

**BEFORE THE KANSAS CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of The Victory Electric)
Cooperative Association, Inc., Seeking Commission)
Approval to Update Its Local Access Delivery Service)
Tariff Pursuant to the 34.5kV Formula Based Rate Plan) Docket No. 24-VICE-690-TAR
Approved in Docket No. 21-SEPE-049-TAR.)

ERRATA FILING

The Victory Electric Cooperative Association, Inc. (“Victory”) hereby files this Errata Filing with the Kansas Corporation Commission (“Commission”). In support of this Errata Filing, Victory states the following:

I. INTRODUCTION AND BACKGROUND

1. On May 1, 2024 Victory filed its Application seeking approval to update its local access delivery service (“LADS”) tariff pursuant to the 34.5kV formula-based rate plan (“34.5kV FBR”).

2. After filing, Victory discovered an error in Exhibit 5 of the exhibits to the Application. Correction of the error results in a proposed LADS tariff rate of \$3.26, as opposed to the \$2.92 LADS tariff rate outlined in the Application, testimony, and exhibits thereto filed on May 1, 2024. The error was discussed amongst the parties to this proceeding at the July 11, 2024 Technical Conference.

3. That error is the result of oversight, and Victory now desires to correct such error and amend its original Application, testimony, and exhibits thereto by this Errata Filing.

II. DESCRIPTION OF ERROR

4. The error is found in Exhibit 5 to the Application. The Cash Patronage Capital of \$772,151 in 2022 is the cash distribution received from Sunflower Electric Power Corporation (“Sunflower”) as a retirement or return of patronage in that year. The Cash Patronage Capital of \$1,680,644 in 2023 is made up of two items. It represents \$644,379 of cash received from Sunflower as a retirement of patronage and is comparable to the 2022 amount. It also includes a balance of \$1,036,265 due to a financial statement reclass based on auditor recommendation. This amount is donated capital that Victory has in Sunflower.

5. Victory’s auditors recommended that Victory reclass such amount to a separate general ledger account. In doing so, it moved the investment balance from Line 8 of the Balance Sheet to Line 10 of the Balance Sheet. Having not had a balance in Line 10 before, that Line 10 balance was missed in picking up the end of year balance on Page 5 of Exhibit 5, labeled “Inv. In Assoc. Org. – Patr. Capital – Current yr.” (line 16 of page 5 of Exhibit 5).

6. This donated capital amount is an investment in Sunflower similar to the patronage capital. The difference is that the donated capital is a direct investment in Sunflower during the operational start-up, while the patronage capital balance originates from undistributed favorable margins over the years. At any point in time, both of these balances could be returned or retired and Victory would receive the associated cash distribution to be used in the MDSC calculation as cash received from its affiliated G&T and lenders.

III. CORRECTIONS TO APPLICATION, EXHIBITS, AND TESTIMONY

7. The following corrections to the Application are necessary:

- a. Replace all references to “\$2.92” with “\$3.26.”
8. The following corrections to the Exhibits to the Application are necessary:
 - a. Replace Exhibit 5 of the originally filed Exhibits to the Application with Errata Exhibit 5 attached hereto as **Attachment A**. All references to Exhibit 5 in the Application and any testimony filed in this proceeding on behalf of Victory are now hereby referencing Errata Exhibit 5.
 - b. Replace Exhibit 12 of the originally filed Exhibits to the Application with Errata Exhibit 12 attached hereto as **Attachment B**. All references to Exhibit 12 in the Application and any testimony filed in this proceeding on behalf of Victory are now hereby referencing Errata Exhibit 12.
9. The following corrections to the Prefiled Direct Testimony of Shane Laws are necessary:
 - a. Replace all references to “\$2.92” with “\$3.26.”
10. The following corrections to the Prefiled Direct Testimony of Justin Craswell are necessary:
 - a. Replace the Prefiled Direct Testimony of Justin Craswell originally filed contemporaneously with the Application with the Errata Prefiled Direct Testimony of Justin Craswell attached hereto as **Attachment C**. All references to the Prefiled Direct Testimony of Justin Craswell in the Application and any testimony filed in this proceeding on behalf of Victory are now hereby referencing the Errata Prefiled Direct Testimony of Justin Craswell.
11. Other than the corrections referenced in Section III of this Errata Filing, no other aspects of the Application, testimony, and exhibits thereto are affected.

WHEREFORE, Victory submits this Errata Filing to correct the error in its Application as originally submitted in this proceeding.

Respectfully submitted,

/s/ Taylor P. Calcara

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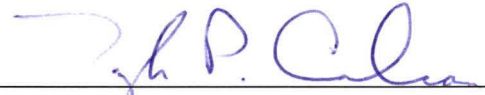
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**COUNSEL FOR THE VICTORY ELECTRIC
COOPERATIVE ASSOCIATION, INC.**

VERIFICATION

Taylor P. Calcara, of lawful age, being first duly sworn on oath states:

That he is counsel for Victory; that he has read the foregoing pleading and knows the contents thereof; and that the facts therein are true and correct to the best of his knowledge, information, and belief.



Taylor P. Calcara

Date: July 23, 2024

ATTACHMENT A

ERRATA EXHIBIT 5

(Attached)

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Revenue Requirement and Rate Calculation
For the Historical Test Year Ending December 31, 2023

(a) Line No	(b) Description	(c) Source	(d) Unadjusted Historical Test Year 2023	(e) Adjustments No. Amount	(f) Adjusted Historical Test Year 2023	(g) Allocation Factor Name	(h) Factor	(i) FBR Revenue Requirement
				Source: WP2			Source: WP3	
1	Operating Expenses							
2	Power Production Expense	WP1, L29, Col (d)	-		\$ -		0.000000	\$ -
3	Cost of Purchased Power	WP1, L30, Col (d)	\$ 34,800,839		\$34,800,839		0.000000	\$ -
4	Transmission O&M	WP1, L31, Col (d)	\$ 562,137		\$ 562,137		1.000000	\$ 562,137
5	Distribution Expense-Operation	WP1, L32, Col (d)	\$ 3,213,264	[1] \$ -	\$ 3,213,264	DOM	0.000000	\$ -
6	Distribution Expense-Maintenance	WP1, L33, Col (d)	\$ 810,008	[2] \$ -	\$ 810,008	DOM	0.000000	\$ -
7	Consumer Accounts Expense	WP1, L34, Col (d)	\$ 677,497		\$ 677,497		0.000000	\$ -
8	Customer Service and Informational Expense	WP1, L35, Col (d)	\$ 328,527		\$ 328,527		0.000000	\$ -
9	Sales Expense	WP1, L36, Col (d)	\$ 34,745		\$ 34,745		0.000000	\$ -
10	Administration & General	WP1, L37, Col (d)	\$ 3,545,843	[3] \$ (84,508)	\$ 3,461,335	LAB	0.014591	\$ 50,504
11	Total O&M Expense	Sum (L2:L10)						\$ 612,641
12	Depreciation and Amortization							\$ -
13	Transmission	WP1, L40, Col (d)	\$ 663,946		\$ 663,946		1.000000	\$ 663,946
14	General Plant	WP1, L41, Col (d)	\$ 110,166		\$ 110,166	LAB	0.014591	\$ 1,607
15	Property Tax	WP1, L43, Col (d)	\$ -		\$ -	NP	0.371167	\$ -
16	Other Taxes	WP1, L44, Col (d)	\$ -		\$ -	NP	0.371167	\$ -
17	L.T. Interest ¹	WP1, L45, Col (d)	\$ 2,310,423		\$ 2,310,423	NP	0.371167	\$ 857,553
18	Interest Charged to Construction - Credit	WP1, L46, Col (d)	\$ -		\$ -	NP	0.371167	\$ -
19	Interest-Other	WP1, L47, Col (d)	\$ 66,320		\$ 66,320	NP	0.371167	\$ 24,616
20	Other Deductions	WP1, L48, Col (d)	\$ 52,558	[4] \$ (35,009)	\$ 17,549	NP	0.371167	\$ 6,514
21	Total Cost of Electric Service							\$ 2,166,877
22								
23	Margin Requirement							
24	Principal Payments	WP1, L62, Col (d)	\$ 2,475,170		\$ 2,475,170	NP	0.371167	\$ 918,701
25	L.T. Interest ¹	L17	\$ 2,310,423	\$ -	\$ 2,310,423	NP	0.371167	\$ 857,553
26	Subtotal	Sum (L24:25)						\$ 857,553
27	Required Coverage Ratio	WP1, L64, Col (d)						1.80
28	Gross Margin Requirements	L26 x L27						1,543,595
29	Less: Offsets to Margin Requirements	WP4, L4 or L13, Col (i)						1,096,725
30	Net Margin Requirement	L28 - L29						\$ 446,870
31								\$ 1,434,979
32	Total Revenue Requirements							
33	Using the greater of OTIER or MDSC Margin Requirements	L21 + L30						\$3,601,856
34	Divided By Total Billing Demand	WP5, L20, Col (Total)						1,103,384 kW
35	Unadjusted Unit Rate	L33 / L34						\$3.26/kW-mo.
36	Less: Property Tax Surcharge	N/A						
37	Resultant Unit Rate	L35 - L36						\$3.26/kW-mo.

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 1 - Input Data
For the Historical Test Year Ending December 31, 2023

Line No	Description	Source	Amount		Notes
			(b)	(c) (d)	
1	A. Net Plant in Service - Using Average Monthly Balance		2023		
2			Plant in	Accum. Res.	
3			Service	for Depr.	
4	1. Facilities Used to Provide Local Access Delivery Service				
5	Transmission Facilities				
6	350 Land and Land Rights	Trial Balance - 12 Mo Avg	\$ 196,813		
7	352 Structures and Improvements	Trial Balance - 12 Mo Avg	\$ 1,053,558		
8	353 Station Equipment	Trial Balance - 12 Mo Avg	\$ 10,123,581		
9	355 Poles and Fixtures	Trial Balance - 12 Mo Avg	\$ 8,474,668		
10	356 O.H. Conductors and Devices	Trial Balance - 12 Mo Avg	\$ 9,133,559		
11	358 U.G. Conductors and Devices	Trial Balance - 12 Mo Avg	\$ 251,610		
12	Subtotal	Sum(L5:L10)	\$ 29,233,788	\$ 6,493,224	GL acct 108.5
13	Distribution Facilities (If Applicable)				
14	360 Land and Land Rights	N/A	\$ -	\$ -	
15	361 Structures and Improvements	N/A	\$ -	\$ -	
16	362 Station Equipment	N/A	\$ -	\$ -	
17	Subtotal	L13 + L15	\$ -	\$ -	
18	Total	L11 + L16	\$ 29,233,788	\$ 6,493,224	
19	2. All Facilities				
20	301-303 Intangible Plant	Trial Balance - 12 Mo Avg	\$ 1,022,372	170,834	GL acct 111.1, 111.11
21	350-359 Transmission Plant	Trial Balance - 12 Mo Avg	\$ 29,233,788	\$ 6,493,224	GL acct 108.5
22	360-373 Distribution Plant	Trial Balance - 12 Mo Avg	\$ 58,244,724	\$ 23,193,039	GL acct. 108.6
23	389-399 General Plant	Trial Balance - 12 Mo Avg	\$ 4,818,700	\$ 2,087,370	GL acct. 108.7-108.79
24	Total		\$ 93,319,584	\$ 31,944,468	
25					
26					
27					
28	B. Operating Expenses			EOY	
29	Power Production Expense	Statement of Operations	\$ -		
30	Cost of Purchased Power	Statement of Operations	\$ 34,800,839		
31	Transmission O&M	Statement of Operations	\$ 562,137		
32	Distribution Expense-Operation	Statement of Operations	\$ 3,213,264		
33	Distribution Expense-Maintenance	Statement of Operations	\$ 810,008		
34	Consumer Accounts Expense	Statement of Operations	\$ 677,497		
35	Customer Service and Informational Expense	Statement of Operations	\$ 328,527		
36	Sales Expense	Statement of Operations	\$ 34,745		
37	Administrative and General	Statement of Operations	\$ 3,545,843		
38	Depreciation and Amortization	Statement of Operations	\$ 2,900,983		
39	Depreciation Expense - Distribution	Trial Balance - 12/31/21	\$ 1,741,883		GL acct. 403.6
40	Depreciation Expense - Transmission	Trial Balance - 12/31/21	\$ 663,946		GL acct. 403.5
41	Depreciation Expense - General Plant	Trial Balance - 12/31/21	\$ 110,166		GL acct. 403.7
42	Amortization of AP (booked within Depreciation Expense)	Trial Balance - 12/31/21	\$ 363,219		GL acct. 406,406.1
43	Property Tax	Statement of Operations	\$ -		
44	Other Taxes	Statement of Operations	\$ -		
45	L.T. Interest	Statement of Operations	\$ 2,310,423		
46	Interest Charged to Construction - Credit	Statement of Operations	\$ -		
47	Interest-Other	Statement of Operations	\$ 66,320		
48	Other Deductions	Statement of Operations	\$ 52,558		
49					
50	C. Payroll				Part of GL acct
51	Transmission	Payroll Journal (Labor Amt)	\$ 20,118	560-573	
52	Distribution	Payroll Journal (Labor Amt)	\$ 1,002,056	580-598	
53	Customer Accounting	Payroll Journal (Labor Amt)	\$ 255,940	901-905	
54	Customer Service and Information	Payroll Journal (Labor Amt)	\$ 100,706	907-910	
55	Sales	Payroll Journal (Labor Amt)	\$ -	911-916	
56	Administration and General	Payroll Journal (Labor Amt)	\$ 1,224,896	920-932	
57	Total		\$ 2,603,715		Non-capitalized items
58					
59					
60	D. Miscellaneous				
61	1. Debt Service				
62	Principal Payments	Company Records	\$ 2,475,170		
63					
64	2. Target OTIER/MDSC			1.80	Protocols, Section D.3
65					
66	3. Margin Requirement Offsets		2022	2023	
67	Investment in Associate Organizations - Patronage Capital ¹	Balance Sheet	\$ 27,053,194	\$ 28,336,186	
68	Generation & Transmission Capital Credits	Statement of Operations	\$ -	\$ 1,927,371	
69	Other Capital Credits and Patronage Dividends	Statement of Operations	\$ -	\$ -	
70	Non-Operating Margins - Interest	Statement of Operations	\$ -	\$ -	
71	Cash Received from G&T/Lenders/Other Assoc. org.	Company Records	\$ -	\$ 644,379	
72					
73	4. Other				
74	AP Amortization Booked in Other Deductions	Supplementary Company Records	\$ -	N/A	
75					

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 2 - Adjustments To Historical Test Year Expenses
For the Historical Test Year Ending December 31, 2023

<u>Line No</u>	<u>Type</u>	<u>Source</u>	<u>Amount</u>	<u>Notes</u>
1	1. Adjustment to Distribution Operations Expense per K.S.A. 66-101f(a), if any:			
2	Applicable Disallowance - Distribution Operations	WP6	\$ -	not applicable
3	Total Adjustment	L2	<u>\$ -</u>	
4				
5	2. Adjustment to Distribution Maintenance Expense per K.S.A. 66-101f(a), if any:			
6	Applicable Disallowance - Distribution Maintainance	WP6	\$ -	not applicable
7	Total Adjustment	L6	<u>\$ -</u>	
8				
9	3. Adjustment to Administrative & General per K.S.A. 66-101f(a), if any:			Protocols, Section D, part 1.b
10	Applicable Disallowance - A&G	WP6	\$ 84,508	
11	Total Adjustment	L10	<u>\$ (84,508)</u>	
12				
13	4. Adjustment to Other Deductions:			Protocols, Section D, part 1.d
14	Historical Amount	WP1, L48, Col (d)	\$ 52,558	
15	Less: Amortization of AP booked in Other Deductions	WP1, L74, Col (d)	\$ -	not applicable
16	Historical Amount with AP removed	L14 - L15	\$ 52,558	
17	Sub-total Adjustment	L16 - L14	\$ -	
18	Less: Applicable Disallowance - Other Deductions	WP6	\$ 35,009	
19	Total Adjustment	L17 - L18	<u>\$ (35,009)</u>	

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 3 - Allocation Factors for the True-Up Calculation
For the Historical Test Year Ending December 31, 2023

<u>Line No.</u>	<u>Description</u>	<u>Source</u>	<u>Allocator</u>	<u>Amount</u>
1	Distribution O&M Allocation Factor			
2	Distr. Plant used to provide Local Access Delivery Service	WP1, L16, Col (c)		\$ -
3	Total Distribution Plant	WP1, L22, Col (c)		\$ 58,244,724
4				
5	Allocation Factor	L2 / L3	DOM	-
6				
7	Labor Allocation Factor			
8	Transmission Wages	WP1, L51, Col (d)		\$ 20,118
9	Allocated Distribution Wages			
10	Total Distribution Wages	WP1, L52, Col (d)		\$ 1,002,056
11	Allocation Factor	L5	DOM	-
12		L10 * L11		\$ -
13	Total LAC Wages	L8 + L12		<u>\$ 20,118</u>
14				
15	Total Wages Other than A&G			
16	Total Wages	WP1, L57, Col (d)		\$ 2,603,715
17	Less: Administration & General Wages	WP1, L56, Col (d)		1,224,896
18		L16 - L17		<u>\$ 1,378,820</u>
19				
20	Transmission Labor Allocator	L13 / L18	LAB	<u>0.014591</u>
21				
22	Net Plant Allocation Factor			
23	Plant-in-Service			
24	Transmission	WP1, L11, Col (c)		\$ 29,233,788
25	Distr. used to provide Local Access Service	L2		\$ -
26	General Plant			
27	Total General Plant	WP1, L23, Col (c)		\$ 4,818,700
28	Allocation Factor	L20	LAB	0.014591
29		L27 * L28		<u>\$ 70,309</u>
30	Total LAC Plant-in-Service	L24 + L25 + L29		<u>\$ 29,304,098</u>
31				
32	Accumulated Reserves for Depreciation			
33	Transmission	WP1, L11, Col (d)		\$ 6,493,224
34	Distribution Used in LAC	WP1, L16, Col (d)		\$ -
35	Allocated General Plant			
36	Total General Plant	WP1, L23, Col (d)		\$ 2,087,370
37	Allocation Factor	L20	LAB	0.014591
38		L36 * L37		<u>\$ 30,457</u>
39	Total LAC Accum. Depr. Res.	L33 + L34 + L38		<u>\$ 6,523,681</u>
40				
41	Net Plant Used in LAC	L30 - L39		<u>\$ 22,780,417</u>
42				
43	Total Plant in Service	WP1, L24, Col (c)		\$ 93,319,584
44	Less: Total Accum. Reserves for Depr.	WP1, L24, Col (d)		\$ 31,944,468
45	Total Net Plant	L43 - L44		<u>\$ 61,375,116</u>
46				
47	Transmission Net Plant Allocator	L41 / L45	NP	<u>0.371167</u>

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 4 - Margin Requirement Offsets
For the Historical Test Year Ending December 31, 2023

(a) Line No	(b) Metric	(c) Source	(d) Historical Tot Amount	(g) Allocation Name	(h) Allocation Factor	(i) Allocated to FBR
					WP3	
1	OTIER					
2	LT Interest Expense	Pg.1, L17, Col (d)	\$ 2,310,423	NP	0.371166983	\$ 857,553
3	Cash Received from G&T/lenders	WP1, Col (d), L71	\$ 644,379	NP	0.371166983	\$ 239,172
4			<u>\$ 2,954,803</u>			<u>\$ 1,096,725</u>
5						
6	MDSC					
7	LT Interest Expense	L2	\$ 2,310,423	NP	0.371166983	\$ 857,553
8	Depreciation Expense					
9	Transmisison	Pg.1, L13, Col (d)	\$ 663,946		1.000000	\$ 663,946
10	General Plant	Pg.1, L14, Col (d)	\$ 110,166	LAB	0.014591	\$ 1,607
11	Non-Operating Margins - Interest	WP1, L70, Col (d)	\$ -	NP	0.371166983	\$ -
12	Cash Patronage Capital*	L20	\$ 644,379	NP	0.371166983	\$ 239,172
13	Resultant Amount	Sum (L7:L12)	<u>\$ 3,728,915</u>			<u>\$ 1,762,279</u>
14						
15	*Calculate Pat. Cap. (Cash):					
16	Inv. in Assoc. Org. - Patr. Capital - Current Yr.	WP1, L67, Col (d)	\$ 28,336,186			
17	Inv. in Assoc. Org. - Patr. Capital - Prior Yr.	WP1, L67, Col (c)	\$ 27,053,194			
18	Generation & Transmission Capital Credits	WP1, L68, Col (d)	\$ 1,927,371			
19	Other Capital Cr. and Patronage Dividends	WP1, L69, Col (d)	\$ -			
20	Resultant Amount	L17 + L18 + L19- L16	<u>\$ 644,379</u>			

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 5 - Billing Demand
For the Historical Test Year Ending December 31, 2023 ¹

<u>Line</u>	<u>Description</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
1	Total Local Access System	78,398	76,817	70,243	80,856	98,275	114,769	122,078	123,279	106,955	94,564	74,377	74,911	1,115,521
2	CP Date	26	16	29	14	09	29	17	01	07	02	07	14	
3	CP Time (hour Ending)	1100	1100	1000	1600	1600	1600	1600	1600	1600	1600	1700	1300	
4														
5	Wholesale Customers @ Del. Pt.													
6	Montezuma	1,496	1,663	1,259	1,389	2,037	2,577	2,927	2,701	2,516	2,134	1,435	1,436	23,570
7	KEPCO	435	475	480	676	991	975	1,244	1,095	685	680	774	390	8,900
8	Cimmaron (KMEA)	1,878	2,111	1,678	2,271	3,178	4,248	4,927	4,703	4,147	3,012	1,645	2,058	35,854
9	Subtotal	3,808	4,249	3,416	4,336	6,205	7,800	9,097	8,499	7,348	5,826	3,854	3,884	68,323
10	Losses @ 1.10% of 34.5 kV Output	42	47	38	48	68	86	100	93	81	64	42	43	752
11	Subtotal with Losses (@ Source)	3,850	4,296	3,454	4,384	6,274	7,886	9,197	8,593	7,429	5,890	3,896	3,927	69,075
12														
13	Victory Retail													
14	Retail with Losses (@ Source)	74,548	72,521	66,789	76,472	92,002	106,883	112,881	114,686	99,527	88,674	70,481	70,984	1,046,446
15	Losses @ 1.09% of 34.5 kV Input	811	789	727	832	1,001	1,163	1,228	1,248	1,083	965	767	772	11,386
16	Retail @ Delivery Point	73,737	71,732	66,062	75,640	91,001	105,720	111,653	113,438	98,444	87,709	69,714	70,212	1,035,060
17														
18														
19														
20	Total Billed Demand													1,103,384

¹ Provided by G&T

Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6a - Summary of Exclusions
For the Historical Test Year Ending December 31, 2023

Account	Description	Total Amount	Total Adj Excluded	Balance
		\$	\$	\$
Other Deductions:				
426.1	DONATIONS	45,058	31,259	13,799
426.5	COBANK MATCHING DONATION NON-PR	7,500	3,750	3,750
426.51	OTHER DEDUCTIONS	-	-	-
	Total	<u>52,558</u>	<u>35,009</u>	<u>17,549</u>
A&G				
920.8	ADMIN & GENERAL TRAINING EXPENSE	37,058	1,732	35,326
923	OUTSIDE SERVICES EMPLOYED	91,995	1,874	90,121
930.1	GENERAL ADVERTISING EXPENSE	13,001	6,375	6,627
930.11	GIVE AWAYS	10,829	10,829	-
930.2	MISC GENERAL EXP - MISCELLANEOUS	290,386	2,551	287,835
930.21	MISC GENERAL EXP - DIRECTORS FEE	295,164	12,006	283,158
930.22	MISC GENERAL EXP - BUSINESS MEET	21,655	3,714	17,941
930.23	MISC GENERAL EXP - LOCAL,STATE,N	13,478	13,478	-
930.24	MISC GENERAL EXP - ANNUAL MEETIN	39,282	4,629	34,653
930.243	SCHOLARSHIP	7,500	3,750	3,750
930.27	EMPLOYEE APPRECIATION	19,261	19,261	-
930.6	COMMUNITY EVENTS	16,513	3,168	13,345
930.7	WELLNESS PROGRAM	1,141	1,141	-
	Total	<u>857,263</u>	<u>84,508</u>	<u>772,756</u>

Notes: Victory's review of General and Administrative expenses by category:

Admin & General Training Expense:	Meals provided for employees are excluded at 100%.
Outside Services Employed:	Airfare for attorney excluded at 50%, meals and per diem are excluded at 100%.
General Advertising Expense:	Expense related to company image and general advertising were excluded at 100%. All other advertising related to member safety, legal ads and meeting announcements were not excluded. Expenses related to both company image and safety related messages were excluded at 50%. Dues that may have been included in this category were excluded at 50%.
Give Aways:	Purchases for gift give aways were excluded at 100%.
Misc General Exp - Misc:	Miscellaneous and General expenses were looked at as true business expenses versus other indirect expenses. Expenses related to travel, property taxes, liability insurance and labor were not excluded. Expense for meals, subscriptions to publications and retirement meals were excluded at 100%. Donations and dues that may have been included in this category were excluded at 50% with the exception of Kansas Electric Cooperative (KEC) monthly assessment dues. KEC provides needed services and programs to electric cooperatives for mutual benefit of the member cooperatives. The dues associated with KEC represent services KEC provides for our cooperative, which include our safety program, OSHA compliance, safety inspections, staff & board training and administrative functions on a statewide basis.
Misc General Exp - Directors Fees:	Expenses associated with meals, subscriptions, entertainment and gifts were excluded at 100%.
Misc General Exp - Business Mtg:	Expenses associated with meals were excluded at 100%.
Misc General Exp - Local, State:	NRECA membership dues excluded at 100%.
Misc General Exp - Annual Meeting:	Expenses for the publication, balloting, official notice mailings and expenses in regard to holding the annual meeting were not excluded. Expenses for member gifts were excluded at 100%.
Community Events	Expenses related to these community services projects were excluded 100% with the exception of any labor and/or fleet costs associated with these activities. This includes Pumpkin Festival, Dodge City Days Parade, Parade of Lights.
Misc General Exp - Christmas Party, ACRE/KCRE employee expenses:	Expenses related to miscellaneous employee expenses for holiday parties were excluded 100%.
Scholarships, Sponsorship of Employee activities & Wellness program:	Donations were excluded at 50%. Benefit projects for employees (ex: 930.27 and 426.10) were

The Victory Electric Cooperative Association, Inc.
Mid-Kansas Division
34.5kV Formula Based Rate
Work Paper 6b - Detail of Exclusions
For the Historical Test Year Ending December 31, 2023

Account	Description	Date	Vendor	Reference	Total Amount	Percent Excluded	Total Adjustment
---------	-------------	------	--------	-----------	-----------------	---------------------	---------------------

See Filing Exhibit 9

ATTACHMENT B

ERRATA EXHIBIT 12

(Attached)

EXHIBIT 12

Proposed Tariff Sheets

Clean and Redline Versions

THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC
 (Name of Issuing Utility)

Schedule: 25-LAC

Replacing Schedule 24-LAC Sheet 1
 Which was filed September 21, 2023

MID-KANSAS SERVICE AREA

(Territory to which schedule is applicable)

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

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICE

AVAILABLE

Entire Mid-Kansas Service Area.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Victory's 34.5 kV (or other available lower primary voltage) subtransmission/distribution system.

CHARACTER OF SERVICE

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

MONTHLY RATE

Demand Charge @ \$3.26 per kW.

MONTHLY BILLING DEMAND

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

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by MKEC or paying MKEC for the Real Power Losses at MKEC's wholesale rate. The applicable Real Power Loss factor for the entire Mid-Kansas Service Area is as follows:

LOSS FACTOR

1.10 percent of energy as measured at delivery point.

DELAYED PAYMENT

As per schedule DPC.

Issued _____
 Month Day Year

Effective _____
 Month Day Year

By _____ CEO
 Signature Title

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 24

THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC.

Schedule: 25-LAC

(Name of Issuing Utility)

Replacing Schedule 24-LAC_Sheet 2
Which was filed on September 21, 2023

MID-KANSAS SERVICE AREA

(Territory to which schedule is applicable)

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

Sheet 2 of 2 Sheets

TERMS AND CONDITIONS

Service will be rendered under Cooperative's Rules and Regulations as filed with the Kansas Corporation Commission.

Issued _____
Month Day Year

Effective _____
Month Day Year

By _____ CEO
Signature Title

THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC

Schedule: 254-LAC

(Name of Issuing Utility)

Replacing Schedule 243-LAC Sheet 1

Which was filed September 21, 2023

MID-KANSAS SERVICE AREA

(Territory to which schedule is applicable)

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

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICE

AVAILABLE

Entire Mid-Kansas Service Area.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Victory's 34.5 kV (or other available lower primary voltage) subtransmission/distribution system.

CHARACTER OF SERVICE

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

MONTHLY RATE

Demand Charge @ ~~\$3.263~~ per kW.

MONTHLY BILLING DEMAND

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

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by MKEC or paying MKEC for the Real Power Losses at MKEC's wholesale rate. The applicable Real Power Loss factor for the entire Mid-Kansas Service Area is as follows:

LOSS FACTOR

1.10 percent of energy as measured at delivery point.

DELAYED PAYMENT

As per schedule DPC.

Issued _____
Month Day Year

Effective _____
Month Day Year

By _____ CEO
Signature Title

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 24

THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC.

Schedule: 254-LAC

(Name of Issuing Utility)

Replacing Schedule 243-LAC Sheet 2
Which was filed on September 212, 20232

MID-KANSAS SERVICE AREA

(Territory to which schedule is applicable)

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

Sheet 2 of 2 Sheets

TERMS AND CONDITIONS

Service will be rendered under Cooperative's Rules and Regulations as filed with the Kansas Corporation Commission.

Issued _____
Month Day Year

Effective _____
Month Day Year

By _____ CEO
Signature Title

ATTACHMENT C

ERRATA PREFILED DIRECT TESTIMONY OF JUSTIN CRASWELL

(Attached)

BEFORE THE KANSAS CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application of The)
Victory Electric Cooperative Association,)
Inc. Seeking Commission Approval to) Docket No. 24-VICE-690-TAR
Update Its Local Access Delivery Service)
Tariff Pursuant to the 34.5kV Formula)
Based Rate Plan Approved in Docket No.)
21-SEPE-049-TAR.

ERRATA PREFILED DIRECT TESTIMONY OF

**JUSTIN CRASWELL
RATE AND DATA ANALYST
ECONOMICS, RATES, AND BUSINESS PLANNING
POWER SYSTEM ENGINEERING, INC.**

ON BEHALF OF

THE VICTORY ELECTRIC COOPERATIVE ASSOCIATION, INC.

July 16, 2024

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PART II - SUMMARY OF DIRECT TESTIMONY	3
PART III - ADJUSTMENTS TO THE ACTUAL TEST YEAR RESULTS.....	5
PART IV - REVENUE REQUIREMENT AND RATE CALCULATION.....	9

PART I - QUALIFICATIONS

Q. Please state your name and business address.

A. My name is Justin R. Craswell. My business address is 6 Pine Tree Drive , Suite 350, Arden Hills, Minnesota 55112.

Q. What is your profession?

A. I am a Rate and Data Analyst in the Economics, Rates, and Business Planning Department at Power System Engineering, Inc. (“PSE”), which is headquartered at 1532 W. Broadway, Madison, Wisconsin 53713

Q. Please describe the business activities of PSE.

A. PSE is a consulting firm serving electric utilities across the country, but primarily in the Midwest. PSE is involved in: power supply, transmission and distribution system planning; distribution, substation and transmission design; construction contracting and supervision; retail and wholesale rate and cost of service (“COS”) studies; economic feasibility studies; merger and acquisition feasibility analysis; load forecasting; financial and operating consultation; telecommunication and network design, mapping/GIS; and system automation including Supervisory Control and Data Acquisition (“SCADA”), Distributed Energy Resource (“DER”), Demand Side Management (“DSM”), metering and outage management systems.

Q. Please describe your responsibilities with PSE.

A. I work on a team of staff that provides economic, financial, and rate-related consulting services to investor-owned, cooperative, and municipal utilities as well as regulators and industry associations. These services include:

- Cost of Service Studies.
- Capital Credit Allocations.
- Demand Response.
- Distributed Generation Rates.
- Energy Efficiency.
- Financial Forecasting.
- Large Power Contract Rates/Proposals.
- Line Extension Policies/Charges.
- Load Management Analysis.
- Market and Load Research.
- Merger Analysis.
- Pole Attachment Charges.
- Policy Review.
- Power Cost Adjustments.
- Rate Consolidation.
- Retail Rate Design and Analysis.
- Special Fees and Charges.
- Load Forecasting.

Q. What is your educational background?

A. I graduated from the University of Wisconsin, Madison in 2019 with a Bachelor of Science degree in Agricultural & Applied Economics and a minor in Sustainability. In 2020, I also received my Master of Science degree in Agricultural and Applied Economics from the University of Wisconsin, Madison.

Q. What is your professional background?

A. In January 2021, I joined PSE, in a position of Rate and Financial Analyst in the Economics, Rates, and Business Planning Department.

Q. Have you previously presented testimony before the KCC?

A. No, but I have assisted with the analysis and preparation of testimony for, Prairie Land Electric Cooperative, Western Cooperative Electric Association, The Victory Electric Cooperative Association, Inc, and Southern Pioneer Electric Company in Docket Nos. 21-PLCE-406-TAR, 21-WSTE-404-TAR, 21-VICE-412-TAR, 21-SPEE-411-RTS, 22-PLCE-496-TAR, 22-WSTE-497-TAR, 22-VICE-498-TAR, 22-SPEE-501-TAR, 23-PLCE-789-TAR, 23-WSTE-791-TAR, 23-VICE-793-TAR, & 23-SPEE-792-RTS.

PART II - SUMMARY OF DIRECT TESTIMONY

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

A. The purpose of my testimony is to support the Application submitted in the instant Docket by Victory for the approval of its 34.5kV Formula Based Rate (“FBR”) Annual Update filing for Year 2024 based on the Historical Test Year ending December 31, 2023.

Q. Are there particular Exhibits to Victory’s Application that you will be describing and explaining?

A. Yes. My testimony concerns, and is supported by, the following Exhibits to the Application in the instant docket:

- Exhibit 5 - 34.5KV FBR Calculation for Test Year
- Exhibit 12 - Proposed Tariff Sheets Including Rate Adjustment

Q. Have the exhibits been prepared by you or under your supervision?

A. Yes.

Q. Please briefly recap Victory’s 34.5kV FBR.

A. The 34.5kV FBR, as approved for Victory by the Commission in Docket No. 21-SEPE-049-TAR (“21-049 Docket”), is a five-year ratemaking plan that provides a method for periodic adjustments to a demand rate assessed on the Cooperative’s wholesale customers taking the Local Access Delivery Service (“LADS”) over Victory’s 34.5kV sub-transmission facilities in its acquired Mid-Kansas division territory.

The details of the predetermined and agreed-upon calculations for the corresponding LADS rate adjustments are outlined in Section D of the Commission-approved Victory’s 34.5kV FBR Protocols (“Protocols”), included in the Commission Order Approving Unanimous Settlement Agreement as Attachment A2 to Exhibit A filed in the 21-049 Docket on April 15, 2021. The purpose of this formulaic ratemaking mechanism is to allow for timely adjustments to the

1 aforementioned rate without incurring the substantial expense and/or experiencing regulatory
2 lag typically associated with the preparation of a full rate case.

3 It should be noted that the Application in the 21-049 Docket represented a request for the
4 continuation of the initial 34.5kV FBR five-year plans approved by the Commission on March
5 10, 2015 in Docket 16-MKEE-023-TAR (“16-023 Docket) for Victory and three other
6 member-cooperatives of Sunflower Electric Power Corporation. In addition to the request to
7 continue the initial FBR plans for the next five years, the applicants in the 21-049 Docket also
8 sought, and were granted, the limited modification and minor clarifications to the initial FBRs,
9 such as simplifying the process by adopting a historical test year and eliminating debt service
10 projections and clarifying some language in the Protocols. Parties also sought and received the
11 approval of the update to the line loss factors for their respective LADS tariffs.

12 **Q. What data formed the basis for Victory’s 2024 34.5kV FBR calculation?**

13 A. Consistent with the Protocols, the calculation was based upon a 2023 Historical Test Year. As
14 such, it utilized historical figures from Victory’s (Mid-Kansas division) December 2023
15 Operating Income Statement, Balance Sheet, Payroll Journal, and 2023 Monthly Trial
16 Balance.¹

17 **Q. Were there any extraordinary adjustments made to the 2023 Historical Test Year data in
18 this year’s filing that are outside of the adjustments dictated by the Protocols?**

19 A. No.

20 **Q. Please summarize the results of Victory’s 2023 34.5kV FBR calculation.**

21 A. Completing the 34.5kV FBR template calculation consistent with the Protocols approved by
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23
24 ¹ Included in Victory’s Application as part of Exhibits 4 (Year-End Comparative Operating Income
25 Statements and Balance Sheets), 6 (Year-End Trial Balances), 7 (Year-End Payroll Journals), and 8
 (Supplemental Schedules, which include 12-month average Trial Balance).

1 the Commission in the 21-049 Docket results in the Total Revenue Requirement of \$3,601,856.
2 In accordance with Section D.4 of the Protocols, the resultant total dollar amount was divided
3 by the total billing demand for the Historical Test Year; to arrive at the final rate of \$3.26/kW.
4 The resulting final LADS rate of \$3.26/kW represents a \$0.20/kW or around 6.5% increase
5 from Victory's currently effective rate for LADS of \$3.06/kW authorized by the Commission
6 in Docket No. 23-VICE-793-TAR. Translated into total dollars, this constitutes a \$220,283
7 increase.² Applying Victory's wholesale customers' Load Ratio Share ("LRS") of 6.19 percent
8 indicates approximately \$13,640 of the overall increase is attributed to these customers on the
9 combined basis. The detailed 34.5kV FBR calculation for the Test Year is contained in Exhibit
10 5 attached to the Application filed in the instant Docket.

11
12 **PART III - ADJUSTMENTS TO THE ACTUAL TEST YEAR RESULTS**

13 **Q. You stated that 2023 actual results formed the basis for the 34.5kV FBR calculation. The**
14 **Protocols specify a limited number of adjustments to be made. What adjustments did you**
15 **make to Victory's actual 2023 financial results in completing the 34.5kV FBR template?**

16 **A.** Per Sections D.1.b and D.1.e of the Protocols, and in recognition of the Commission policy
17 adopted per K.S.A. 66-101f (a), Administrative and General ("A&G") expense was adjusted
18 to remove certain amounts associated with the dues, donations, charitable contributions,
19 promotional advertising, penalties and fines, and entertainment expenses incurred during the
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25 ² Calculated by applying the \$0.20/kW adjustment to the Test Year total billing determinants (kW).

1 Test Year.³ The excluded amounts, as well as reasoning in support of inclusion or exclusion
2 of the associated items, are noted on Page 7 of Exhibit 5.

3 Finally, Section D.2 of the Protocols mandates that certain revenue and expense categories be
4 further allocated to remove the costs not associated with Victory's 34.5kV facilities.

5 **Q. Please describe the adjustments made to the 2023 Test Year Operating Expenses in**
6 **conjunction with the Protocols' Section D, sub-sections b and e, and the Commission's**
7 **policy per K.S.A. 66-101f (a).**

8 A. A reduction in the amounts of \$84,508 and \$35,009, as evidenced on Page 1 of Exhibit 5, Line
9 10 and Line 20, Column (e), were applied to the historical amount of \$3,545,843 in A&G
10 Expense and the historical amount of \$52,558 in Other Deductions, respectively, in order to
11 remove the amounts associated with promotional or image advertising and dues and donations;
12 i.e., activities traditionally disallowed by the Commission either as unnecessary to provide
13 safe, efficient, reliable electric utility service, or consistent with the Commission policy
14 adopted per K.S.A. 66-101f (a). Accordingly, historical amounts, as recorded in Victory's
15 applicable GL accounts, were adjusted as follows: promotional or image advertising items
16 were excluded 100 percent, and dues and donations items were excluded 50 percent. Note that
17 advertising associated with items such as public safety announcements, annual meeting
18 notices, legal ads, and job postings were not removed, as those activities are directed toward
19 keeping the members well informed and/or represent direct business expense and thus align
20 with the Commission-advocated goal of providing safe, efficient, and reliable electric utility

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25 ³ K.S.A. 66-101f (a) allows adoption of a policy of " disallowing a percentage, not to exceed 50%, of utility
dues, donations and contributions to charitable, civic and social organizations and entities, in addition to
disallowing specific dues, donations and contributions which are found unreasonable or inappropriate."

1 service.⁴ Additionally, dues associated with the Kansas Electric Cooperatives, Inc. (“KEC”)
2 statewide organization membership were not removed for similar reasons, as KEC functions
3 for the mutual benefit of its member-cooperatives to promote rural electrification and provides
4 essential services, such as safety programs and inspections, Occupational Safety and Health
5 Administration (“OSHA”) compliance, Cooperative staff and Board training, and
6 administrative functions on a state-wide level.

7 Detailed listings of the aforementioned items by GL account and the corresponding
8 adjustments performed can be found in Exhibit 9 attached to the Application in the instant
9 Docket. The summary of the adjustments by GL, as well as the methodology applied by
10 Victory, is included in Exhibit 5, Page 7. The adjustment was further reflected on Page 3 of
11 Exhibit 5, Lines 9-11 and Lines 13-19. The resultant adjusted A&G amount is \$3,461,335, as
12 reflected on Page 1, Line 10, Column (f) of Exhibit 5; and the resultant adjusted Other
13 Deductions amount is \$17,549, as reflected on Page 1, Line 20, Column (f) of Exhibit 5.

14 **Q. Next, please describe how the adjusted system-wide financial results were allocated to the**
15 **34.5kV system to arrive at Victory’s 34.5kV FBR Revenue Requirement that includes**
16 **only those costs which are associated with the Cooperative’s sub-transmission facilities**
17 **used in the provision of LADS.**

18 A. Section D.2 of the Protocols specifies the methodology for allocating applicable total system-
19 wide operating expenses and margin requirements to the 34.5kV system so as to arrive at the
20 revenue requirement associated with Victory’s sub-transmission facilities used to provide
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25 ⁴ Expenses related to both company image and safety-related messages were excluded 50 percent.

1 LADS in the acquired Mid-Kansas service territory.⁵ Following is an explanation of the
2 allocations:

- 3 • Per Section D.2.a of the Protocols, the A&G expenses are to be allocated using a Labor
4 ratio (“LAB”), where the latter is calculated as a ratio of Transmission Labor to Total
5 Non-A&G Labor. The corresponding labor dollar amounts are found in the Labor
6 Amount Column of the December 31, 2023 Payroll Journal, included with Exhibit 7
7 attached to the Application filed in the instant Docket. Next, Exhibit 5, Page 4, Lines
8 7-20 show how the resultant LAB ratio of 0.014591 is calculated. Applying LAB to
9 the \$3,461,335 in Adjusted Historical Test Year A&G expense assigns \$50,504 to the
10 34.5kV FBR, as shown in Exhibit 5, Page 1, Line 10, Column (i).
- 11 • Depreciation and Amortization Expense is to be calculated directly (a.k.a. “direct-
12 assignment”) in accordance with Section D.2.b of the Protocols. Therefore, the
13 \$663,946 in Transmission plant depreciation for the Historical Test Year is allocated
14 to the 34.5kV FBR in its entirety, as evidenced on Page 1, Line 13, Column (i) of
15 Exhibit 5. The \$110,166 in General Plant Depreciation Expense for the Historical Test
16 Year is to be allocated on the LAB ratio, ultimately assigning \$1,607 to the 34.5kV
17 FBR, as evidenced on Page 1, Line 14, Column (i) of Exhibit 5.
- 18 • For allocating Taxes - Other, Other Deductions, Interest on Long-Term Debt, Other
19 Interest, Principal Payments, and Offsets to Margin Requirements, the Budget Year
20 Net Transmission Plant Ratio (“NP”) is calculated. The Historical Test Year NP, as
21 defined in Section D.2 of the Protocols, reflects the ratio of the average monthly
22

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25 ⁵ Again, to clarify, “system-wide,” as used in this context, is intended to mean combined distribution and transmission.

1 Transmission Net Plant to the average monthly Total Net Plant for the 2023 Historical
2 Test Year.⁶ The calculation of the NP allocation factor is detailed on Page 4, Lines 22-
3 47 of Exhibit 5. The results of applying the calculated NP of 0.371167 to the
4 corresponding Adjusted Historical Test Year expenses are evidenced on Page 1, Lines
5 15-25, Column (i) of Exhibit 5.

6 It should also be noted that the Transmission Operation and Maintenance Expense is a
7 category that is directly related to the provision of the LADS. Therefore, it was assigned
8 100 percent (i.e., using allocator of 1.0) to the 34.5kV FBR Revenue Requirement.

9
10 **PART IV - REVENUE REQUIREMENT AND RATE CALCULATION**

11 **Q. How was Victory's 34.5kV FBR Total Revenue Requirement calculated after performing**
12 **all the adjustments and allocations detailed above?**

13 A. Per Section D.4 of the Protocols, the Total 34.5kV FBR Revenue Requirement is a sum of all
14 the applicable operating expenses and margin requirements. Specifically, after the 2023 actual
15 operating expenses were adjusted as directed by the Protocols and allocated to reflect the
16 portion applicable to the Cooperative's sub-transmission facilities used in the provision of the
17 LADS, the Total Cost of Service was quantified at \$2,166,877, as evidenced on Page 1, Line
18 21, Column (i) of Exhibit 5. Next, the Net Margin Requirement was calculated using 1.8
19 OTIER and 1.8 MDSC metrics, as contemplated in Section D.3 of the Protocols. The same
20 Section dictates that the ratio resulting in greater net margins required will be used. An MDSC
21 of 1.8 produced \$1,434,979 in margin requirements, which was greater than the \$446,870
22 margin requirements produced by OTIER of 1.8, as evidenced on Page 1, Lines 23-30, Column
23

24
25 ⁶ Net Transmission Plant includes a General Plant allocation based upon a LAB ratio.

1 (i) of Exhibit 5. Accordingly, applying the MDSC-produced \$1,434,979 in Net Margin
2 Requirement to the \$2,166,877 in Total Cost of Service generates the 34.5kV FBR Total
3 Revenue Requirement of \$3,601,856.

4 **Q. Please explain how the resultant wholesale demand rate for LADS was determined.**

5 A. Section D.4 of the Protocols further directs that the 34.5kV FBR Total Revenue Requirement
6 is to be divided by the Total Billing Demand for the Test Year. The latter is comprised of both
7 retail and wholesale billing determinants on Victory's 34.5kV system for the Mid-Kansas
8 division, and factors in the appropriate losses percentages, as specified in Victory's
9 Commission-approved LADS tariff.⁷ For 2023 Test Year, the Total Billing Demand for
10 Victory's 34.5kV system was quantified at 1,103,348 kW, as reflected on Page 1, Line 34,
11 Column (i) of Exhibit 5 and further detailed on Page 6 of the same Exhibit. Dividing the
12 resultant Total Revenue Requirement of \$3,601,856 by 1,103,384 kW produces the unadjusted
13 rate of \$3.26/kW, a \$0.20/kW, or 6.5%, increase compared to the existing LADS rate of
14 \$3.06/kW. The main drivers behind this year's decrease were decreased to O&M and A&G
15 expenses.

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

17 A. My recommendation is to approve Victory's Application in the instant Docket, as the resultant
18 rate is reflective of the COS, which was calculated in accordance to the Commission-approved
19 34.5kV FBR Protocols, and therefore is just and reasonable and in the public interest.

20 **Q. Have the proposed tariffs as required in the Protocols in Section E.12 been provided?**

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23
24 ⁷ The billing determinants, as well as the financial information used to calculate the LADS rate, still represent
25 the Cooperative's Mid-Kansas division's data, as required by the Commission-approved 34.5kV FBR
Protocols. The line loss percentage incorporated in the billing determinants is based on the Commission-
approved percentages as stated in the April 15, 2021 Order on Unanimous Settlement Agreement filed in
the 21-049 Docket.

1 A. Yes, they are included as Exhibit 12 of the Application filed in the instant Docket.

2 **Q. Does this conclude your prefiled Direct Testimony?**

3 A. Yes, it does.

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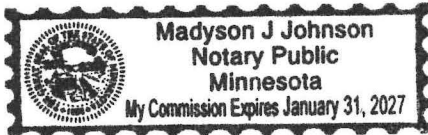
VERIFICATION


STATE OF MINNESOTA)
) ss
COUNTY OF RAMSET)

The undersigned, Justin R. Craswell, upon oath first duly sworn, states that he is the Rate and Data Analyst, Economics, Rates, and Business Planning for Power System Engineering, Inc.; that he has read this Prefiled Direct Testimony and knows the contents thereof; and, that the facts therein are true and correct to the best of his knowledge, information, and belief.


Justin R. Craswell

Subscribed and sworn to before me this 16 day of July, 2024.




Notary Public

My appointment expires: January 31, 2027

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CERTIFICATE OF SERVICE

I hereby certify that I have this day emailed the foregoing document to each person listed below:

Dated this 23rd day of July, 2024.

/s/ Taylor P. Calcara

Taylor P. Calcara

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