or Service Agreement.

**19.0 Term**

This Operating Agreement shall become effective on the date assigned by the Commission ("Effective Date"), and shall continue in effect until the Tariff or the

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
Attachment G – Network Operating Agreement

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Network Customer's Service Agreement is terminated, whichever shall occur first.

## 20.0 Notice

20.1 Any notice that may be given to or made upon any Party by any other Party under any of the provisions of this Operating Agreement shall be in writing, unless otherwise specifically provided herein, and shall be considered delivered when the notice is personally delivered or deposited in the United States mail, certified or registered postage prepaid, to the following:

**Mid-Kansas (Transmission Provider)**

Mid-Kansas Electric Company, LLC  
President and CEO  
301 West 13th Street  
P.O. Box 980  
Hays, Kansas 67601  
Phone: 800-354-3638  
Fax: 785-623-3395  
Email

**[Host Transmission Owner]**

Southern Pioneer Electric Company  
President and CEO  
1850 West Oklahoma  
P.O. Box 368  
Ulysses, KS 67880  
(800) 794-9302  
(620) 794-9302  
Email

**[Network Customer]**

Kansas Power Pool  
General Manager  
200 W Douglas, Suite 601  
Wichita, KS 67202  
(316) 264-3166  
(316) 264-3434  
Email

Any Party may change its notice address by written notice to the other Parties in accordance with this Article 20.

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Southern Pioneer Electric Company  
Attachment G – Network Operating Agreement

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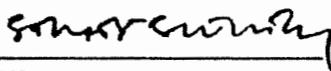
20.2 Any notice, request, or demand pertaining to operating matters may be delivered in writing, in person or by first class mail, email, messenger, or facsimile transmission as may be appropriate and shall be confirmed in writing as soon as reasonably practical thereafter, if any Party so requests in any particular instance.

**21.0 Execution In Counterparts**

This Operating Agreement may be executed in any number of counterparts with the same effect as if all Parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this Operating Agreement to be executed by their respective authorized officials, and copies delivered to each Party, to become effective as of the Effective Date.

**TRANSMISSION PROVIDER**

  
Signature

Stuart S. Lowry  
Printed name

President and CEO  
Title

10/29/12  
Date

**HOST TRANSMISSION OWNER**

  
Signature

Stephen J Epperson  
Printed name

CEO  
Title

10-29-12  
Date

**NETWORK CUSTOMER**

  
Signature

Larry W Holloway  
Printed name

Interim General Manager  
Title  
Kansas Power Pool

10/26/2012  
Date

**ATTACHMENT G**  
**NETWORK OPERATING AGREEMENT**

This Network Operating Agreement (“Operating Agreement”) is entered into this 11th day of January, 2012, by and between **Kansas Power Pool** (“KPP” or “Network Customer”), **Mid-Kansas Electric Company, LLC** (“Mid-Kansas” or “Transmission Provider”) and **Western Cooperative Electric Association, Inc.** (“Host Transmission Owner”). The Network Customer, Transmission Provider, and Host Transmission Owner shall be referred to individually as “Party” and collectively as “Parties.”

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider’s Open Access Transmission Tariff (“Tariff”) filed with the Kansas Corporation Commission (“Commission”);

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners of the 34.5 kV and lower voltage facilities used to serve Network Customer (the “Transmission System” for purposes of this Operating Agreement) and acts as an agent for these Transmission Owners in providing service under the Tariff;

WHEREAS, the Host Transmission Owner owns the 34.5 kV and lower-voltage facilities to which the Network Customer’s Network Load is physically connected or is the Control Area to which the Network Load is dynamically scheduled;

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff;

WHEREAS, the Network Customer and Transmission Provider have entered into a Network Integration Transmission Service Agreement (“Service Agreement”) under the Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff, unless otherwise specified herein.

Kansas Power Pool – Mid-Kansas Electric Company, LLC – Western Cooperative  
Electric Association, Inc.  
Attachment G – Network Operating Agreement

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NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

### **1.0 Network Service**

This Operating Agreement sets out the terms and conditions under which the Transmission Provider, Host Transmission Owner, and Network Customer will cooperate, and the Host Transmission Owner and Network Customer will operate their respective systems, and specifies the equipment that will be installed and operated. The Parties shall operate and maintain their respective systems in a manner that will allow the Host Transmission Owner and the Network Customer to operate their systems and Control Area, and the Transmission Provider to perform its obligations consistent with Good Utility Practice. The Transmission Provider may, on a non-discriminatory basis, waive the requirements of Section 4.1 and Section 8.3 to the extent that such information is unknown at the time of application or where such requirement is not applicable.

### **2.0 Designated Representatives of the Parties**

- 2.1 Each Party shall designate a representative and alternate (“Designated Representative(s)”) from their respective company to coordinate and implement, on an ongoing basis, the terms and conditions of this Operating Agreement, including planning, operating, scheduling, re-dispatching, curtailments, control requirements, technical and operating provisions, integration of equipment, hardware and software, and other operating considerations.
- 2.2 The Designated Representatives shall represent the Transmission Provider, Host Transmission Owner, and Network Customer in all matters arising under this Operating Agreement and which may be delegated to them by mutual agreement of the Parties hereto.
- 2.3 The Designated Representatives shall meet or otherwise confer at the request of any Party upon reasonable notice, and each Party may place items on the meeting agenda. All deliberations of the Designated

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Electric Association, Inc.  
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Representatives shall be conducted by taking into account the exercise of Good Utility Practice. If the Designated Representatives are unable to agree on any matter subject to their deliberation, that matter shall be resolved pursuant to Section 12.0 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **3.0 System Operating Principles**

- 3.1 The Network Customer must design, construct, and operate its facilities safely and efficiently in accordance with Good Utility Practice, North American Electric Reliability Corporation (“NERC”), Southwest Power Pool, Inc. (“SPP”), or any successor requirements, industry standards, criteria, and applicable manufacturer’s equipment specifications, and within operating physical parameter ranges (voltage schedule, load power factor, and other parameters) required by the Host Transmission Owner and Transmission Provider.
- 3.2 The Host Transmission Owner and Transmission Provider reserve the right to inspect the facilities and operating records of the Network Customer upon mutually agreeable terms and conditions.
- 3.3 Electric service, in the form of three phase, approximately 60 hertz alternating current, shall be delivered at designated delivery points and nominal voltage(s) listed in the Service Agreement. When multiple delivery points are provided to a specific Network Load identified in Appendix 3 of the Service Agreement, they shall not be operated in parallel by the Network Customer without the approval of the Host Transmission Owner and Transmission Provider. The Designated Representatives shall establish the procedure for obtaining such approval. The Designated Representatives shall also establish and monitor standards and operating rules and procedures to assure that Transmission System integrity and the safety of customers, the public, and employees are maintained or enhanced when such parallel operations are permitted either on a continuing basis or for intermittent switching or other service needs. Each

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- Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.
- 3.4 The Host Transmission Owner and Network Customer shall operate their systems and delivery points in continuous synchronism and in accord with applicable NERC Standards, SPP Criteria, and Good Utility Practice.
- 3.5 If the function of any Party's facilities is impaired or the capacity of any delivery point is reduced, or synchronous operation at any delivery point(s) becomes interrupted, either manually or automatically, as a result of force majeure or maintenance coordinated by the Parties, the Parties will cooperate to remove the cause of such impairment, interruption, or reduction, so as to restore normal operating conditions expeditiously.
- 3.6 The Transmission Provider and Host Transmission Owner, if applicable, reserve the sole right to take any action necessary during an actual or imminent emergency to preserve the reliability and integrity of the Transmission System, limit or prevent damage, expedite restoration of service, ensure safe and reliable operation, avoid adverse effects on the quality of service, or preserve public safety.
- 3.7 In an emergency, the reasonable judgment of the Transmission Provider and Host Transmission Owner, if applicable, in accordance with Good Utility Practice, shall be the sole determinant of whether the operation of the Network Customer loads or equipment adversely affects the quality of service or interferes with the safe and reliable operation of the Transmission System. The Transmission Provider or Host Transmission Owner, if applicable, may discontinue transmission service to such Network Customer until the power quality or interfering condition has been corrected. Such curtailment of load, re-dispatching, or load shedding shall be done on a non-discriminatory basis by Load Ratio Share, to the extent practicable. The Transmission Provider or Host Transmission Owner, if applicable, will provide reasonable notice and an opportunity to alleviate the condition by the Network Customer to the extent practicable.

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#### **4.0 System Planning and Protection**

- 4.1 No later than October 1 of each year, the Network Customer shall provide the Transmission Provider and Host Transmission Owner the following information:
- a) A ten-year projection of summer and winter peak demands with the corresponding power factors and annual energy requirements on an aggregate basis for each delivery point. If there is more than one delivery point, the Network Customer shall provide the summer and winter peak demands and energy requirements at each delivery point for the normal operating configuration;
  - b) A ten-year projection by summer and winter peak of planned generating capabilities and committed transactions with third parties, which resources are expected to be used by the Network Customer to supply the peak demand and energy requirements provided in (a);
  - c) A ten-year projection by summer and winter peak of the estimated maximum demand in kilowatts that the Network Customer plans to acquire from the generation resources owned by the Network Customer, and generation resources purchased from others; and
  - d) A projection for each of the next ten years of Transmission System facility additions to be owned and/or constructed by the Network Customer which facilities are expected to affect the planning and operation of the Transmission System within the Host Transmission Owner's Control Area.

This information is to be delivered to the Transmission Provider's and Host Transmission Owner's Designated Representatives pursuant to Section 2.0.

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- 4.2 Information exchanged by the Parties under this article will be used for system planning and protection only and will not be disclosed to third parties absent mutual consent or order of a court or regulatory agency.
- 4.3 The Host Transmission Owner, and Transmission Provider, if applicable, will incorporate this information in its system load flow analyses performed during the first half of each year. Following completion of these analyses, the Transmission Provider or Host Transmission Owner will provide the following to the Network Customer:
- a) A statement regarding the ability of the Host Transmission Owner's Transmission System to meet the forecasted deliveries at each of the delivery points;
  - b) A detailed description of any constraints on the Host Transmission Owner's system within the five-year horizon that will restrict forecasted deliveries; and
  - c) In the event that studies reveal a potential limitation of the Transmission Provider's ability to deliver power and energy to any of the delivery points, a Designated Representative of the Transmission Provider will coordinate with the Designated Representatives of the Host Transmission Owner and the Network Customer to identify appropriate remedies for such constraints, including but not limited to: construction of new Transmission System facilities, upgrades, or other improvements to existing Transmission System facilities, or temporary modification to operating procedures designed to relieve identified constraints. Any constraints within the Transmission System will be remedied pursuant to the procedures of Attachment O of the Tariff.

For all other constraints, the Host Transmission Owner, upon agreement with the Network Customer and consistent with Good Utility Practice, will endeavor to construct and place into service

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sufficient capacity to maintain reliable service to the Network Customer.

An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with the Tariff and with the Commission's rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, the Transmission Provider shall submit its proposal for the remedy or sharing of such costs to the Commission for approval consistent with the Tariff.

- 4.4 The Host Transmission Owner and the Network Customer shall coordinate with the Transmission Provider: (1) all scheduled outages of generating resources and Transmission System facilities consistent with the reliability of service to the customers of each Party, and (2) additions or changes in facilities which could affect another Party's system. Where coordination cannot be achieved, the Designated Representatives shall intervene for resolution.
- 4.5 The Network Customer shall coordinate with the Host Transmission Owner regarding the technical and engineering arrangements for the delivery points, including one-line diagrams depicting the electrical facilities configuration and parallel generation, and shall design and build the facilities to avoid interruptions on the Host Transmission Owner's Transmission System.
- 4.6 The Network Customer shall provide for automatic and underfrequency load shedding of the Network Customer Network Load in accordance with the NERC Standards and SPP Criteria related to emergency operations.

## **5.0 Maintenance of Facilities**

- 5.1 The Network Customer shall maintain its facilities necessary to reliably receive capacity and energy from the Host Transmission Owner's Transmission System consistent with Good Utility Practice. The

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Transmission Provider or Host Transmission Owner, as appropriate, may curtail service under this Operating Agreement to limit or prevent damage to generating or transmission or distribution facilities caused by the Network Customer's failure to maintain its facilities in accordance with Good Utility Practice, and the Transmission Provider or Host Transmission Owner may seek as a result any appropriate relief from the Commission.

- 5.2 The Designated Representatives shall establish procedures to coordinate the maintenance schedules, and return to service, of the generating resources and transmission, distribution and substation facilities, to the greatest extent practical, to ensure sufficient Transmission System resources are available to maintain system reliability and reliability of service.
- 5.3 The Network Customer shall obtain: (1) concurrence from the Transmission Provider before beginning any scheduled maintenance of facilities which could impact the operation of the Transmission System over which transmission service is administered by Transmission Provider; and (2) clearance from the Transmission Provider when the Network Customer is ready to begin maintenance on a Transmission System line or substation. The Transmission Provider shall coordinate clearances with the Host Transmission Owner. The Network Customer shall notify the Transmission Provider and the Host Transmission Owner as soon as practical at the time when any unscheduled or forced outages occur and again when such unscheduled or forced outages end.

## **6.0 Scheduling Procedures**

- 6.1 Prior to the beginning of each week, the Network Customer shall provide to the Transmission Provider expected hourly energy schedules for that week for all energy flowing into the Transmission System administered by Transmission Provider.

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6.2 In accordance with the general provisions of Section 35 of the Tariff and the specific SPP requirements set forth in Section 36 of the SPP Tariff, the Network Customer shall provide to the Transmission Provider the Network Customer's hourly energy schedules for the next calendar day for all energy flowing into the Transmission System administered by the Transmission Provider. The Network Customer may modify its hourly energy schedules up to 20 minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The hourly schedule must be stated in increments of 1,000 kW per hour. The Network Customer shall submit, or arrange to have submitted, to the Transmission Provider a NERC transaction identification Tag where required by NERC Standard INT-001. These hourly energy schedules shall be used by the Transmission Provider to determine whether any Energy Imbalance Service charges, pursuant to Schedule 4 of the Tariff apply.

## **7.0 Ancillary Services**

- 7.1 The Network Customer must make arrangements in appropriate amounts for all of the required Ancillary Services described in the Tariff. The Network Customer must obtain these services from the Transmission Provider or Host Transmission Owner or, where applicable, self-supply or obtain these services from a third party.
- 7.2 Where the Network Customer elects to self-supply or have a third party provide Ancillary Services, the Network Customer must demonstrate to the Transmission Provider that it has either acquired the Ancillary Services from another source or is capable of self-supplying the services.
- 7.3 The Network Customer must designate the supplier of Ancillary Services.

## **8.0 Metering**

- 8.1 The Network Customer shall provide for the installation of meters, associated metering equipment, and telemetering equipment. The

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Network Customer shall permit (or provide for, if the Network Customer is not the meter owner) the Transmission Provider's and Host Transmission Owner's representative to have access to the equipment at all reasonable hours and for any reasonable purpose, and shall not permit unauthorized persons to have access to the space housing the equipment. Network Customer shall provide to (or provide for, if the Network Customer is not the meter owner) the Host Transmission Owner access to load data and other data available from any delivery point meter. If the Network Customer does not own the meter, the Host Transmission Owner shall make available, upon request, all load data and other data obtained by the Host Transmission Owner from the relevant delivery point meter, if available utilizing existing equipment. The Network Customer will cooperate on the installation of advanced technology metering in place of the standard metering equipment at a delivery point at the expense of the requestor; provided, however, that meter owner shall not be obligated to install, operate, or maintain any meter or related equipment that is not approved for use by the meter owner and/or Host Transmission Owner, and provided that such equipment addition can be accomplished in a manner that does not interfere with the operation of the meter owner's equipment or any Party's fulfillment of any statutory or contractual obligation.

- 8.2 The Network Customer shall provide for the testing of the metering equipment at suitable intervals, and its accuracy of registration shall be maintained in accordance with standards acceptable to the Transmission Provider and consistent with Good Utility Practice. At the request of the Transmission Provider or Host Transmission Owner, a special test shall be made. But if less than two percent inaccuracy is found, the requesting Party shall pay for the test. Representatives of the Parties may be present at all routine or special tests and whenever any readings for purposes of settlement are taken from meters not having an automated record. If any test of metering equipment discloses an inaccuracy exceeding two

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percent, the accounts of the Parties shall be adjusted. Such adjustment shall apply to the period over which the meter error is shown to have been in effect or, where such period is indeterminable, for one-half the period since the prior meter test. Should any metering equipment fail to register, the amounts of energy delivered shall be estimated from the best available data.

- 8.3 If the Network Customer is supplying energy to retail load that has a choice in its supplier, the Network Customer shall be responsible for providing all information required by the Transmission Provider for billing purposes. Metering information shall be available to the Transmission Provider either by individual retail customer or aggregated retail energy information for that load the Network Customer has under contract during the billing month. For the retail load that has interval demand metering, the actual energy used by interval must be supplied. For the retail load using standard kWh metering, the total energy consumed by meter cycle, along with the estimated demand profile, must be supplied. All rights and limitations between Parties granted in Sections 8.1, and 8.2 are applicable in regards to retail metering used as the basis for billing the Network Customer.

## **9.0 Connected Generation Resources**

- 9.1 The Network Customer's connected generation resources that have automatic generation control and automatic voltage regulation shall be operated and maintained consistent with regional operating standards, and the Network Customer or the operator shall operate, or cause to be operated, such resources to avoid adverse disturbances or interference with the safe and reliable operation of the Transmission System.
- 9.2 For all Network Resources of the Network Customer, the Network Customer shall provide the following generation telemetry readings to Balancing Authority, or such other information, in the form and at the times

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that are consistent with requirements for “Network Resources” under the SPP Tariff:

- 1) Analog MW;
- 2) Integrated MWHRS/HR;
- 3) Analog MVARs; and
- 4) Integrated MVARHRS/HR.

#### **10.0 Re-dispatching, Curtailment, and Load Shedding**

- 10.1 In accordance with Section 33 of the SPP Tariff, SPP may require re-dispatching of generation resources or curtailment of loads to relieve existing or potential Transmission System constraints. SPP shall be primarily responsible for actions under Section 33 of the SPP Tariff.
- 10.2 Solely with respect to situations for which SPP is not responsible or cannot act, the Parties shall implement load-shedding procedures to maintain the reliability and integrity for the Transmission System as provided in Section 33.1 of the SPP Tariff and in accordance with applicable NERC and SPP requirements and Good Utility Practice. Load shedding may include: (1) automatic load shedding, (2) manual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, the Host Transmission Owner shall notify the Network Customer’s dispatcher or schedulers of the required action and the Network Customer shall comply immediately.
- 10.3 The Network Customer will coordinate with the Host Transmission Owner to ensure sufficient load shedding equipment is in place on their respective systems to meet SPP requirements. The Network Customer and the Host Transmission Owner shall develop a plan for load shedding which may include manual load shedding by the Network Customer.

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## **11.0 Communications**

- 11.1 The Network Customer shall, at its own expense, install and maintain communication link(s) for scheduling. The communication link(s) shall be used for data transfer and for voice communication.
- 11.2 A Network Customer self-supplying Ancillary Services or securing Ancillary Services from a third party shall, at its own expense, install and maintain telemetry equipment communicating between the generating resource(s) providing such Ancillary Services and the Host Transmission Owner's Control Area.

## **12.0 Cost Responsibility**

- 12.1 The Network Customer shall be responsible for all costs incurred by the Network Customer, Host Transmission Owner, and Transmission Provider to implement the provisions of this Operating Agreement, including but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specification, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment or software, so long as the direct assignment of such costs is not inconsistent with Commission policy.
- 12.2 The Network Customer shall be responsible for all costs incurred by Network Customer, Host Transmission Owner, and Transmission Provider for ongoing operation and maintenance of the facilities required to implement the provisions of this Operating Agreement so long as the direct assignment of such costs is not inconsistent with Commission policy. Such work shall include, but is not limited to, normal and extraordinary engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, calibration, removal, or

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relocation of equipment required to accommodate service provided under this Operating Agreement.

### **13.0 Billing and Payments**

Billing and Payments shall be in accordance with Section 7 of the Tariff.

### **14.0 Dispute Resolution**

Any dispute among the Parties regarding this Operating Agreement shall be resolved pursuant to Section 12 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **15.0 Assignment**

15.1 This Operating Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns, but shall not be assigned by any Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other Parties. Such written consent shall not be unreasonably withheld.

15.3 So long as Mid-Kansas is the Transmission Provider, [Name] shall deal with Mid-Kansas, as agent for [Member], with respect to the Host Transmission Owner's rights and obligations under Sections 3.3 (approval of Delivery Point changes), 4.1 (system planning), 5.3 (clearances for maintenance activities), 6.1 and 6.2 (scheduling), 7.1 (ancillary services), 9.2 (telemetry information), 10.2 and 10.3 (load shedding), 13.0 (billing), and 20.0 (notice). During the period of Mid-Kansas' agency, [Member] may perform directly or through Mid-Kansas, as agent, with respect to the Host Transmission Owner's rights and obligations under Sections 3.2 (inspection of facilities and records), 3.5 (removing impairments), 3.6 and 3.7 (emergencies), and 5.1 (opening the interconnection).

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**16.0 Choice of Law**

The interpretation, enforcement, and performance of this Operating Agreement shall be governed by the laws of the State of Kansas, except laws and precedent of such jurisdiction concerning choice of law shall not be applied, except to the extent governed by the laws of the United States of America.

**17.0 Entire Agreement**

The Tariff and Service Agreement, as they are amended from time to time, are incorporated herein and made a part hereof. To the extent that a conflict exists between the terms of this Operating Agreement and the terms of the Tariff, the Tariff shall control.

**18.0 Unilateral Changes and Modifications**

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the right of the Transmission Provider or a Transmission Owner unilaterally to file with the Commission, or make application to the Commission for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under applicable law and rules and regulations promulgated thereunder.

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the ability of any Network Customer receiving Network Integration Transmission Service under the Tariff to exercise any right under applicable law and pursuant to rules and regulations promulgated thereunder; provided, however, that it is expressly recognized that this Operating Agreement is necessary for the implementation of the Tariff and Service Agreement. Therefore, no Party shall propose a change to this Operating Agreement that is inconsistent with the rates, terms and conditions of the Tariff and/or Service Agreement.

**19.0 Term**

This Operating Agreement shall become effective on the date assigned by the Commission (“Effective Date”), and shall continue in effect until the Tariff or the

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Network Customer's Service Agreement is terminated, whichever shall occur first.

## 20.0 Notice

20.1 Any notice that may be given to or made upon any Party by any other Party under any of the provisions of this Operating Agreement shall be in writing, unless otherwise specifically provided herein, and shall be considered delivered when the notice is personally delivered or deposited in the United States mail, certified or registered postage prepaid, to the following:

### **Mid-Kansas (Transmission Provider)**

Mid-Kansas Electric Company, LLC  
President and CEO  
301 West 13th Street  
P.O. Box 980  
Hays, Kansas 67601  
Phone: 800-354-3638  
Fax: 785-623-3395  
Email

### **[Host Transmission Owner]**

Western Cooperative Electric Assn., Inc.  
General Manager  
P.O. Box 278  
WaKeeney, KS 67672-0278  
(785) 743-5561  
(785) 743-2717  
Email

### **[Network Customer]**

Kansas Power Pool  
General Manager  
200 W Douglas, Suite 601  
Wichita, KS 67202  
(316) 264-3166  
(316) 264-3434  
Email

Any Party may change its notice address by written notice to the other Parties in accordance with this Article 20.

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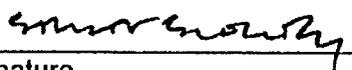
20.2 Any notice, request, or demand pertaining to operating matters may be delivered in writing, in person or by first class mail, email, messenger, or facsimile transmission as may be appropriate and shall be confirmed in writing as soon as reasonably practical thereafter, if any Party so requests in any particular instance.

**21.0 Execution in Counterparts**

This Operating Agreement may be executed in any number of counterparts with the same effect as if all Parties executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

IN WITNESS WHEREOF, the Parties have caused this Operating Agreement to be executed by their respective authorized officials, and copies delivered to each Party, to become effective as of the Effective Date.

**TRANSMISSION PROVIDER**

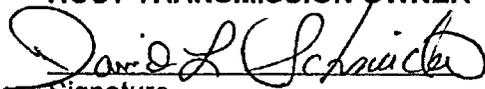
  
Signature

Stuart S. Lowry  
Printed name

President and CEO  
Title

10/29/12  
Date

**HOST TRANSMISSION OWNER**

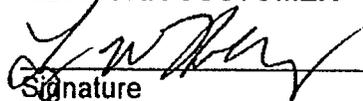
  
Signature

David L. Schneider  
Printed name

General Manager  
Title

10-29-2012  
Date

**NETWORK CUSTOMER**

  
Signature

Larry W Holloway  
Printed name  
Interim General Manager

Kansas Power Pool  
Title

10/26/2012  
Date

Wheatland

**ATTACHMENT G**  
**NETWORK OPERATING AGREEMENT**

This Network Operating Agreement ("Operating Agreement") is entered into this 11<sup>th</sup> day of January, 2012, by and between **Kansas Power Pool** ("KPP" or "Network Customer"), **Mid-Kansas Electric Company, LLC** ("Mid-Kansas" or "Transmission Provider") and **Wheatland Electric Cooperative, Inc.** ("Host Transmission Owner"). The Network Customer, Transmission Provider, and Host Transmission Owner shall be referred to individually as "Party" and collectively as "Parties."

WHEREAS, the Transmission Provider has determined that the Network Customer has made a valid request for Network Integration Transmission Service in accordance with the Transmission Provider's Open Access Transmission Tariff ("Tariff") filed with the Kansas Corporation Commission ("Commission");

WHEREAS, the Transmission Provider administers Network Integration Transmission Service for Transmission Owners of the 34.5 kV and lower voltage facilities used to serve Network Customer (the "Transmission System" for purposes of this Operating Agreement) and acts as an agent for these Transmission Owners in providing service under the Tariff;

WHEREAS, the Host Transmission Owner owns the 34.5 kV and lower-voltage facilities to which the Network Customer's Network Load is physically connected or is the Control Area to which the Network Load is dynamically scheduled;

WHEREAS, the Network Customer has represented that it is an Eligible Customer under the Tariff;

WHEREAS, the Network Customer and Transmission Provider have entered into a Network Integration Transmission Service Agreement ("Service Agreement") under the Tariff; and

WHEREAS, the Parties intend that capitalized terms used herein shall have the same meaning as in the Tariff, unless otherwise specified herein.

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NOW, THEREFORE, in consideration of the mutual covenants and agreements herein, the Parties agree as follows:

**1.0 Network Service**

This Operating Agreement sets out the terms and conditions under which the Transmission Provider, Host Transmission Owner, and Network Customer will cooperate, and the Host Transmission Owner and Network Customer will operate their respective systems, and specifies the equipment that will be installed and operated. The Parties shall operate and maintain their respective systems in a manner that will allow the Host Transmission Owner and the Network Customer to operate their systems and Control Area, and the Transmission Provider to perform its obligations consistent with Good Utility Practice. The Transmission Provider may, on a non-discriminatory basis, waive the requirements of Section 4.1 and Section 8.3 to the extent that such information is unknown at the time of application or where such requirement is not applicable.

**2.0 Designated Representatives of the Parties**

- 2.1 Each Party shall designate a representative and alternate (“Designated Representative(s)”) from their respective company to coordinate and implement, on an ongoing basis, the terms and conditions of this Operating Agreement, including planning, operating, scheduling, re-dispatching, curtailments, control requirements, technical and operating provisions, integration of equipment, hardware and software, and other operating considerations.
- 2.2 The Designated Representatives shall represent the Transmission Provider, Host Transmission Owner, and Network Customer in all matters arising under this Operating Agreement and which may be delegated to them by mutual agreement of the Parties hereto.
- 2.3 The Designated Representatives shall meet or otherwise confer at the request of any Party upon reasonable notice, and each Party may place items on the meeting agenda. All deliberations of the Designated

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Representatives shall be conducted by taking into account the exercise of Good Utility Practice. If the Designated Representatives are unable to agree on any matter subject to their deliberation, that matter shall be resolved pursuant to Section 12.0 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **3.0 System Operating Principles**

- 3.1 The Network Customer must design, construct, and operate its facilities safely and efficiently in accordance with Good Utility Practice, North American Electric Reliability Corporation (“NERC”), Southwest Power Pool, Inc. (“SPP”), or any successor requirements, industry standards, criteria, and applicable manufacturer’s equipment specifications, and within operating physical parameter ranges (voltage schedule, load power factor, and other parameters) required by the Host Transmission Owner and Transmission Provider.
- 3.2 The Host Transmission Owner and Transmission Provider reserve the right to inspect the facilities and operating records of the Network Customer upon mutually agreeable terms and conditions.
- 3.3 Electric service, in the form of three phase, approximately 60 hertz alternating current, shall be delivered at designated delivery points and nominal voltage(s) listed in the Service Agreement. When multiple delivery points are provided to a specific Network Load identified in Appendix 3 of the Service Agreement, they shall not be operated in parallel by the Network Customer without the approval of the Host Transmission Owner and Transmission Provider. The Designated Representatives shall establish the procedure for obtaining such approval. The Designated Representatives shall also establish and monitor standards and operating rules and procedures to assure that Transmission System integrity and the safety of customers, the public, and employees are maintained or enhanced when such parallel operations are permitted either on a continuing basis or for intermittent switching or other service needs. Each

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- Party shall exercise due diligence and reasonable care in maintaining and operating its facilities so as to maintain continuity of service.
- 3.4 The Host Transmission Owner and Network Customer shall operate their systems and delivery points in continuous synchronism and in accord with applicable NERC Standards, SPP Criteria, and Good Utility Practice.
- 3.5 If the function of any Party's facilities is impaired or the capacity of any delivery point is reduced, or synchronous operation at any delivery point(s) becomes interrupted, either manually or automatically, as a result of force majeure or maintenance coordinated by the Parties, the Parties will cooperate to remove the cause of such impairment, interruption, or reduction, so as to restore normal operating conditions expeditiously.
- 3.6 The Transmission Provider and Host Transmission Owner, if applicable, reserve the sole right to take any action necessary during an actual or imminent emergency to preserve the reliability and integrity of the Transmission System, limit or prevent damage, expedite restoration of service, ensure safe and reliable operation, avoid adverse effects on the quality of service, or preserve public safety.
- 3.7 In an emergency, the reasonable judgment of the Transmission Provider and Host Transmission Owner, if applicable, in accordance with Good Utility Practice, shall be the sole determinant of whether the operation of the Network Customer loads or equipment adversely affects the quality of service or interferes with the safe and reliable operation of the Transmission System. The Transmission Provider or Host Transmission Owner, if applicable, may discontinue transmission service to such Network Customer until the power quality or interfering condition has been corrected. Such curtailment of load, re-dispatching, or load shedding shall be done on a non-discriminatory basis by Load Ratio Share, to the extent practicable. The Transmission Provider or Host Transmission Owner, if applicable, will provide reasonable notice and an opportunity to alleviate the condition by the Network Customer to the extent practicable.

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#### **4.0 System Planning and Protection**

- 4.1 No later than October 1 of each year, the Network Customer shall provide the Transmission Provider and Host Transmission Owner the following information:
- a) A ten-year projection of summer and winter peak demands with the corresponding power factors and annual energy requirements on an aggregate basis for each delivery point. If there is more than one delivery point, the Network Customer shall provide the summer and winter peak demands and energy requirements at each delivery point for the normal operating configuration;
  - b) A ten-year projection by summer and winter peak of planned generating capabilities and committed transactions with third parties, which resources are expected to be used by the Network Customer to supply the peak demand and energy requirements provided in (a);
  - c) A ten-year projection by summer and winter peak of the estimated maximum demand in kilowatts that the Network Customer plans to acquire from the generation resources owned by the Network Customer, and generation resources purchased from others; and
  - d) A projection for each of the next ten years of Transmission System facility additions to be owned and/or constructed by the Network Customer which facilities are expected to affect the planning and operation of the Transmission System within the Host Transmission Owner's Control Area.

This information is to be delivered to the Transmission Provider's and Host Transmission Owner's Designated Representatives pursuant to Section 2.0.

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- 4.2 Information exchanged by the Parties under this article will be used for system planning and protection only and will not be disclosed to third parties absent mutual consent or order of a court or regulatory agency.
- 4.3 The Host Transmission Owner, and Transmission Provider, if applicable, will incorporate this information in its system load flow analyses performed during the first half of each year. Following completion of these analyses, the Transmission Provider or Host Transmission Owner will provide the following to the Network Customer:
- a) A statement regarding the ability of the Host Transmission Owner's Transmission System to meet the forecasted deliveries at each of the delivery points;
  - b) A detailed description of any constraints on the Host Transmission Owner's system within the five-year horizon that will restrict forecasted deliveries; and
  - c) In the event that studies reveal a potential limitation of the Transmission Provider's ability to deliver power and energy to any of the delivery points, a Designated Representative of the Transmission Provider will coordinate with the Designated Representatives of the Host Transmission Owner and the Network Customer to identify appropriate remedies for such constraints, including but not limited to: construction of new Transmission System facilities, upgrades, or other improvements to existing Transmission System facilities, or temporary modification to operating procedures designed to relieve identified constraints. Any constraints within the Transmission System will be remedied pursuant to the procedures of Attachment O of the Tariff.

For all other constraints, the Host Transmission Owner, upon agreement with the Network Customer and consistent with Good Utility Practice, will endeavor to construct and place into service

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sufficient capacity to maintain reliable service to the Network Customer.

An appropriate sharing of the costs to relieve such constraints will be determined by the Parties, consistent with the Tariff and with the Commission's rules, regulations, policies, and precedents then in effect. If the Parties are unable to agree upon an appropriate remedy or sharing of the costs, the Transmission Provider shall submit its proposal for the remedy or sharing of such costs to the Commission for approval consistent with the Tariff.

- 4.4 The Host Transmission Owner and the Network Customer shall coordinate with the Transmission Provider: (1) all scheduled outages of generating resources and Transmission System facilities consistent with the reliability of service to the customers of each Party, and (2) additions or changes in facilities which could affect another Party's system. Where coordination cannot be achieved, the Designated Representatives shall intervene for resolution.
- 4.5 The Network Customer shall coordinate with the Host Transmission Owner regarding the technical and engineering arrangements for the delivery points, including one-line diagrams depicting the electrical facilities configuration and parallel generation, and shall design and build the facilities to avoid interruptions on the Host Transmission Owner's Transmission System.
- 4.6 The Network Customer shall provide for automatic and underfrequency load shedding of the Network Customer Network Load in accordance with the NERC Standards and SPP Criteria related to emergency operations.

## **5.0 Maintenance of Facilities**

- 5.1 The Network Customer shall maintain its facilities necessary to reliably receive capacity and energy from the Host Transmission Owner's Transmission System consistent with Good Utility Practice. The

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Transmission Provider or Host Transmission Owner, as appropriate, may curtail service under this Operating Agreement to limit or prevent damage to generating or transmission or distribution facilities caused by the Network Customer's failure to maintain its facilities in accordance with Good Utility Practice, and the Transmission Provider or Host Transmission Owner may seek as a result any appropriate relief from the Commission.

- 5.2 The Designated Representatives shall establish procedures to coordinate the maintenance schedules, and return to service, of the generating resources and transmission, distribution and substation facilities, to the greatest extent practical, to ensure sufficient Transmission System resources are available to maintain system reliability and reliability of service.
- 5.3 The Network Customer shall obtain: (1) concurrence from the Transmission Provider before beginning any scheduled maintenance of facilities which could impact the operation of the Transmission System over which transmission service is administered by Transmission Provider; and (2) clearance from the Transmission Provider when the Network Customer is ready to begin maintenance on a Transmission System line or substation. The Transmission Provider shall coordinate clearances with the Host Transmission Owner. The Network Customer shall notify the Transmission Provider and the Host Transmission Owner as soon as practical at the time when any unscheduled or forced outages occur and again when such unscheduled or forced outages end.

## **6.0 Scheduling Procedures**

- 6.1 Prior to the beginning of each week, the Network Customer shall provide to the Transmission Provider expected hourly energy schedules for that week for all energy flowing into the Transmission System administered by Transmission Provider.

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6.2 In accordance with the general provisions of Section 35 of the Tariff and the specific SPP requirements set forth in Section 36 of the SPP Tariff, the Network Customer shall provide to the Transmission Provider the Network Customer's hourly energy schedules for the next calendar day for all energy flowing into the Transmission System administered by the Transmission Provider. The Network Customer may modify its hourly energy schedules up to 20 minutes before the start of the next clock hour provided that the Delivering Party and Receiving Party also agree to the schedule modification. The hourly schedule must be stated in increments of 1,000 kW per hour. The Network Customer shall submit, or arrange to have submitted, to the Transmission Provider a NERC transaction identification Tag where required by NERC Standard INT-001. These hourly energy schedules shall be used by the Transmission Provider to determine whether any Energy Imbalance Service charges, pursuant to Schedule 4 of the Tariff apply.

## **7.0 Ancillary Services**

- 7.1 The Network Customer must make arrangements in appropriate amounts for all of the required Ancillary Services described in the Tariff. The Network Customer must obtain these services from the Transmission Provider or Host Transmission Owner or, where applicable, self-supply or obtain these services from a third party.
- 7.2 Where the Network Customer elects to self-supply or have a third party provide Ancillary Services, the Network Customer must demonstrate to the Transmission Provider that it has either acquired the Ancillary Services from another source or is capable of self-supplying the services.
- 7.3 The Network Customer must designate the supplier of Ancillary Services.

## **8.0 Metering**

- 8.1 The Network Customer shall provide for the installation of meters, associated metering equipment, and telemetering equipment. The

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Network Customer shall permit (or provide for, if the Network Customer is not the meter owner) the Transmission Provider's and Host Transmission Owner's representative to have access to the equipment at all reasonable hours and for any reasonable purpose, and shall not permit unauthorized persons to have access to the space housing the equipment. Network Customer shall provide to (or provide for, if the Network Customer is not the meter owner) the Host Transmission Owner access to load data and other data available from any delivery point meter. If the Network Customer does not own the meter, the Host Transmission Owner shall make available, upon request, all load data and other data obtained by the Host Transmission Owner from the relevant delivery point meter, if available utilizing existing equipment. The Network Customer will cooperate on the installation of advanced technology metering in place of the standard metering equipment at a delivery point at the expense of the requestor; provided, however, that meter owner shall not be obligated to install, operate, or maintain any meter or related equipment that is not approved for use by the meter owner and/or Host Transmission Owner, and provided that such equipment addition can be accomplished in a manner that does not interfere with the operation of the meter owner's equipment or any Party's fulfillment of any statutory or contractual obligation.

- 8.2 The Network Customer shall provide for the testing of the metering equipment at suitable intervals, and its accuracy of registration shall be maintained in accordance with standards acceptable to the Transmission Provider and consistent with Good Utility Practice. At the request of the Transmission Provider or Host Transmission Owner, a special test shall be made. But if less than two percent inaccuracy is found, the requesting Party shall pay for the test. Representatives of the Parties may be present at all routine or special tests and whenever any readings for purposes of settlement are taken from meters not having an automated record. If any test of metering equipment discloses an inaccuracy exceeding two

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percent, the accounts of the Parties shall be adjusted. Such adjustment shall apply to the period over which the meter error is shown to have been in effect or, where such period is indeterminable, for one-half the period since the prior meter test. Should any metering equipment fail to register, the amounts of energy delivered shall be estimated from the best available data.

- 8.3 If the Network Customer is supplying energy to retail load that has a choice in its supplier, the Network Customer shall be responsible for providing all information required by the Transmission Provider for billing purposes. Metering information shall be available to the Transmission Provider either by individual retail customer or aggregated retail energy information for that load the Network Customer has under contract during the billing month. For the retail load that has interval demand metering, the actual energy used by interval must be supplied. For the retail load using standard kWh metering, the total energy consumed by meter cycle, along with the estimated demand profile, must be supplied. All rights and limitations between Parties granted in Sections 8.1, and 8.2 are applicable in regards to retail metering used as the basis for billing the Network Customer.

## **9.0 Connected Generation Resources**

- 9.1 The Network Customer's connected generation resources that have automatic generation control and automatic voltage regulation shall be operated and maintained consistent with regional operating standards, and the Network Customer or the operator shall operate, or cause to be operated, such resources to avoid adverse disturbances or interference with the safe and reliable operation of the Transmission System.
- 9.2 For all Network Resources of the Network Customer, the Network Customer shall provide the following generation telemetry readings to Balancing Authority, or such other information, in the form and at the times

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that are consistent with requirements for “Network Resources” under the SPP Tariff:

- 1) Analog MW;
- 2) Integrated MWHRS/HR;
- 3) Analog MVARs; and
- 4) Integrated MVARHRS/HR.

#### **10.0 Re-dispatching, Curtailment, and Load Shedding**

- 10.1 In accordance with Section 33 of the SPP Tariff, SPP may require re-dispatching of generation resources or curtailment of loads to relieve existing or potential Transmission System constraints. SPP shall be primarily responsible for actions under Section 33 of the SPP Tariff.
- 10.2 Solely with respect to situations for which SPP is not responsible or cannot act, the Parties shall implement load-shedding procedures to maintain the reliability and integrity for the Transmission System as provided in Section 33.1 of the SPP Tariff and in accordance with applicable NERC and SPP requirements and Good Utility Practice. Load shedding may include: (1) automatic load shedding, (2) manual load shedding, and (3) rotating interruption of customer load. When manual load shedding or rotating interruptions are necessary, the Host Transmission Owner shall notify the Network Customer’s dispatcher or schedulers of the required action and the Network Customer shall comply immediately.
- 10.3 The Network Customer will coordinate with the Host Transmission Owner to ensure sufficient load shedding equipment is in place on their respective systems to meet SPP requirements. The Network Customer and the Host Transmission Owner shall develop a plan for load shedding which may include manual load shedding by the Network Customer.

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## **11.0 Communications**

- 11.1 The Network Customer shall, at its own expense, install and maintain communication link(s) for scheduling. The communication link(s) shall be used for data transfer and for voice communication.
- 11.2 A Network Customer self-supplying Ancillary Services or securing Ancillary Services from a third party shall, at its own expense, install and maintain telemetry equipment communicating between the generating resource(s) providing such Ancillary Services and the Host Transmission Owner's Control Area.

## **12.0 Cost Responsibility**

- 12.1 The Network Customer shall be responsible for all costs incurred by the Network Customer, Host Transmission Owner, and Transmission Provider to implement the provisions of this Operating Agreement, including but not limited to, engineering, administrative and general expenses, material and labor expenses associated with the specification, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, upgrading, calibration, removal, and relocation of equipment or software, so long as the direct assignment of such costs is not inconsistent with Commission policy.
- 12.2 The Network Customer shall be responsible for all costs incurred by Network Customer, Host Transmission Owner, and Transmission Provider for ongoing operation and maintenance of the facilities required to implement the provisions of this Operating Agreement so long as the direct assignment of such costs is not inconsistent with Commission policy. Such work shall include, but is not limited to, normal and extraordinary engineering, administrative and general expenses, material and labor expenses associated with the specifications, design, review, approval, purchase, installation, maintenance, modification, repair, operation, replacement, checkouts, testing, calibration, removal, or

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relocation of equipment required to accommodate service provided under this Operating Agreement.

### **13.0 Billing and Payments**

Billing and Payments shall be in accordance with Section 7 of the Tariff.

### **14.0 Dispute Resolution**

Any dispute among the Parties regarding this Operating Agreement shall be resolved pursuant to Section 12 of the Tariff, or otherwise, as mutually agreed by the Parties.

### **15.0 Assignment**

15.1 This Operating Agreement shall inure to the benefit of and be binding upon the Parties and their respective successors and assigns, but shall not be assigned by any Party, except to successors to all or substantially all of the electric properties and assets of such Party, without the written consent of the other Parties. Such written consent shall not be unreasonably withheld.

15.3 So long as Mid-Kansas is the Transmission Provider, [Name] shall deal with Mid-Kansas, as agent for [Member], with respect to the Host Transmission Owner's rights and obligations under Sections 3.3 (approval of Delivery Point changes), 4.1 (system planning), 5.3 (clearances for maintenance activities), 6.1 and 6.2 (scheduling), 7.1 (ancillary services), 9.2 (telemetry information), 10.2 and 10.3 (load shedding), 13.0 (billing), and 20.0 (notice). During the period of Mid-Kansas' agency, [Member] may perform directly or through Mid-Kansas, as agent, with respect to the Host Transmission Owner's rights and obligations under Sections 3.2 (inspection of facilities and records), 3.5 (removing impairments), 3.6 and 3.7 (emergencies), and 5.1 (opening the interconnection).

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**16.0 Choice of Law**

The interpretation, enforcement, and performance of this Operating Agreement shall be governed by the laws of the State of Kansas, except laws and precedent of such jurisdiction concerning choice of law shall not be applied, except to the extent governed by the laws of the United States of America.

**17.0 Entire Agreement**

The Tariff and Service Agreement, as they are amended from time to time, are incorporated herein and made a part hereof. To the extent that a conflict exists between the terms of this Operating Agreement and the terms of the Tariff, the Tariff shall control.

**18.0 Unilateral Changes and Modifications**

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the right of the Transmission Provider or a Transmission Owner unilaterally to file with the Commission, or make application to the Commission for changes in rates, charges, classification of service, or any rule, regulation, or agreement related thereto, under applicable law and rules and regulations promulgated thereunder.

Nothing contained in this Operating Agreement or any associated Service Agreement shall be construed as affecting in any way the ability of any Network Customer receiving Network Integration Transmission Service under the Tariff to exercise any right under applicable law and pursuant to rules and regulations promulgated thereunder; provided, however, that it is expressly recognized that this Operating Agreement is necessary for the implementation of the Tariff and Service Agreement. Therefore, no Party shall propose a change to this Operating Agreement that is inconsistent with the rates, terms and conditions of the Tariff and/or Service Agreement.

**19.0 Term**

This Operating Agreement shall become effective on the date assigned by the Commission ("Effective Date"), and shall continue in effect until the Tariff or the

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Network Customer's Service Agreement is terminated, whichever shall occur first.

## 20.0 Notice

20.1 Any notice that may be given to or made upon any Party by any other Party under any of the provisions of this Operating Agreement shall be in writing, unless otherwise specifically provided herein, and shall be considered delivered when the notice is personally delivered or deposited in the United States mail, certified or registered postage prepaid, to the following:

**Mid-Kansas (Transmission Provider)**

Mid-Kansas Electric Company, LLC  
President and CEO  
301 West 13th Street  
P.O. Box 980  
Hays, Kansas 67601  
Phone: 800-354-3638  
Fax: 785-623-3395  
Email

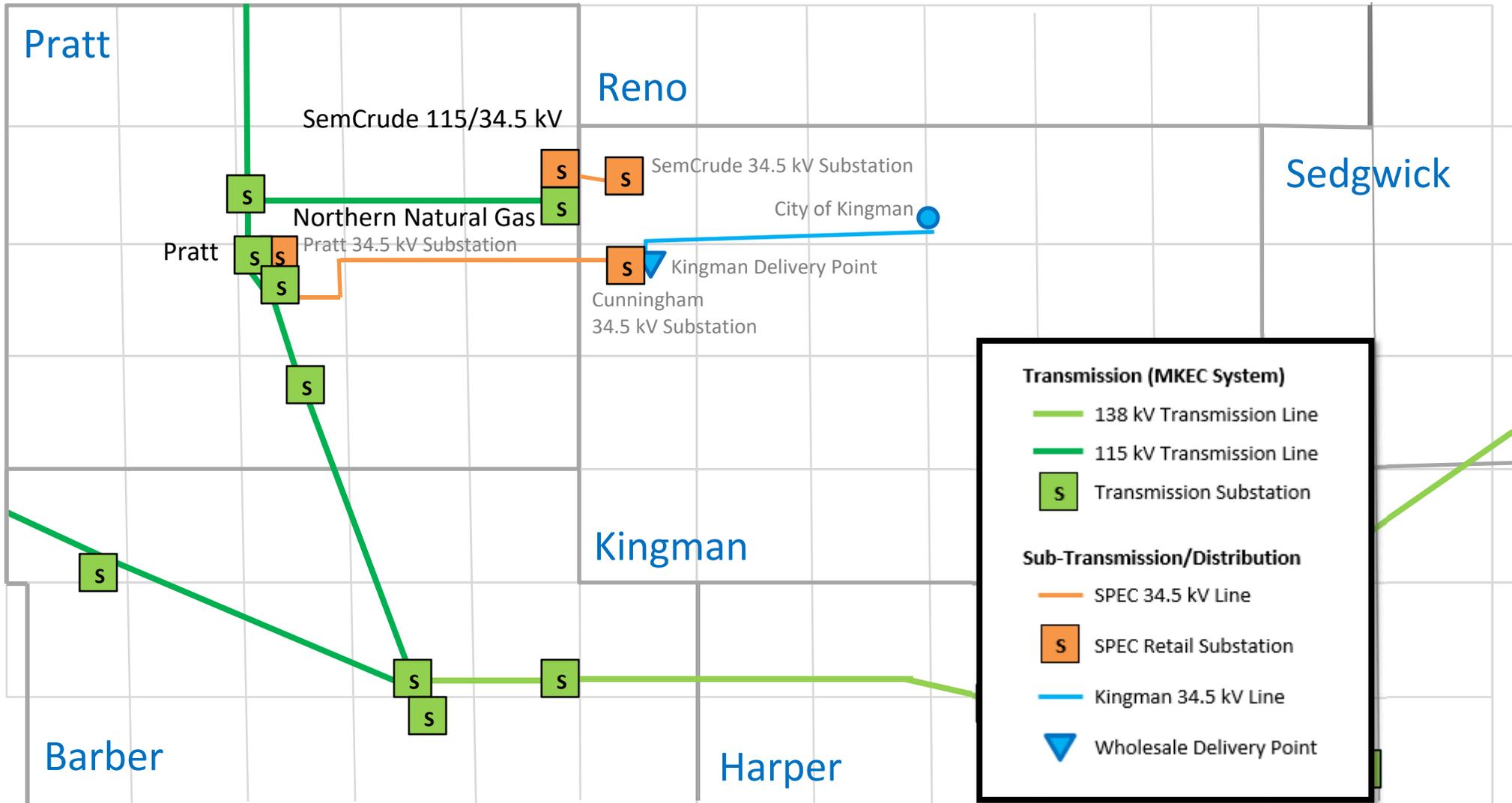
**[Host Transmission Owner]**

Wheatland Electric Cooperative, Inc.  
General Manager  
P.O. Box 230  
Scott City, KS 67871  
(800) 762-0436  
(620) 782-7170  
Email

**[Network Customer]**

Kansas Power Pool  
[title]  
200 W Douglas, Suite 601  
Wichita, KS 67202  
(316) 264-3166  
(316)-264-3434  
Email

Any Party may change its notice address by written notice to the other Parties in accordance with this Article 20.



## Request for Change in Local Delivery Facilities

Pursuant to the Delivery Point Addition Process in Attachment AQ of the Tariff notice is hereby provided on **September 28, 2015** to **Mid-Kansas Electric Company (MKEC)** and Transmission Provider that Transmission Customer requests certain changes in delivery point(s) under the agreement.

Responses marked with an asterisk (\*) are required. Supply all details that are known or projected.

### Requested Modification

1) Description of delivery point modification\*

- a) Type of change requested (new delivery point, upgrade of an existing delivery point, retirement or abandonment of an existing delivery point, etc.) \*

*Move Delivery Point for service to the City of Kingman from 115kV/34.5kV transformer at Pratt 1, circuit 539726 P1 to new delivery point on 115 kV line near Northern Natural compressor station approximately 2 miles west and 2 ½ miles north of Cunningham, KS.*

- b) Proposed in service date of the modification\*

*May 1, 2017*

- c) Reason for the requested change (i.e. normal or unexpected load growth or load reduction, reliability needs or other reason) \*

*To allow full import capability of load at Kingman and full export capability of market registered units at Kingman*

- d) Related transmission service agreement\*

*Kansas Power Pool NITSA NOA - SA 2198R19 - OASIS 80113898, 75402065, 75402069*

- e) Location of the delivery point change and identification of the facilities involved\*

- i) Geographic location of the new delivery point or the delivery point to be modified\*

*Approximately 2 miles west and 2 ½ miles north of Cunningham, KS. Located in the Northeast ¼ of Section 24, 27S11W, Pratt County, KS or thereabouts.*

- ii) The transmission facilities of the Host Transmission Owner involved in the change\*

*End of 115 kV radial line connecting Mulgren to Medicine lodge 115 kV about 2 miles northwest of Pratt, Ks to Northern Natural compressor station about 2 miles west and 2 ½ miles north of Pratt, KS.*

- iii) Voltage of the facilities involved\*

*115 kV. Substation will be constructed with 115/34.5 kV transformer to interconnect with customer constructed 34.5 kV line.*

- iv) Desired meter location\*

*Preferred location is 115 kV side of delivery facilities. 34.5 kV is second choice.*

- v) Expected impact on other delivery points, if any\*

- (1) Load transfer from another delivery point and, if so, estimated amount\*

*New delivery point load forecast below. Approximately 13 MW new load and 16 MW of registered generation on the load side (the City of Kingman's distribution system).*

- (2) Anticipated modifications to other delivery points due to this change, if any\*

***Decrease in load of 6 MW at Pratt 1 circuit 539726 P1. Difference is reflected in import limits for load and generation at Kingman.***

- vi) Facilities of others that may be involved\*

***None anticipated.***

- 2) Facilities to be constructed

- a) Facilities to be constructed or provided by the Host Transmission Owner

***Minimum facilities as required.***

- b) Facilities to be constructed or provided by the Transmission Customer

***Substation with 115/34.5 kV transformer with interconnection facilities and local 34.5 kV facilities as determined by subsequent engineering studies.***

- 3) Technical Aspects of a new delivery point

- a) Location

***General location description provided above. Specific location to be determined by subsequent detailed engineering and right of way acquisition.***

- i) Located near structure number  
 ii) 911 address  
 iii) State, County and ¼ of ¼ Section number  
 iv) GPS Coordinates

- b) Technical aspects

***As Described. Specifics to be determined by subsequent engineering studies and requirements.***

- i) Anticipated initial load\*

- 4) ***Approximately 13 MW new load and 16 MW of registered generation on the load side (the City of Kingman's distribution system).***

- i) Number of wires (3 or 4 wire connection)  
 ii) Service voltage  
 iii) Meter  
 (1) Type  
 (2) Voltage  
 (3) Supplied by  
 (4) Owned by  
 (5) PTs and CTs required  
 (6) Communications configuration  
 (7) Location of meter  
 iv) Transformer size and voltages  
 v) Transmission line conductor size and impedance rating  
 vi) Type and location of protective devices

- 5) Other pertinent information

**Attachments:**

- 1) One-line diagram showing existing and proposed facilities pertaining to the request.\*

*Information for Pratt 1 is in the possession of MKEC. Proposed interconnection facilities will be designed by subsequent engineering.*

- 2) IDV file(s) for anticipated starting load.
- 3) Ten year load forecast for the delivery point being added or modified and any associated changes in the load forecast for other delivery points.\*

*See Below for new delivery point. Load changes at Pratt 1 will be a consistent reduction of 6 MW for Kingman service. Remaining load forecast is in the possession of MKEC (for Pratt 1 less 6 MW).*

**Requestor Contact:**

Name: **Larry W. Holloway**

Title: **Assistant General Manager - Operations**

Company: **Kansas Power Pool**

Mailing Address: **100 N Broadway, STE L110, Wichita, KS, 67202**

Email Address: **lholloway@kansaspowerpool.org**

Voice Phone No.: **(316) 425-0431**

|                  | <b>10 year Peak Load Forecast for Proposed New Delivery Point</b> |             |             |             |             |             |             |             |             |             |             |
|------------------|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                  | <b>2017</b>   | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>2025</b> | <b>2026</b> | <b>2027</b> |
| <b>Load (MW)</b> | <b>12.5</b>   | <b>12.8</b> | <b>13.0</b> | <b>13.3</b> | <b>13.5</b> | <b>13.8</b> | <b>14.1</b> | <b>14.4</b> | <b>14.6</b> | <b>14.9</b> | <b>15.2</b> |