

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

Before Commissioners:
Mark Sievers, Chairman
Thomas E. Wright
Shari Feist Albrecht



NOV 13 2013

by
State Corporation Commission
of Kansas

In The Matter of the Application of Wheatland)
Electric Cooperative, Inc. For Approval To Make)
Certain Changes In its Charges For Water Service) DOCKET NO. 2014-WHLW- _RTS
To Tyson Fresh Meats, Inc.) 218

Application, Testimony and Exhibits
Submitted by Wheatland Electric Cooperative, Inc.
In Support of the Application
Herein Contained:
November 12, 2013

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APPLICATION

1. Applicant, Wheatland Electric Cooperative, Inc., is a non-profit, membership, Rural Electric Cooperative organized in 1948 under K.S.A. 17- 4601 of seq. Applicant is also a public utility under the jurisdiction, regulation and supervision of the Kansas Corporation Commission under a Certificate of Convenience and Authority to Transact the Business of a Water Public Utility in the State of Kansas, Finney County, Kansas issued in Docket No-03-WHLW-748-COC on December 3, 2003. Applicant is a tax-exempt organization pursuant Internal Revenue Section 501(c) (12).

2. Applicant is engaged in the business of selling reverse osmosis treated water and raw, untreated water as a water public utility under K.S.A. 66-104 and 66-131 in Finney County, Kansas, by special contracts with the City of Garden City; Finney County Rural Water District No. 1 and Tyson Fresh Meats, Inc. and Sunflower Electric Power Corporation rather than serving a specified certificated territory. Applicant receives re-used water discharged from Garden City's Waste Water Treatment Plant and sells and delivers the re-used water to Sunflower Electric Power Corporation to cool its S2 Electric Generation Plant located at 2440 Railroad Ave, Garden City, Kansas.

3. Applicant retained C.H. Guernsey & Company, consulting engineers, located in Oklahoma City, Oklahoma to conduct a Cost of Service Study of Applicant's water public utility division. A copy of the Cost of Service Study is attached hereto as Exhibit "B". The purpose of the Study was to determine the cost of service for each of Applicant's water member patrons and to determine adjustments in water rates of each of applicant's water member patrons required to return margins acceptable to the KCC. The Study indicated Applicant's overall or total system had a negative margin of -\$1,509,027 for the test year. To recover the -\$1,509,026 negative margin will require an overall or total water system increase of 32%. Based on the Study to recover -\$1,509,027 overall will require the following increases to each of Applicant's water member patrons:

- a) City of Garden City: -\$412,800 negative margin as per Study will require a 39% increase to earn \$505,056.
- b) Tyson Fresh Meats, Inc.: -\$791,904 negative margin as per Study will require a 94% increase to earn \$1,632,060.
- c) Finney County Rural Water District No.1: -\$38,242 negative margin as per Study will require a 53% increase to earn \$110,171.
- d) Sunflower Electric Power Corporation: -\$173,863 negative margin as per Study will require a 201% increase to earn \$260,445.

4. Applicant is engaged in the business of selling reverse osmosis treated water and raw, untreated water as a water public utility under K.S.A. 66-104 and 66-131 in Finney County, Kansas, by special contracts with the City of Garden City; Finney County Rural Water District No. 1; Sunflower Electric Power Corporation and Tyson Fresh Meals. Inc., rather than serving a specified certificated territory.

5. Applicant and Tyson Fresh Meats, Inc. (Tyson), entered into a First Amended Purchase Agreement for Water dated August 30, 2005 by which Applicant agreed to sell and

deliver to Tyson untreated water and Tyson agreed to buy untreated water from Applicant. This Agreement was approved by Order of the Kansas Corporation Commission in Docket No. 05-WHLW-085-COC. A copy of the First Amended Purchase Agreement for Water dated August 30, 2005 is attached hereto as Exhibit "A" and incorporated herein by reference as though fully set forth herein.

6. In Docket No. 05-WHLW-085-COC Tyson requested confidentiality of Applicant and the KCC Commission and Staff. Applicant is certain Tyson expects that same confidentiality in the present Docket.

7. Applicant requests regulatory changes by the Kansas Corporation Commission in its water rate to Tyson Fresh Meats, Inc. that reflect costs of service for Applicant's sale and delivery of water to Tyson Fresh Meats, Inc. Applicant requests the KCC establish a rate for sale and delivery of water to Tyson Fresh Meats, Inc. based on Applicant's cost service and a margin as determined by the KCC.

8. Applicant retained C.H. Guernsey & Company, consulting engineers, located in Oklahoma City, Oklahoma to conduct a Cost of Service Study of Applicant's water public utility division. A copy of the Cost of Service Study is attached hereto as Exhibit "B" and incorporated herein by reference as though fully set forth herein. The purpose of the Study was to determine the cost of service for each of Applicant's water member patrons and to determine adjustments in water rates of each of applicant's water member patrons required to return margins acceptable to the KCC. The Study indicated Applicant's overall or total system had a negative margin of -\$1,509.027 for the test year. To recover the -\$1,509,026 negative margin will require an overall or total water system increase of 32%. Tyson Fresh Meats Inc is part of a "Rural Industrial" rate class that includes land and equipment acquired by

Applicant to serve another rural industrial customer. Based on the Study to recover - \$1,509,027 overall with uniform rates of return on rate base will require the following increases to each of Applicant's water member patrons:

a) City of Garden City: -\$412,800 negative margin as per Study will require a 39% increase or \$504,878 to earn total revenue of \$1,783,523.

b) Rural Industrial Rate Class: -908,833 negative margin for the class as per Study will require a 94% increase or \$791,904 from Tyson Fresh Meats Inc. to earn total revenue of \$1,632,060. No increase is required from the other potential customer within the rate class, labeled "Water Ranch" in the study.

c) Finney County Rural Water District No. 1: -23,977 negative margin as per Study will require a 53% increase or \$38,242 to earn total water sales revenue of \$110,171.

d) Sunflower Electric Power Corporation: -\$163,415 negative margin as per Study will require a 201% increase or \$173,863 to earn total revenue of \$260,445.

9. Applicant respectfully requests adjustment and determination of its water rate for Applicant's water member patron, Tyson Fresh Meats, Inc, to return a positive margin for Applicant in order that one class of Applicant's member patrons are not subsidizing another class of Applicant's member patrons.

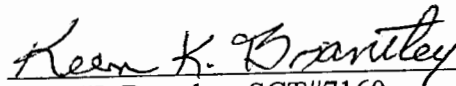
10. For the test year used in Exhibit "B", Cost of Service Study, Applicant's Electric member patrons, by rates established and approved by the KCC, provided a positive margin of 4.06% from Applicant's total electric sales.

11. Applicant should be permitted to earn adequate and sufficient net margins to allow Applicant to serve its customers with sufficient and efficient service and to continue to expand investment needed for public service. Applicant should earn enough through its water rate to provide for debt service and enable Applicant to make the required interest and principal payments on its indebtedness and to maintain the borrowing capability of Applicant necessary to maintain, replace and expand its respective infrastructure; and achieve the financial covenant requirements contained within Applicant's respective financing documents.

12. Attached hereto as Exhibit "C-1", "C-2", and "C-3" and incorporated herein by reference as though fully set forth herein are Applicant's financial statements for the three (3) years preceding this Application. These financial statements are verified and offered into evidence by the pre-filed testimony of Bruce Mueller, General Manager, of Applicant.

13. Applicant will support Kansas Corporation Commission jurisdiction, the allegations in this Application and prayer for rate determination by the pre-filed testimony of Bruce Mueller, General Manager, Wheatland Electric Cooperative, Inc., 101 Main Street, Scott City, Kansas 67871 and Mike Searcy, Managing Consultant, C.H. Guernsey and Company, Oklahoma City, OK 73112-5507.

Respectfully submitted,



Keen K. Brantley, SCT#7160

Wallace, Brantley & Shirley

325 Main - P.O. Box 605

Scott City, KS 67871

Telephone: 620 872-2161

Fax 620 872-2203

Email: kbrantley@wbsnet.org

Attorney for Applicant, Wheatland Electric Cooperative, Inc.

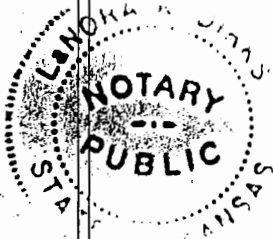
VERIFICATION

STATE OF KANSAS)
) ss
COUNTY OF SCOTT)

Keen K. Brantley, of lawful age, being first sworn upon oath states: he is attorney for Wheatland Electric Cooperative, Inc., Applicant herein; he has read the above and foregoing Application; knows the contents thereof, and the allegations contained therein are true.

Keen K. Brantley
Keen K. Brantley, Affiant

Subscribed and sworn to before me this 11th day of November, 2013.



Sandra K. Dirks
Notary Public
Commission expires: 9/14/17

CERTIFICATE OF MAILING

I, Keen K. Brantley do hereby certify that on the 11th day of November, 2013, I mailed a true and correct copy of the above and foregoing Application in the U.S. Mail, postage prepaid and property addressed to:

Will Higginbotham
Corporate Counsel
Tyson Foods, Inc.
2200 Don Tyson Parkway
Springdale, AR 72762

Sarah Toevs Sullivan
1201 Walnut Street, Suite 2900
Kansas City, MO 64106-2150

Keen K. Brantley
Keen K. Brantley

Exhibit "A"

**FIRST AMENDED
PURCHASE AGREEMENT FOR WATER**

Between

TYSON FRESH MEATS, INC.

And

WHEATLAND ELECTRIC COOPERATIVE, INC.

This First Amended Purchase Agreement for Water is entered into this 30th day of ~~August~~, 2005, to be effective, however, as of the 22nd day of June, 2004, by and between Wheatland Electric Cooperative, Inc., a public utility having its principal place of business in Scott City, Kansas, hereinafter referred to as "Wheatland," and Tyson Fresh Meats, Inc., a corporation with its headquarters at 2210 West Oaklawn Dr., Springdale, Arkansas, hereinafter referred to as "Tyson," and,

Whereas Wheatland owns and holds certain industrial water rights in Finney County, Kansas; and,

Whereas Wheatland owns and operates a reverse osmosis (RO) treatment plant on the site of its electrical generating facility in Garden City, Kansas; and,

Whereas Wheatland desires to sell water that meets or exceeds Kansas Department of Health and Environment ("KDHE") drinking water standards to Tyson and Tyson desires to buy same from Wheatland for use at its Finney County, Kansas complex facility; and,

Whereas Wheatland understands and acknowledges the importance to Tyson for the Tyson complex facility in Finney County, Kansas, to receive the promised volume and ratio of said quality water agreed upon in the Agreement;

Now therefore the parties agree as follows:

**SECTION ONE
WATER**

Wheatland shall provide to Tyson and Tyson shall purchase from Wheatland the following described volumes of water, to-wit: a minimum of 2 million gallons per day ("mgd") six days per week on average and up to 1 mgd one day per week on average (for a total of 668 million gallons per year) and a maximum of 4.5 mgd six days per week on average and up to 1 mgd one day per week on average (for a total of 1,500 million gallons per year.) The water shall meet or exceed the current KDHE and federal Drinking Water Regulation standards.

**SECTION TWO
TERM**

The term of this agreement shall be for twenty (20) years from the date of execution hereof, unless otherwise provided for in this Agreement, and shall commence (30) days after receipt of written notice from Wheatland to Tyson that Wheatland has completed construction of

delivery facilities and can deliver water to Tyson, and return of a written confirmation notice from Tyson that it can begin receiving water through its water distribution/storage system. Wheatland promises and commits to completing construction of the water distribution system to Tyson as soon as practical. Tyson shall be entitled to terminate this Agreement at any time during the 20 year term requiring Tyson to purchase water from Wheatland if Tyson, or its successor, assigns, or subsequent owner(s) discontinue operations and/or otherwise closes the complex facility; provided however, in the event Tyson discontinues operations or closes its complex facility and exercises its right to terminate this agreement prior to the expiration of the 20 year term then in such event Tyson shall reimburse Wheatland the fractional portion of the unrecovered facilities cost of providing water service to Tyson for the full term hereof based on the remaining years of the term at the time of termination.

SECTION THREE COMPENSATION: RATES

Tyson shall pay Wheatland for water in accordance with the attached rate schedule incorporated herein as Schedule "A".

SECTION FOUR BILLING AND PAYMENT

Bills supplied pursuant to this Agreement shall be rendered by Wheatland on a calendar month basis and, when submitted, shall be paid in full within 15 days from the date of the bill. In the event of a disputed bill, Tyson shall pay the bill in full and notify Wheatland of the nature of the dispute. The parties shall use their best efforts to resolve such disputes.

If a metering error is determined to have existed, the party to which a monetary adjustment is due shall be entitled to, and be paid, interest thereon. Interest paid shall be based on the length of time the party has been deprived of its money and a rate of interest equal to the prime rate of interest quoted by The Wall Street Journal at the time of such determination.

SECTION FIVE DELIVERY POINT

(a) Delivery Point. The delivery point for water sold by Wheatland to Tyson shall be into Tyson's water force-main at the west side of its processing facility in Finney County, Kansas. Wheatland shall construct (at its sole cost and expense), or cause to be constructed, a pipeline to connect the Finney County Rural Water District Number 1 pipeline just east of the City of Holcomb to the above mentioned interconnect point. Wheatland shall be responsible for constructing and maintaining all pipelines and pumping, treating and related equipment to the point of delivery (hereinafter identified as "before the point of delivery") and Tyson shall be responsible for construction and maintenance of all pipelines and related equipment from the point of delivery to Tyson's processing facility in Finney County, Kansas (hereinafter identified as "after the point of delivery"). Wheatland will exercise reasonable care when installing, maintaining or replacing Wheatland's facilities located on Tyson's premises.

(b) **Responsibility Before Point of Delivery.** Tyson will not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of water before it has passed the point of delivery, nor for any defects in Wheatland's pipelines and related equipment. Wheatland shall save and hold Tyson harmless from all claims for trespass, injury to persons or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of or related to installation, maintenance or replacement of service lines(s) or other necessary appurtenances before the point of delivery, unless such injury to persons or damage to property is caused by the negligent, willful or wanton acts of Tyson, its agents or employees.

(c) **Responsibility After Point of Delivery.** Wheatland will not be liable for any loss, damage or injury whatsoever caused by leakage, escape or loss of water after it has passed the point of delivery, nor for any defects in Tyson's pipelines and related equipment. Tyson shall save and hold Wheatland harmless from all claims for trespass, injury to persons or damage to lawns, trees, shrubs, buildings or other property that may be caused by reason of or related to installation, maintenance or replacement of service line(s) or other necessary appurtenances after the point of delivery, unless such injury to persons or damage to property is caused by the negligent, willful or wanton acts of Wheatland, its agents or employees.

SECTION SIX CONTINUITY OF SERVICE

Wheatland shall provide steady and continuous water service to supply Tyson the agreed volume and ratio of water at the point of delivery; provided, however, that Wheatland will not be liable to Tyson for any damages for reduced volumes of water delivered occasioned by irregularities, interruptions, reductions or cessations in source of supply, to the extent caused by an Uncontrollable Force pursuant to Section Fifteen herein.

SECTION SEVEN METERING

Metering Equipment. Wheatland shall install, pay for, own, operate and maintain all metering equipment, as is reasonably required for carrying out the purposes of this Agreement on Wheatland's side of the delivery point. However, nothing shall preclude Tyson, at its own expense, from installing and maintaining additional metering equipment for the purpose of comparisons with Wheatland readings.

Metering Equipment Tests. Wheatland shall test, or cause to be tested, metering equipment annually. At the time of such test, any meter not registering within acceptable limits (plus or minus 2% margin of error) shall either be corrected to register accurately or be replaced. If a meter is found to be inaccurate by more than two percent, a billing adjustment shall be made. A maximum adjustment period will be one year prior to the date of the test, or for such period during which such inaccuracy may be determined to have existed, whichever period is shorter. If any metering equipment fails to register, or if registration thereof is so erratic as to be meaningless, the water delivered shall be determined in good faith from the best available data which shall be mutually agreed upon by both parties.

SECTION EIGHT WHEATLAND'S REPRESENTATIONS

Wheatland represents, warrants and covenants to Tyson as follows:

- (a) Wheatland is the sole and exclusive owner of the water rights.
- (b) The water rights shall be valid, current, and in good standing with the Kansas Department of Agriculture, Division of Water Resources ("DWR") and/or any other government entity which may have jurisdiction over the viability of the water rights or the use thereof, and not subject to abandonment or forfeiture proceedings before the DWR Chief Engineer.
- (c) Wheatland, to the best of its knowledge, is in compliance with all laws, regulations and ordinances applicable to the water rights and has not received any notice of, and is not under investigation concerning, failure to comply in any material respect with any laws, regulations and ordinances, including but not limited to, federal, state and local laws applicable to water pollution and environmental controls.
- (d) Wheatland, to the best of its knowledge, is not in default under any contract, agreement, lease or other document to which it may be a party and there are no threatened lawsuits or proceedings which would affect or hinder the transactions contemplated by the Agreement.
- (e) There are no material misstatements of fact in the water use reports on file with respect to the water rights, and Wheatland has not made other applications to change or alter the water rights. At all material times, the place of use, type of beneficial use, source of supply, and point(s) of diversion have been as stated in any application, permit or certificate. All conditions contained in any application, permit, or certificate concerning the water rights have been met and fully complied with.
- (f) Wheatland shall not encumber, convey, mortgage, hypothecate or assign the water rights from the date of execution of this Agreement, in any manner which might interfere with the transfer of water to Tyson.

SECTION NINE INDEMNITY

Each Party shall indemnify, hold harmless and defend each other, their agents, servants, employees, officers and directors from and against any and all costs and expenses, including, but not limited to reasonable attorney fees, court costs and all other amounts which said other Party, its agents, servants, employees, officers and directors is (are) or may become obligated to pay on account of any and all demands, claims, liabilities or losses directly arising or alleged to have arisen out of, or in any way connected with the negligent acts or omissions of the indemnifying Party its agents, servants, employees, officers or directors in connection with this Agreement, whether such demands, claims, liabilities or losses be for damages to property, including property of the Parties, or for injury or death of any person, including agents, servants,

employees, officers or directors of the Parties. In no event shall one Party be liable to the other Party for indirect consequential or punitive damages of any type or kind whatsoever.

SECTION TEN AUDIT

In order to verify that all terms and conditions of this Agreement are satisfied fully as provided herein, each Party shall have the right to inspect and audit the books, records, accounts, documents and data of each other Party within a period of two years after: (i) completion of the applicable work or services; or (ii) the receipt of any applicable invoice, statement or other document.

SECTION ELEVEN APPROVALS

This Agreement is conditioned upon approval by the Wheatland Board of Trustees and the executive management of Tyson and any other entity, commission or regulatory body whose approval may be required by law. The parties shall use their best reasonable efforts to secure the approvals of this Agreement and shall cooperate in such efforts as reasonably requested by the other party.

SECTION TWELVE ASSIGNMENT

Permitted Assignments. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

Other Assignments. Except as provided in the subsection above, neither party to this Agreement shall assign its interest in this Agreement in whole or in part without the prior written consent of the other party. Such consent shall not be unreasonably withheld, provided, if Tyson sells or otherwise transfers ownership and/or control and operation of its complex facility to a third party, Wheatland shall otherwise approve the assignment of rights under this Agreement over to such third party.

SECTION THIRTEEN BINDING TERMS

This Agreement shall be binding upon and inure to the benefit of the successors, legal representatives or permitted assigns of each and all of the respective parties.

SECTION FOURTEEN WAIVERS

Any waiver at any time by any party of its rights with respect to a default under this Agreement or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver of the rights of such party with respect to any other default or matter or of a subsequent occurrence of a similar default or other matter. Any delay short of the statutory period of limitation in asserting or enforcing any right shall not be deemed a waiver of such right.

SECTION FIFTEEN UNCONTROLLABLE FORCES

If by reason of acts of God, floods, storms, explosion, fires, labor troubles, strikes, insurrection, riots, acts of the public enemy, damage, destruction or mechanical failure of pipelines, pumping, treating and related equipment, an interruption, reduction or cessation of water supply due to diminished source capability, or federal, state or local law, order, rule or regulation, all beyond the reasonable control of the party claiming uncontrollable force, either party to this Agreement is prevented from complying with any condition of this Agreement, or from complying with any express or implied covenant in this Agreement, then, while so prevented, the condition shall be suspended and the party shall be relieved of the obligation of complying with such covenant and shall not be liable for damages for failure to comply with it provided such party acts diligently to remedy such uncontrollable force. In the event that Wheatland is unable to comply with any condition of this Agreement due to the inability to obtain, or delay in obtaining permits or other authorizations from the DWR for use of water rights or due to any other disruption in or loss of the use of water rights, such non-compliance shall be deemed the result of an "uncontrollable force" provided that Wheatland has used its best efforts to secure an alternative water supply to remedy such uncontrollable force. The payment of money due which is unrelated to such uncontrollable force(s) shall not be waived, suspended or excused as a result of this provision.

SECTION SIXTEEN GOVERNING LAW

This Agreement shall be governed by and construed in accordance with the laws of the State of Kansas and any action brought by any party hereto against the other party hereto shall only be filed in a court of proper and competent jurisdiction in the State of Kansas.

SECTION SEVENTEEN AMENDMENTS

Amendments, if any, to this Agreement shall be in writing and expressly agreed to and properly executed by the parties hereto. All amendments are subject to the prior approval and authorization by the regulatory authorities having jurisdiction thereof, or their successors in interest.

**SECTION EIGHTEEN
DESCRIPTIVE HEADINGS**

The descriptive headings of the various sections hereof were formulated and inserted for convenience only and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

**SECTION NINETEEN
SCHEDULES**

Attached hereto and incorporated herein is Schedule A. In the event of any conflict between the body of this Agreement and the Schedules, the body of this Agreement shall govern and control.

**SECTION TWENTY
NOTICES**

All notices required or desired to be given hereunder shall be in writing and shall be deemed given if delivered personally or mailed by certified mail, postage prepaid, addressed to the parties at their last known addresses. Unless otherwise notified by one party to the other, notices shall be sent as follows:

Wheatland
General Manager
P.O. Box 230
Scott City, Kansas 67871

Tyson
Complex Facility Manager
P.O. Box 149
Holcomb, Kansas 67851

**SECTION TWENTY-ONE
EASEMENTS**

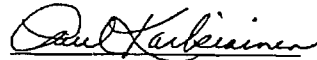
Each party shall grant to the other party all reasonably necessary easements to allow construction, installation, maintenance, or repair of all water transmission pipelines, pumps and related equipment required to deliver and/or receive water, as intended by the purpose of this agreement.

SECTION TWENTY-TWO

This Agreement shall supercede and replace the Purchase Agreement for Water Between Tyson Fresh Meats, Inc. and Wheatland Electric Cooperative, Inc., dated June 22, 2004.

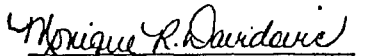
IN WITNESS WHEREOF, the Parties have executed and sealed this Agreement as of the day and year first above written.

Tyson Fresh Meats, Inc.

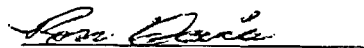


Paul Karkianinen
Complex Facility Manager
Tyson Fresh Meats, Inc.
Holcomb, Kansas

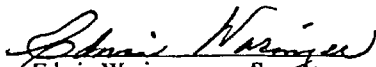
ATTEST:


Name Monique Davidovic
Title Complex Secretary

Wheatland Electric Cooperative Inc.


Ron Davis, President

ATTEST:


Edwin Wasinger, Secretary

Schedule "A"
to
Joint Agreement for Water Purchase, Treatment and Distribution
between
the Tyson Fresh Meats, Inc. and Wheatland Electric Coop., Inc.

Water Treatment Plant
Rate for water treatment

Quantity to be treated	2.2 mgd	728600 1000gpy
Quantity Purchased	2.2 mgd	728600 1000gpy

Facilities Cost	\$ 3,397,500.00			
Interest	4.50%			
Term Years	30			
	Per Year	\$208,577.77		\$ 208,577.77
	Per Month	\$17,214.63		

Treatment Cost

FAC	\$ 103,377.50			
Plant Power	\$ 70,931.67			
Plant Chemical	\$ 88,199.75			
	\$ 262,508.92	\$ 0.3603	\$ 144,383.02	

Wheatland Water

Water	\$ 123,224.22			
Pumping Cost	\$ 39,104.43			
	\$ 162,328.65	\$ 0.2228	\$ 162,332.08	

Total Water Cost	\$ 515,292.87
\$/1000 In	\$ 0.70720
\$/1000 Out	\$ 0.78580

Schedule "A"
to
Joint Agreement for Water Purchase, Treatment and Distribution
between
the Tyson Fresh Meats, Inc. and Wheatland Electric Coop., Inc.

Water Treatment Plant
Rate for water treatment

Quantity to be treated	4.947945205 mgd	1561227.397 1000gpy
Quantity Purchased	4.947945205 mgd	1561227.397 1000gpy

Facilities Cost	\$ 7,657,500.00		
Interest	4.50%		
Term Years	30		
	Per Year	\$470,105.74	
	Per Month	\$38,799.43	\$ 470,105.74

Treatment Cost

FAC	\$ 159,267.50		
Plant Power	\$ 159,530.00		
Plant Chemical	\$ 198,367.07		
		\$ 517,164.57	\$ 0.3313 \$ 284,479.05

Wheatland Water

Water	\$ 277,139.41		
Pumping Cost	\$ 87,948.44		
		\$ 365,087.84	\$ 0.2338 \$ 365,014.97

Total Water Cost	\$ 1,119,599.76
\$/1000 In	\$ 0.71710
\$/1000 Out	\$ 0.79680

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

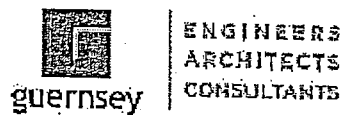
Scott City, Kansas

***WATER UTILITY
COST OF SERVICE STUDY***

Test Year Ending 12/31/2011

UNREDACTED

June 2013



ENGINEERS
ARCHITECTS
CONSULTANTS

EXHIBIT "B"

WHEATLAND ELECTRIC COOPERATIVE, INC.

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COST OF SERVICE STUDY

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WHEATLAND ELECTRIC COOPERATIVE, INC.

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WHEATLAND ELECTRIC COOPERATIVE, INC.

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WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

INCOME STATEMENT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	Test Year - 12/31/2011			Adjustments	Adjusted	Adjust	Adjusted	Rate	Adjusted
	Remainder	Ranch	Total		Test Year	Ranch Plant	Test Year	Change	Test Year w/
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Operating Revenues									
Sales Revenue	\$ 2,359,613	\$ 2,845,260	\$ 5,204,873	\$ (114,739)	\$ 5,090,134	\$ (584,438)	\$ 4,505,696	\$ 1,626,655	\$ 6,132,351
Tax Revenue	37,046	(1,704)	35,342	(4,608)	30,734		30,734	1,704	32,438
Customer A Wheeling Revenue			0	119,332	119,332		119,332	(119,332)	0
Total	\$ 2,396,660	\$ 2,843,556	\$ 5,240,216	\$ (15)	\$ 5,240,200	\$ (584,438)	\$ 4,655,762	\$ 1,509,027	\$ 6,164,789
Operating Expenses		Spread							
Water Purchases	\$ 155,576	\$ 0	\$ 155,576	\$	\$ 155,576	\$ 0	\$ 155,576	\$	\$ 155,576
Effective Cost of Effluent	0	0	0	115,121	115,121	0	115,121	0	115,121
Chemicals	350,713	30,141	380,854		380,854	(4,767)	376,087		376,087
Electricity	328,898	0	328,898		328,898	0	328,898		328,898
Stores	3,888	0	3,888		3,888	0	3,888		3,888
Water Protection Fee	55,987	0	55,987	(4,608)	51,379	0	51,379		51,379
Total	\$ 895,062	\$ 30,141	\$ 925,203	\$ 110,513	\$ 1,035,716	\$ (4,767)	\$ 1,030,949	\$ 0	\$ 1,030,949
Gross Margin	\$ 1,501,598	\$ 2,813,415	\$ 4,315,012	\$ (110,528)	\$ 4,204,484	\$ (579,671)	\$ 3,624,813	\$ 1,509,027	\$ 5,133,840
Operation and Maintenance Expenses		Spread							
Net Wheeling Fee to Customer A	\$ 14,630	\$ 0	\$ 14,630	\$	\$ 14,630	\$ 0	\$ 14,630	\$	\$ 14,630
Maintenance	106,836	322,168	429,004		429,004	(50,951)	378,053		378,053
Utilities	493,103	20,018	513,121		513,121	(3,166)	509,955		509,955
Miscellaneous	13,437	134,860	148,297		148,297	(21,328)	126,969		126,969
Insurance *	39,815	0	39,815		39,815	0	39,815		39,815
Salaries, Benefits & PY Taxes *	297,649	0	297,649		297,649	0	297,649		297,649
Office Expenses & Supplies *	49,218	0	49,218		49,218	0	49,218		49,218
Vehicle, Rent & Equipment *	12,222	0	12,222		12,222	0	12,222		12,222
Director Expense *	91,661	0	91,661		91,661	0	91,661		91,661
Outside Services *	156,882	0	156,882		156,882	0	156,882		156,882
Depreciation	828,648	0	828,648		828,648	0	828,648		828,648
Property Tax	310,502	13,535	324,037		324,037	(2,141)	321,896		321,896
Total	\$ 2,414,603	\$ 490,581	\$ 2,905,184	\$ 0	\$ 2,905,184	\$ (77,586)	\$ 2,827,598	\$ 0	\$ 2,827,598
Return	\$ (913,005)	\$ 2,322,834	\$ 1,409,829	\$ (110,528)	\$ 1,299,300	\$ (502,086)	\$ 797,215	\$ 1,509,027	\$ 2,306,242
Interest & Other Deductions									
Interest L-T Debt	\$ 1,029,685	\$ 1,730,194	\$ 2,759,879	\$	\$ 2,759,879	\$ (490,476)	\$ 2,269,403	\$	\$ 2,269,403
Amortization of Debt Discount	166,839	0	166,839	(130,000)	36,839	0	36,839		36,839
Total	\$ 1,196,524	\$ 1,730,194	\$ 2,926,718	\$ (130,000)	\$ 2,796,718	\$ (490,476)	\$ 2,306,242	\$ 0	\$ 2,306,242
Operating Margin	\$ (2,109,529)	\$ 592,640	\$ (1,516,889)	\$ 19,472	\$ (1,497,418)	\$ (11,609)	\$ (1,509,027)	\$ 1,509,027	\$ 0
Non-Operating Margins									
Facilities Non-Op Revenue	\$ 119,332	\$ 0	\$ 119,332	\$ (119,332)	\$ 0	\$ 0	\$ 0	\$	\$ 0
Misc Non-Operating Income	7,635	0	7,635		7,635	0	7,635		7,635
Net Income from Cust A Contract	12,000		12,000		12,000		12,000		12,000
Interest Income	4,726	345,733	350,459		350,459	(71,059)	279,400		279,400
Capital Credits	0	14,353	14,353		14,353	0	14,353		14,353
Other (Gain on Disp Property)	0	295,654	295,654		295,654	0	295,654		295,654
Total	\$ 143,693	\$ 655,740	\$ 799,433	\$ (119,332)	\$ 680,101	\$ (71,059)	\$ 609,042	\$ 0	\$ 609,042
Net Margins	\$ (1,965,836)	\$ 1,248,380	\$ (717,456)	\$ (99,860)	\$ (817,317)	\$ (82,668)	\$ (899,985)	\$ 1,509,027	\$ 609,042
Operating TIER	(1.05)		0.45		0.46		0.34		1.00
Net TIER	(0.91)		0.74		0.70		0.60		1.27
DSC	(0.05)		0.70		0.67		0.64		1.08
Rate of Return			2.55%		2.35%		1.71%		4.95%
Rate Base			\$ 55,313,030	\$ 13,814	\$ 55,326,844	\$ (8,702,161)	\$ 46,624,683	\$ 0	\$ 46,624,683

* Note: Much of the A&G Expense booked as Non-Ranch expense belongs to the Ranch and will be so allocated

Schedule A-1.0

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
SUMMARY OF ADJUSTMENTS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

1. <u>Adjustment to Water Purchases - Effective cost to Wheatland of Effluent</u>	
Billing by Wheatland Electric Cooperative to City - With City Aggregation	
3,738,160 kWh @ 0.069975	\$ 261,578.96
Billing by Wheatland Electric Cooperative - Without City Aggregation	
3,738,160 kWh @ 0.100771	\$ 376,699.91
Adjustment	\$ 115,120.95
2. <u>Transfer Non-Operating Revenue to Operating Revenue</u>	
Adjustment to Revenue	\$ 119,332.00
Adjustment to Non-Operating Revenue	\$ (119,332.00)
3. <u>Adjustment to Sales to Tyson</u>	
Adjust Sales to estimated 2012 level	(114,739.20)
Reduction in taxes collected in revenue	(4,608.00)
4. <u>Adjustment in Tax Expenses from Tyson (See Adjustment 3)</u>	
Reduction in tax expenses	(4,608.00)
5. <u>Adjustment to Amortization of Debt Discount</u>	
Adjusted to 2012 level	(130,000.00)

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

RATE BASE
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	12/31/2011 Total (c)	Adjustments (d)	Adjusted Test Year (e)	Remove Ranch Plant (f)	Adjusted Test Year (g)	Rate Change (h)	Adjusted Test Year w/ Rate Change (i)
Plant in Service	\$ 57,260,597	\$	\$ 57,260,597	\$ (8,692,135)	\$ 48,568,462	\$	\$ 48,568,462
CWIP	1,205,507		1,205,507	0	1,205,507		1,205,507
Total Utility Plant	\$ 58,466,104	\$ 0	\$ 58,466,104	\$ (8,692,135)	\$ 49,773,969	\$ 0	\$ 49,773,969
Accumulated Depreciation	(3,642,386)		(3,642,386)	0	(3,642,386)		(3,642,386)
Net Utility Plant	\$ 54,823,718	\$ 0	\$ 54,823,718	\$ (8,692,135)	\$ 46,131,583	\$ 0	\$ 46,131,583
Materials & Supplies	\$ 154,599	\$ 0	\$ 154,599	\$	\$ 154,599	\$	\$ 154,599
Cash Working Capital	334,713	13,814	348,527	(10,026)	338,501	0	338,501
Working Capital & Deductions	\$ 489,312	\$ 13,814	\$ 503,126	\$ (10,026)	\$ 493,100	\$ 0	\$ 493,100
Total Rate Base	\$ 55,313,030	\$ 13,814	\$ 55,326,844	\$ (8,702,161)	\$ 46,624,683	\$ 0	\$ 46,624,683
Operating Revenues	\$ 5,240,216	\$ (15)	\$ 5,240,200	\$ (584,438)	\$ 4,655,762	\$ 1,509,027	\$ 6,164,789
Operating Expenses	3,830,387	110,513	3,940,900	(82,352)	3,858,548	0	3,858,548
Return	\$ 1,409,829	\$ (110,528)	\$ 1,299,300	\$ (502,086)	\$ 797,215	\$ 1,509,027	\$ 2,306,242
Rate of Return	2.55%		2.35%		1.71%		4.95%

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
CASH WORKING CAPITAL
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	12/31/2011 Total (c)	Adjustments (d)	Adjusted Test Year (e)	Remove Ranch Plant (f)	Adjusted Test Year (g)	Rate Change (h)	Adjusted Test Year w/ Rate Change (i)
Total	\$ 3,830,387	\$ 110,513	\$ 3,940,900	\$ (82,352)	\$ 3,858,548	\$ 0	\$ 3,858,548
Less Depreciation	(828,648)	0	(828,648)	0	(828,648)	0	(828,648)
Less Taxes	(324,037)	0	(324,037)	2,141	(321,896)	0	(321,896)
Total	<u>\$ 2,677,702</u>	<u>\$ 110,513</u>	<u>\$ 2,788,215</u>	<u>\$ (80,212)</u>	<u>\$ 2,708,003</u>	<u>\$ 0</u>	<u>\$ 2,708,003</u>
45/360 Days	<u>\$ 334,713</u>	<u>\$ 13,814</u>	<u>\$ 348,527</u>	<u>\$ (10,026)</u>	<u>\$ 338,500</u>	<u>\$ 0</u>	<u>\$ 338,500</u>

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

BALANCE SHEET
AS OF DECEMBER 31, 2011

Assets and Other Debits Without Ranch Adjustment

	Test Year - 12/31/2011		
	Remainder	Ranch	Total
Water Plant	\$ 29,779,995	\$ 27,480,602	\$ 57,260,597
Construction Work in Progress	1,205,507	0	1,205,507
Total Utility Plant	\$ 30,985,502	\$ 27,480,602	\$ 58,466,104
Accumulated Depreciation	(3,508,433)	(133,953)	(3,642,386)
Net Utility Plant	\$ 27,477,069	\$ 27,346,649	\$ 54,823,718
Patronage Capital	\$ 0	\$ 4,601,886	\$ 4,601,886
Investments in ED Projects	20,248	0	20,248
Special Funds	2,321,208	0	2,321,208
Total Other Property and Investments	\$ 2,341,456	\$ 4,601,886	\$ 6,943,342
Cash-General Funds	\$	\$	\$ 0
Notes Receivable (Net)	644,367	15,793,336	16,437,703
Customer Accounts Receivable	180,876	168,047	348,923
Other Accounts Receivable	248,827	0	248,827
Materials & Supplies-Electric and Other	154,599	0	154,599
Other Current and Accrued Assets	0	0	0
Total Current and Accrued Assets	\$ 1,228,669	\$ 15,961,383	\$ 17,190,052
Deferred Debits	\$	\$	\$ 0
Total Assets and Other Debits	\$ 31,047,194	\$ 47,909,918	\$ 78,957,112

Liabilities and Other Credits Without Ranch Adjustment

	Test Year - 12/31/2011		
	Remainder	Ranch	Total
Patronage Capital/Margins	\$ -	\$ 0	\$ -
Operating Margins - Current Year	-	(717,456)	(717,456)
Other Margins and Equities	-	0	-
Patronage Capital/Margins	\$ -	\$ (717,456)	\$ (717,456)
Long-term Debt	\$ 22,661,774	\$ 30,662,203	\$ 53,323,977
Advances from Associated Companies	7,884,149	0	7,884,149
Total Long-Term Debt	\$ 30,545,923	\$ 30,662,203	\$ 61,208,126
Non-current maturities - Capital Leases	\$ 0	\$ 16,745,000	\$ 16,745,000
Notes Payable	\$ 0	\$ 639,239	\$ 639,239
Accounts Payable	137,201	72,012	209,213
Accrued Taxes	49,638	0	49,638
Accrued Interest	258,221	0	258,221
Other Current and Accrued Liabilities	56,211	508,919	565,130
Total Current and Accrued Liabilities	\$ 501,271	\$ 1,220,170	\$ 1,721,441
Deferred Credits	\$	\$	\$ 0
Total Liabilities and Other Credits	\$ 31,047,194	\$ 47,909,917	\$ 78,957,111

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

BALANCE SHEET
AS OF DECEMBER 31, 2011

Assets and Other Debits Including Ranch Adjustment

	Test Year - 12/31/2011		
	Remainder	Ranch	Total
Water Plant	\$ 29,779,995	\$ 18,788,467	\$ 48,568,462
Construction Work in Progress	1,205,507	0	1,205,507
Total Utility Plant	\$ 30,985,502	\$ 18,788,467	\$ 49,773,969
Accumulated Depreciation	(3,508,433)	(133,953)	(3,642,386)
Net Utility Plant	\$ 27,477,069	\$ 18,654,514	\$ 46,131,583
Patronage Capital	\$ 0	\$ 4,601,886	\$ 4,601,886
Investments in ED Projects	20,248	0	20,248
Special Funds	2,321,208	0	2,321,208
Total Other Property and Investments	\$ 2,341,456	\$ 4,601,886	\$ 6,943,342
Cash-General Funds	\$	\$	\$ 0
Notes Receivable (Net)	644,367	15,610,807	16,255,174
Customer Accounts Receivable	180,876	168,047	348,923
Other Accounts Receivable	248,827	0	248,827
Materials & Supplies-Electric and Other	154,599	0	154,599
Other Current and Accrued Assets	0	0	0
Total Current and Accrued Assets	\$ 1,228,669	\$ 15,778,854	\$ 17,007,523
Deferred Debits	\$	\$	\$ 0
Total Assets and Other Debits	\$ 31,047,194	\$ 39,035,255	\$ 70,082,449

Liabilities and Other Credits Including Ranch Adjustment

	Test Year - 12/31/2011		
	Remainder	Ranch	Total
Patronage Capital/Margins	\$ -	\$ 0	\$ -
Operating Margins - Current Year	-	(899,985)	(899,985)
Other Margins and Equities	-	0	-
Patronage Capital/Margins	\$ -	\$ (899,985)	\$ (899,985)
Long-term Debt	\$ 22,661,774	\$ 21,970,068	\$ 44,631,842
Advances from Associated Companies	7,884,149	0	7,884,149
Total Long-Term Debt	\$ 30,545,923	\$ 21,970,068	\$ 52,515,991
Non-current maturities - Capital Leases	\$ 0	\$ 16,745,000	\$ 16,745,000
Notes Payable	\$ 0	\$ 639,239	\$ 639,239
Accounts Payable	137,201	72,012	209,213
Accrued Taxes	49,638	0	49,638
Accrued Interest	258,221	0	258,221
Other Current and Accrued Liabilities	56,211	508,919	565,130
Total Current and Accrued Liabilities	\$ 501,271	\$ 1,220,170	\$ 1,721,441
Deferred Credits	\$	\$	\$ 0
Total Liabilities and Other Credits	\$ 31,047,194	\$ 39,035,254	\$ 70,082,448

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

BALANCE SHEET
AS OF DECEMBER 31, 2011

Assets and Other Debits Difference				Liabilities and Other Credits Difference			
Test Year - 12/31/2011				Test Year - 12/31/2011			
	Remainder	Ranch	Total		Remainder	Ranch	Total
Water Plant	\$ 0	\$ (8,692,135)	\$ (8,692,135)	Patronage Capital/Margins	\$ 0	\$ 0	\$ -
Construction Work in Progress	0	0	0	Operating Margins - Current Year	0	(182,529)	(182,529)
Total Utility Plant	\$ 0	\$ (8,692,135)	\$ (8,692,135)	Other Margins and Equities	0	0	-
Accumulated Depreciation	0	0	0	Patronage Capital/Margins	\$ -	\$ (182,529)	\$ (182,529)
Net Utility Plant	\$ 0	\$ (8,692,135)	\$ (8,692,135)				
Patronage Capital	\$ 0	\$ 0	\$ 0	Long-term Debt	\$ 0	\$ (8,692,135)	\$ (8,692,135)
Investments in ED Projects	0	0	0	Advances from Associated Companies	0	0	0
Special Funds	0	0	0	Total Long-Term Debt	\$ 0	\$ (8,692,135)	\$ (8,692,135)
Total Other Property and Investments	\$ 0	\$ 0	\$ 0				
Cash-General Funds	\$ 0	\$ 0	\$ 0	Non-current maturities - Capital Leases	\$ 0	\$ 0	\$ 0
Notes Receivable (Net)	0	(182,529)	(182,529)	Notes Payable	\$ 0	\$ 0	\$ 0
Customer Accounts Receivable	0	0	0	Accounts Payable	0	0	0
Other Accounts Receivable	0	0	0	Accrued Taxes	0	0	0
Materials & Supplies-Electric and Other	0	0	0	Accrued Interest	0	0	0
Other Current and Accrued Assets	0	0	0	Other Current and Accrued Liabilities	0	0	0
Total Current and Accrued Assets	\$ 0	\$ (182,529)	\$ (182,529)	Total Current and Accrued Liabilities	\$ 0	\$ 0	\$ 0
Deferred Debits	\$ 0	\$ 0	\$ 0				
Total Assets and Other Debits	\$ 0	\$ (8,874,663)	\$ (8,874,663)	Deferred Credits	\$ 0	\$ 0	\$ 0
				Total Liabilities and Other Credits	\$ 0	\$ (8,874,663)	\$ (8,874,663)

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

PLANT BALANCES
AS OF DECEMBER 31, 2011

	Test Year - 12/31/2011			Adjustment			Adjusted		
	Remainder	Ranch	Total	Remainder	Ranch	Total	Remainder	Ranch	Total
<u>Source of Supply</u>									
311.00 Structures & Improvements	\$ 796,345.00	\$	\$ 796,345.00	\$	\$	\$ 0.00	\$ 796,345.00	\$ 0.00	\$ 796,345.00
314.00 Wells & Springs	5,438,439.00		5,438,439.00			0.00	5,438,439.00	0.00	5,438,439.00
Total	\$ 6,234,784.00	\$ 0.00	\$ 6,234,784.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 6,234,784.00	\$ 0.00	\$ 6,234,784.00
<u>Pumping</u>									
321.00 Pumping Structures	\$ 5,178,373.00	\$	\$ 5,178,373.00	\$	\$	\$ 0.00	\$ 5,178,373.00	\$ 0.00	\$ 5,178,373.00
325.00 Structures & Improvements	208,153.00		208,153.00			0.00	208,153.00	0.00	208,153.00
328.00 Other Pumping Equipment	3,007,332.00		3,007,332.00			0.00	3,007,332.00	0.00	3,007,332.00
Total	\$ 8,393,858.00	\$ 0.00	\$ 8,393,858.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 8,393,858.00	\$ 0.00	\$ 8,393,858.00
<u>Water Treatment Plant</u>									
330.00 Land and Land Rights	\$ 155,934.00	\$	\$ 155,934.00	\$	\$	\$ 0.00	\$ 155,934.00	\$ 0.00	\$ 155,934.00
331.00 Structures & Improvements	4,100,018.00		4,100,018.00			0.00	4,100,018.00	0.00	4,100,018.00
332.00 Water Treatment Equipment	6,409,548.00		6,409,548.00			0.00	6,409,548.00	0.00	6,409,548.00
Total	\$ 10,665,500.00	\$ 0.00	\$ 10,665,500.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 10,665,500.00	\$ 0.00	\$ 10,665,500.00
<u>Transmission & Distribution</u>									
340.00 Land and Land Rights	\$ 101,118.00	\$	\$ 101,118.00	\$	\$	\$ 0.00	\$ 101,118.00	\$ 0.00	\$ 101,118.00
343.00 Mains	3,423,317.00		3,423,317.00			0.00	3,423,317.00	0.00	3,423,317.00
346.00 Meters	240,589.00		240,589.00			0.00	240,589.00	0.00	240,589.00
348.00 Hydrants	17,270.00		17,270.00			0.00	17,270.00	0.00	17,270.00
349.00 Other Plant	259,262.00		259,262.00			0.00	259,262.00	0.00	259,262.00
Total	\$ 4,041,556.00	\$ 0.00	\$ 4,041,556.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 4,041,556.00	\$ 0.00	\$ 4,041,556.00
<u>General Plant</u>									
391.00 Furniture & Fixtures	\$ 41,257.00	\$	\$ 41,257.00	\$	\$	\$ 0.00	\$ 41,257.00	\$ 0.00	\$ 41,257.00
392.00 Transportation	81,883.00		81,883.00			0.00	81,883.00	0.00	81,883.00
394.00 Tools, Shop & Garage	13,642.00		13,642.00			0.00	13,642.00	0.00	13,642.00
395.00 Laboratory	19,222.00		19,222.00			0.00	19,222.00	0.00	19,222.00
398.00 Miscellaneous	288,293.00		288,293.00			0.00	288,293.00	0.00	288,293.00
398.01 Miscellaneous - Ranch Property	0.00	20,895,442.00	20,895,442.00		(8,692,134.70)	(8,692,134.70)	0.00	12,203,307.30	12,203,307.30
398.01 Miscellaneous - Ranch Other	0.00	6,585,160.00	6,585,160.00			0.00	0.00	6,585,160.00	6,585,160.00
Total	\$ 444,297.00	\$ 27,480,602.00	\$ 27,924,899.00	\$ 0.00	\$ (8,692,134.70)	\$ (8,692,134.70)	\$ 444,297.00	\$ 18,788,467.30	\$ 19,232,764.30
Total Classified Plant	\$ 29,779,995.00	\$ 27,480,602.00	\$ 57,260,597.00	\$ 0.00	\$ (8,692,134.70)	\$ (8,692,134.70)	\$ 29,779,995.00	\$ 18,788,467.30	\$ 48,568,462.30
Construction Work in Progress	\$ 1,205,507.00	\$ 0.00	\$ 1,205,507.00	\$	\$	\$ 0.00	\$ 1,205,507.00	\$ 0.00	\$ 1,205,507.00
Total Utility Plant	\$ 30,985,502.00	\$ 27,480,602.00	\$ 58,466,104.00	\$ 0.00	\$ (8,692,134.70)	\$ (8,692,134.70)	\$ 30,985,502.00	\$ 18,788,467.30	\$ 49,773,969.30

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

FCRWD

FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC RO Well Field	2	5,960,000	6,780,000	6,130,000	6,680,000	7,250,000	11,710,000	12,850,000	12,140,000	6,600,000	5,760,000	4,750,000	4,440,000	91,050,000
Total WEC Water (1+2)	3	5,960,000	6,780,000	6,130,000	6,680,000	7,250,000	11,710,000	12,850,000	12,140,000	6,600,000	5,760,000	4,750,000	4,440,000	91,050,000
Effluent Purchased	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Provided	5	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	5,960,000	6,780,000	6,130,000	6,680,000	7,250,000	11,710,000	12,850,000	12,140,000	6,600,000	5,760,000	4,750,000	4,440,000	91,050,000
Effluent Sold	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Treated	10	5,960,000	6,780,000	6,130,000	6,680,000	7,250,000	11,710,000	12,850,000	12,140,000	6,600,000	5,760,000	4,750,000	4,440,000	91,050,000
Delivery (Max 8 - 10)	11	5,960,000	6,780,000	6,130,000	6,680,000	7,250,000	11,710,000	12,850,000	12,140,000	6,600,000	5,760,000	4,750,000	4,440,000	91,050,000

Rate

Fixed Monthly Charge

Water Charge

Effluent Charge

Treatment Charge

Delivery Charge

Taxes



-	-	-	-	-	-	-	-	-	-	-	-	-	-
0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900	0.0007900
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-	-

Revenue

Fixed Monthly Charge

Water Charge

Effluent Charge

Treatment Charge

Delivery Charge

Total

-	-	-	-	-	-	-	-	-	-	-	-	-
4,708.40	5,356.20	4,842.70	5,277.20	5,727.50	9,250.90	10,151.50	9,590.60	5,214.00	4,550.40	3,752.50	3,507.60	71,929.50
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-	-
4,708.40	5,356.20	4,842.70	5,277.20	5,727.50	9,250.90	10,151.50	9,590.60	5,214.00	4,550.40	3,752.50	3,507.60	71,929.50

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

CITY OF GARDEN CITY
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC RO Well Field	2	27,537,201	31,153,627	67,683,378	72,497,227	77,341,427	66,909,207	57,501,380	49,790,233	51,673,902	54,650,083	44,209,762	42,395,682	643,343,109
Total WEC Water (1+2)	3	27,537,201	31,153,627	67,683,378	72,497,227	77,341,427	66,909,207	57,501,380	49,790,233	51,673,902	54,650,083	44,209,762	42,395,682	643,343,109
Effluent Purchased	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Provided	5	46,490,000	34,060,000	27,590,000	54,120,000	60,630,000	63,200,000	78,470,000	79,220,000	69,340,000	67,190,000	52,090,000	49,680,000	682,080,000
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	27,537,201	31,153,627	67,683,378	72,497,227	77,341,427	66,909,207	57,501,380	49,790,233	51,673,902	54,650,083	44,209,762	42,395,682	643,343,109
Effluent Sold	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Treated	10	74,027,201	65,213,627	95,273,378	126,617,227	137,971,427	130,109,207	135,971,380	129,010,233	121,013,902	121,840,083	96,299,762	92,075,682	1,325,423,109
Delivery (Max 8 - 10)	11	74,027,201	65,213,627	95,273,378	126,617,227	137,971,427	130,109,207	135,971,380	129,010,233	121,013,902	121,840,083	96,299,762	92,075,682	1,325,423,109
<u>Rate</u>														
Fixed Monthly Charge		57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	
Water Charge		0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	0.000260	
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	
Treatment Charge		0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	0.000320	
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	
Taxes		-	-	-	-	-	-	-	-	-	-	-	-	
<u>Revenue</u>														
Fixed Monthly Charge		57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	57,270.00	687,240.00
Water Charge		7,159.67	8,099.94	17,597.68	18,849.28	20,108.77	17,396.39	14,950.36	12,945.46	13,435.21	14,209.02	11,494.54	11,022.88	167,269.21
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Charge		23,688.70	20,868.36	30,487.48	40,517.51	44,150.86	41,634.95	43,510.84	41,283.27	38,724.45	38,988.83	30,815.92	29,464.22	424,135.39
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		88,118.38	86,238.30	105,355.16	116,636.79	121,529.63	116,301.34	115,731.20	111,498.74	109,429.66	110,467.85	99,580.46	97,757.10	1,278,644.60

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

TYSON
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	95,347,000	84,635,000	104,371,000	93,124,000	97,896,000	101,491,000	95,059,000	100,897,000	90,038,000	93,435,000	91,329,000	87,520,000	1,135,142,000
WEC RO Well Field	2	1,490,000	5,580,000	30,000	750,000	1,850,000	1,220,000	1,860,000	2,140,000	2,750,000	2,170,000	1,630,000	1,090,000	22,560,000
Total WEC Water (1+2)	3	96,837,000	90,215,000	104,401,000	93,874,000	99,746,000	102,711,000	96,919,000	103,037,000	92,788,000	95,605,000	92,959,000	88,610,000	1,157,702,000
Effluent Purchased	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Provided	5	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	96,837,000	90,215,000	104,401,000	93,874,000	99,746,000	102,711,000	96,919,000	103,037,000	92,788,000	95,605,000	92,959,000	88,610,000	1,157,702,000
Effluent Sold	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Treated	10	1,490,000	5,580,000	30,000	750,000	1,850,000	1,220,000	1,860,000	2,140,000	2,750,000	2,170,000	1,630,000	1,090,000	22,560,000
Delivery (Max 8 - 10)	11	96,837,000	90,215,000	104,401,000	93,874,000	99,746,000	102,711,000	96,919,000	103,037,000	92,788,000	95,605,000	92,959,000	88,610,000	1,157,702,000
<u>Rate</u>														
Fixed Monthly Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Charge		0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes		0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032
<u>Revenue</u>														
Fixed Monthly Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Charge		77,159.72	71,883.31	83,186.72	74,798.80	79,477.61	81,840.12	77,225.06	82,099.88	73,933.48	76,178.06	74,069.73	70,604.45	922,456.95
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales		77,159.72	71,883.31	83,186.72	74,798.80	79,477.61	81,840.12	77,225.06	82,099.88	73,933.48	76,178.06	74,069.73	70,604.45	922,456.95
Taxes		3,098.78	2,886.88	3,340.83	3,003.97	3,191.87	3,286.75	3,101.41	3,297.18	2,969.22	3,059.36	2,974.69	2,835.52	37,046.46
Total		80,258.51	74,770.19	86,527.55	77,802.77	82,669.48	85,126.88	80,326.47	85,397.07	76,902.69	79,237.42	77,044.42	73,439.97	959,503.42

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
EFFLUENT
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC RO Well Field	2	0	0	0	0	0	0	0	0	0	0	0	0	0
Total WEC Water (1+2)	3	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Purchased	4	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Provided	5	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Sold	9	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Treated	10	0	0	0	0	0	0	0	0	0	0	0	0	0
Delivery (Max 8 - 10)	11	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
<u>Rate</u>														
Fixed Monthly Charge		6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	
Water Charge		-	-	-	-	-	-	-	-	-	-	-	-	
Effluent Charge		0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	0.000246	
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	
Taxes		-	-	-	-	-	-	-	-	-	-	-	-	
<u>Revenue</u>														
Fixed Monthly Charge		6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	6,171.32	74,055.84
Water Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Effluent Charge		147.78	-	-	-	-	3,031.24	4,430.24	3,648.71	519.84	748.38	-	-	12,526.20
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Total		6,319.10	6,171.32	6,171.32	6,171.32	6,171.32	9,202.56	10,601.56	9,820.03	6,691.16	6,919.70	6,171.32	6,171.32	86,582.04

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

TOTAL SYSTEM
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	95,347,000	84,635,000	104,371,000	93,124,000	97,896,000	101,491,000	95,059,000	100,897,000	90,038,000	93,435,000	91,329,000	87,520,000	1,135,142,000
WEC RO Well Field	2	34,987,201	43,513,627	73,843,378	79,927,227	86,441,427	79,839,207	72,211,380	64,070,233	61,023,902	62,580,083	50,589,762	47,925,682	756,953,109
Total WEC Water (1+2)	3	130,334,201	128,148,627	178,214,378	173,051,227	184,337,427	181,330,207	167,270,380	164,967,233	151,061,902	156,015,083	141,918,762	135,445,682	1,892,095,109
Effluent Purchased	4	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Provided	5	46,490,000	34,060,000	27,590,000	54,120,000	60,630,000	63,200,000	78,470,000	79,220,000	69,340,000	67,190,000	52,090,000	49,680,000	682,080,000
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	130,334,201	128,148,627	178,214,378	173,051,227	184,337,427	181,330,207	167,270,380	164,967,233	151,061,902	156,015,083	141,918,762	135,445,682	1,892,095,109
Effluent Sold	9	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Treated	10	81,477,201	77,573,627	101,433,378	134,047,227	147,071,427	143,039,207	150,681,380	143,290,233	130,363,902	129,770,083	102,679,762	97,605,682	1,439,033,109
Delivery (Max 8 - 10)	11	177,424,201	162,208,627	205,804,378	227,171,227	244,967,427	256,837,327	263,727,560	259,001,333	222,512,502	226,243,583	194,008,762	185,125,682	2,625,032,609
<u>Revenue</u>														
Fixed Monthly Charge		63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	761,295.84
Water Charge		89,027.79	85,339.46	105,627.10	98,925.28	105,313.88	108,487.42	102,326.92	104,635.94	92,582.69	94,937.49	89,316.77	85,134.93	1,161,655.66
Effluent Charge		147.78	-	-	-	-	3,031.24	4,430.24	3,648.71	519.84	748.38	-	-	12,526.20
Treatment Charge		23,688.70	20,868.36	30,487.48	40,517.51	44,150.86	41,634.95	43,510.84	41,283.27	38,724.45	38,988.83	30,815.92	29,464.22	424,135.39
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales		176,305.60	169,649.14	199,555.90	202,884.11	212,906.06	216,594.93	213,709.32	213,009.25	195,268.30	198,116.01	183,574.01	178,040.46	2,359,613.10
Taxes		3,098.78	2,886.88	3,340.83	3,003.97	3,191.87	3,286.75	3,101.41	3,297.18	2,969.22	3,059.36	2,974.69	2,835.52	37,046.46
Total		179,404.38	172,536.02	202,896.73	205,888.08	216,097.93	219,881.68	216,810.73	216,306.43	198,237.52	201,175.37	186,548.70	180,875.98	2,396,659.56

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

TYSON - ADJUSTED
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
Adjustment		(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(12,000,000)	(144,000,000)
South Well Field	1	83,347,000	72,635,000	92,371,000	81,124,000	85,896,000	89,491,000	83,059,000	88,897,000	78,038,000	81,435,000	79,329,000	75,520,000	991,142,000
WEC RO Well Field	2	1,490,000	5,580,000	30,000	750,000	1,850,000	1,220,000	1,860,000	2,140,000	2,750,000	2,170,000	1,630,000	1,090,000	22,560,000
Total WEC Water (1+2)	3	84,837,000	78,215,000	92,401,000	81,874,000	87,746,000	90,711,000	84,919,000	91,037,000	80,788,000	83,605,000	80,959,000	76,610,000	1,013,702,000
Effluent Purchased	4	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Provided	5	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	84,837,000	78,215,000	92,401,000	81,874,000	87,746,000	90,711,000	84,919,000	91,037,000	80,788,000	83,605,000	80,959,000	76,610,000	1,013,702,000
Effluent Sold	9	0	0	0	0	0	0	0	0	0	0	0	0	0
Water Treated	10	1,490,000	5,580,000	30,000	750,000	1,850,000	1,220,000	1,860,000	2,140,000	2,750,000	2,170,000	1,630,000	1,090,000	22,560,000
Delivery (Max 8 - 10)	11	84,837,000	78,215,000	92,401,000	81,874,000	87,746,000	90,711,000	84,919,000	91,037,000	80,788,000	83,605,000	80,959,000	76,610,000	1,013,702,000
<u>Rate</u>														
Fixed Monthly Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Charge		0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968	0.0007968
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes		0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032	0.000032
<u>Revenue</u>														
Fixed Monthly Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Charge		67,598.12	62,321.71	73,625.12	65,237.20	69,916.01	72,278.52	67,663.46	72,538.28	64,371.88	66,616.46	64,508.13	61,042.85	807,717.75
Effluent Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Treatment Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales		67,598.12	62,321.71	73,625.12	65,237.20	69,916.01	72,278.52	67,663.46	72,538.28	64,371.88	66,616.46	64,508.13	61,042.85	807,717.75
Taxes		2,714.78	2,502.88	2,956.83	2,619.97	2,807.87	2,902.75	2,717.41	2,913.18	2,585.22	2,675.36	2,590.69	2,451.52	32,438.46
Total		70,312.91	64,824.59	76,581.95	67,857.17	72,723.88	75,181.28	70,380.87	75,451.47	66,957.09	69,291.82	67,098.82	63,494.37	840,156.22

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

TOTAL SYSTEM - ADJUSTED
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

		<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	<u>Total</u>
South Well Field	1	83,347,000	72,635,000	92,371,000	81,124,000	85,896,000	89,491,000	83,059,000	88,897,000	78,038,000	81,435,000	79,329,000	75,520,000	991,142,000
WEC RO Well Field	2	34,987,201	43,513,627	73,843,378	79,927,227	86,441,427	79,839,207	72,211,380	64,070,233	61,023,902	62,580,083	50,589,762	47,925,682	756,953,109
Total WEC Water (1+2)	3	118,334,201	116,148,627	166,214,378	161,051,227	172,337,427	169,330,207	155,270,380	152,967,233	139,061,902	144,015,083	129,918,762	123,445,682	1,748,095,109
Effluent Purchased	4	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Provided	5	46,490,000	34,060,000	27,590,000	54,120,000	60,630,000	63,200,000	78,470,000	79,220,000	69,340,000	67,190,000	52,090,000	49,680,000	682,080,000
WEC Losses (8-3)	6	0	0	0	0	0	0	0	0	0	0	0	0	0
Effluent Losses (9-4)	7	0	0	0	0	0	0	0	0	0	0	0	0	0
WEC Water Sold	8	118,334,201	116,148,627	166,214,378	161,051,227	172,337,427	169,330,207	155,270,380	152,967,233	139,061,902	144,015,083	129,918,762	123,445,682	1,748,095,109
Effluent Sold	9	600,000	0	0	0	0	12,307,120	17,987,180	14,814,100	2,110,600	3,038,500	0	0	50,857,500
Water Treated	10	81,477,201	77,573,627	101,433,378	134,047,227	147,071,427	143,039,207	150,681,380	143,290,233	130,363,902	129,770,083	102,679,762	97,605,682	1,439,033,109
Delivery (Max 8 - 10)	11	177,424,201	162,208,627	205,804,378	227,171,227	244,967,427	256,837,327	263,727,560	259,001,333	222,512,502	226,243,583	194,008,762	185,125,682	2,625,032,609
<u>Revenue</u>														
Fixed Monthly Charge		63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	63,441.32	761,295.84
Water Charge		79,466.19	75,777.86	96,065.50	89,363.68	95,752.28	98,925.82	92,765.32	95,074.34	83,021.09	85,375.89	79,755.17	75,573.33	1,046,916.46
Effluent Charge		147.78	-	-	-	-	3,031.24	4,430.24	3,648.71	519.84	748.38	-	-	12,526.20
Treatment Charge		23,688.70	20,868.36	30,487.48	40,517.51	44,150.86	41,634.95	43,510.84	41,283.27	38,724.45	38,988.83	30,815.92	29,464.22	424,135.39
Delivery Charge		-	-	-	-	-	-	-	-	-	-	-	-	-
Water Sales		166,744.00	160,087.54	189,994.30	193,322.51	203,344.46	207,033.33	204,147.72	203,447.65	185,706.70	188,554.41	174,012.41	168,478.86	2,244,873.90
Taxes		2,714.78	2,502.88	2,956.83	2,619.97	2,807.87	2,902.75	2,717.41	2,913.18	2,585.22	2,675.36	2,590.69	2,451.52	32,438.46
Total		169,458.78	162,590.42	192,951.13	195,942.48	206,152.33	209,936.08	206,865.13	206,360.83	188,291.92	191,229.77	176,603.10	170,930.38	2,277,312.36

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

CONTRACT MINIMUMS AND MAXIMUMS
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	Minimum Gallons Purchase		
	Per Day	Per Month	Per Year
<u>Obligations for the Customer</u>			
FCRWD		None	
CITY OF GARDEN CITY (From Wheatland's wells)	1,000,000	30,416,667	365,000,000
CITY OF GARDEN CITY (From City's wells)	2,000,000	60,833,333	730,000,000
TYSON	1,830,137	55,666,667	668,000,000
EFFLUENT - POWER PLANT		None	
<u>Reserve for Wheatland to Serve TYSON from RO Plant</u>			
Reserve Potential for / Tyson	133,333	4,000,000	48,000,000
Total Purchase obligation for City	3,000,000	90,000,000	1,095,000,000
Actual City Purchases			1,325,423,109
	Effluent available		
	Per Day	Per Month	Per Year
<u>Obligations for City of Garden City - Effluent</u>			
Effluent	2,500,000		

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost Allocation Summary

<u>Account</u>	<u>Total</u>	<u>FCRWD</u>	<u>Garden City</u>	<u>RURAL IND</u>	<u>Effluent</u>
Rate Base	46,624,683	1,418,701	9,259,403	34,946,100	1,000,477
Operating Revenues	4,655,762	191,261	1,278,644	3,099,273	86,582
Operating Expenses	3,858,547	159,364	1,325,693	2,162,551	210,937
Return	797,215	31,896	-47,049	936,722	-124,355
Rate of Return	1.710 %	2.248 %	-0.508 %	2.680 %	-12.430 %
Relative ROR	1.000	1.315	-0.297	1.567	-7.269
Interest	2,306,242	55,874	365,751	1,845,555	39,060
Operating Margins	-1,509,027	-23,977	-412,800	-908,833	-163,415
Margin as % Revenue	-32.412 %	-12.537 %	-32.284 %	-29.324 %	-188.740 %
Operating TIER	0.346	0.571	-0.129	0.508	-3.184
<u>Revenue Deficiencies</u>					
Uniform ROR = 4.946396	1,509,026	38,277	505,056	791,850	173,842
Deficiency % Rev	32.412 %	20.013 %	39.499 %	25.550 %	200.784 %
Uniform % Mar = -0.000002	1,509,026	23,977	412,800	908,833	163,415
Deficiency % Rev	32.412 %	12.537 %	32.284 %	29.324 %	188.740 %

Schedule H-1.0

WHEATLAND ELECTRIC COOPERATIVE - WATER
 ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
 EXISTING RATES
 Cost of Service Allocation - RATE BASE

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Plant in Service	48,568,462	106	1,546,132	10,094,233	35,838,756	1,089,342
CWIP	1,205,507	102	63,156	413,414	684,787	44,150
Accum Depreciation	-3,642,386	102	-190,823	-1,249,113	-2,069,053	-133,398
Subtotal						
Net Plant	46,131,583	118*	1,418,465	9,258,534	34,454,490	1,000,094
			3.075 %	20.070 %	74.687 %	2.168 %
Materials & Supplies	154,599	105	74	273	154,132	120
Cash Working Capital	338,501	105	163	597	337,478	263
Total						
RATE BASE	46,624,683	119*	1,418,702	9,259,403	34,946,100	1,000,477
			3.043 %	19.859 %	74.952 %	2.146 %

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - INTEREST

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Interest on LT Debt	1,029,685	102	53,945	353,118	584,911	37,711
Interest - Ranch	1,239,718	4	0	0	1,239,718	0
Subtotal						
Interest Total	2,269,403	116*	53,945	353,118	1,824,629	37,711
			2.377 %	15.560 %	80.401 %	1.662 %
Amortize Discount	36,839	102	1,930	12,633	20,926	1,349
Total						
INTEREST	2,306,242	117*	55,875	365,752	1,845,556	39,060
			2.423 %	15.859 %	80.024 %	1.694 %

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - NON-OPER MARGINS

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Miscellaneous	7,635	103	396	2,588	4,371	279
FCRWD Net Maint	12,000	15	12,000	0	0	0
Interest Income	4,726	107	194	1,298	3,146	88
Int Income - Ranch	274,674	4	0	0	274,674	0
Capital Credits	14,353	4	0	0	14,353	0
Gain on Property	295,654	4	0	0	295,654	0
Total						
NON-OPER MARGINS	609,042	120*	12,591	3,886	592,198	367
			2.067 %	0.638 %	97.234 %	0.060 %

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Allocation Factors

A.F.	Account	Total Percent	FCRWD	Garden City	RURAL IND	Effluent
1	Non-RO Remaindr Plnt	100.000000	3.905285	1.841286	88.568818	5.684611
2	RO Plant	100.000000	7.411000	89.891000	2.698000	0.000000
3	Meters	100.000000	11.111111	55.555556	22.222222	11.111111
4	Direct Plant Ranch	100.000000	0.000000	0.000000	100.000000	0.000000
5	Commodity RO Plant	100.000000	6.327165	92.105116	1.567719	0.000000
6	Production Commodity	100.000000	3.746644	54.540231	41.713126	0.000000
7	Dir Commodity Efflnt	100.000000	0.000000	0.000000	0.000000	100.000000
8	Direct Com Ranch	100.000000	0.000000	0.000000	100.000000	0.000000
9	Direct Exp Tyson	100.000000	0.000000	0.000000	100.000000	0.000000
10	Revenue	100.000000	1.596413	28.378404	68.103570	1.921613
11	Tax Revenue	100.000000	0.000000	0.000000	100.000000	0.000000
12	Chemicals	100.000000	6.628014	80.390093	12.981892	0.000000
13	Electricity	100.000000	7.524625	91.264930	1.210445	0.000000
14	Utilities	100.000000	2.721606	5.237831	86.130138	5.910425
15	Wheeling Revenue	100.000000	100.000000	0.000000	0.000000	0.000000
101	Trans & Dist Plant	100.000000	4.334239	5.038832	84.619285	6.007644
102	OPERATING PLANT	100.000000	5.238945	34.293805	56.804874	3.662376
103	Remainder Plant	100.000000	5.191846	33.896019	57.254171	3.657964
104	Ranch Plant	100.000000	0.000000	0.000000	100.000000	0.000000
105	GENERAL PLANT	100.000000	0.048098	0.176291	99.697839	0.077773
106	PLANT	100.000000	3.183406	20.783513	73.790182	2.242899
107	REVENUES	100.000000	4.108060	27.463703	66.568562	1.859675
108	OPERATING EXPENSES	100.000000	5.974073	75.264773	7.594646	11.166508
109	Total Maintenance	100.000000	1.480501	9.691268	87.793261	1.034970
110	Total Misc.	100.000000	0.554432	3.629278	95.428704	0.387586
111	O&M Before A&G	100.000000	2.082049	7.631304	86.920012	3.366635
112	O&M EXPENSES	100.000000	2.271574	9.486549	85.016212	3.225665
113	DEPRECIATION	100.000000	5.238945	34.293805	56.804874	3.662376
114	PROPERTY TAXES	100.000000	5.053504	33.079923	58.333831	3.532741
115	EXPENSES	100.000000	4.130172	34.357333	56.045745	5.466749

WHEATLAND ELECTRIC COOPERATIVE - WATER
 ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
 EXISTING RATES
 Allocation Factors

A.F.	Account	Total Percent	FCRWD	Garden City	RURAL IND	Effluent
116	Interest Total	100.000000	2.377041	15.559958	80.401289	1.661712
117	INTEREST	100.000000	2.422755	15.859206	80.024369	1.693670
118	Net Plant	100.000000	3.074824	20.069838	74.687422	2.167916
119	RATE BASE	100.000000	3.042813	19.859445	74.951931	2.145811
120	NON-OPER MARGINS	100.000000	2.067270	0.638034	97.234409	0.060287

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 1: Non-RO Remaindr Plnt

Class	Class Name	Amount	Percent
1	FCRWD	719,728.72	3.905285
2	Garden City	339,341.83	1.841286
3	Tyson	16,322,886.88	88.568818
4	Effluent	1,047,651.56	5.684611
5	Water Ranch	0.00	0.000000
	Total	18,429,608.99	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	16,322,886.88	88.568818

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 2: RO Plant

Class	Class Name	Percent
1	FCRWD	7.411000
2	Garden City	89.891000
3	Tyson	2.698000
4	Effluent	0.000000
5	Water Ranch	0.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	2.698000

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 3: Meters

Class	Class Name	Amount	Percent
1	FCRWD	12,500.00	11.111111
2	Garden City	62,500.00	55.555556
3	Tyson	25,000.00	22.222222
4	Effluent	12,500.00	11.111111
5	Water Ranch	0.00	0.000000
	Total	112,500.00	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	25,000.00	22.222222

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 4: Direct Plant Ranch

Class	Class Name	Percent
1	FCRWD	0.000000
2	Garden City	0.000000
3	Tyson	0.000000
4	Effluent	0.000000
5	Water Ranch	100.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	100.000000

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
ADJUSTMENTS FOR WATER RANCH SALE OF PROPERTY

	<u>As Reported</u>	<u>Correction/ Adjustment</u>	<u>Adjusted</u>	
<u>Actual Total</u>				
Property	20,895,442.00		20,895,442.00	
Other	6,585,160.00		6,585,160.00	
Total	27,480,602.00	0.00	27,480,602.00	
<u>Property Status September 2012</u>				
For Sale	8,692,134.70	(8,692,134.70)	0.00	-31.630%
Possibly for Sale	3,191,562.38		3,191,562.38	
Not For Sale	15,596,904.92		15,596,904.92	
Total	27,480,602.00	(8,692,134.70)	18,788,467.30	
<u>Revenue</u>				
For Sale	400,260.00	(400,260.00)	0.00	-14.076%
Possibly for Sale	277,750.00		277,750.00	
Not For Sale	857,096.00		857,096.00	
Other Revenue	1,308,450.00	(184,177.91)	1,124,272.09	
Total	2,843,556.00	(584,437.91)	2,259,118.09	

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
ADJUSTMENTS FOR WATER RANCH SALE OF PROPERTY

	<u>As Reported</u>	<u>Correction/ Adjustment</u>	<u>Adjusted</u>	
<u>Expenses</u>				
<u>Operating Expenses</u>				
Water Purchases	\$ 0	\$ 0	\$ 0	
Effective Cost of Effluent	0	0	0	
Chemicals	30,141	(4,767)	25,374	0.055%
Electricity	0	0	0	
Stores	0	0	0	
Water Protection Fee	0	0	0	
Total	<u>\$ 30,141</u>	<u>\$ (4,767)</u>	<u>\$ 25,374</u>	

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
ADJUSTMENTS FOR WATER RANCH SALE OF PROPERTY

	<u>As Reported</u>	<u>Correction/ Adjustment</u>	<u>Adjusted</u>	
<u>Operation and Maintenance Expenses</u>				
Net Wheeling Fee to FCRWD	\$ 0	\$ 0	\$ 0	
Maintenance	322,168	(50,951)	271,217	0.586%
Utilities	20,018	(3,166)	16,852	0.036%
Miscellaneous	134,860	(21,328)	113,532	0.245%
Insurance *	0	0	0	
Salaries, Benefits & PY Taxes *	0	0	0	
Office Expenses & Supplies *	0	0	0	
Vehicle, Rent & Equipment *	0	0	0	
Director Expense *	0	0	0	
Outside Services *	0	0	0	
Depreciation	0	0	0	
Property Tax	13,535	(2,141)	11,394	0.025%
Total	\$ <u>490,581</u>	\$ <u>(77,586)</u>	\$ <u>412,995</u>	
<u>Interest & Other Deductions</u>				
Interest L-T Debt	\$ 1,730,194	\$ (490,476)	\$ 1,239,718	
Amortization of Debt Discount	0	0	0	
Total	\$ <u>1,730,194</u>	\$ <u>(490,476)</u>	\$ <u>1,239,718</u>	

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
ADJUSTMENTS FOR WATER RANCH SALE OF PROPERTY

	<u>As Reported</u>	<u>Correction/ Adjustment</u>	<u>Adjusted</u>
<u>Non-Operating Margins</u>			
Facilities Non-Op Revenue	\$ 0	\$	\$ 0
Misc Non-Operating Income	0		0
Interest Income	345,733	(71,059)	274,674
Capital Credits	14,353		14,353
Other (Gain on Disp Property)	295,654		295,654
Total	\$ <u>655,740</u>	\$ <u>(71,059)</u>	\$ <u>584,681</u>

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011

EXISTING RATES

Cost of Service Allocation - REVENUES

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Sales Revenues	4,505,696	10	71,930	1,278,645	3,068,540	86,582
Tax	30,734	11	0	0	30,734	0
Wheeling Revenue	119,332	15	119,332	0	0	0
Total						
REVENUES	4,655,762	107*	191,262	1,278,645	3,099,274	86,582
			4.108 %	27.464 %	66.569 %	1.860 %

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - EXPENSES

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
OPERATING EXPENSES						
Water Purchases	155,576	5	9,844	143,293	2,439	0
Effective Effluent	115,121	7	0	0	0	115,121
Chemicals	376,087	12	24,927	302,337	48,823	0
Electricity	328,898	13	24,748	300,169	3,981	0
Stores	3,888	6	146	2,121	1,622	0
Water Protect Fee	51,379	6	1,925	28,022	21,432	0
Total						
OPERATING	1,030,949	108*	61,590	775,941	78,297	115,121
			5.974 %	75.265 %	7.595 %	11.167 %
O&M EXPENSES						
Wheeling Fee	14,630	9	0	0	14,630	0
Maintenance	106,836	102	5,597	36,638	60,688	3,913
Maintenance - Ranch	271,217	4	0	0	271,217	0
Subtotal						
Total Maintenance	378,053	109*	5,597	36,638	331,905	3,913
			1.480 %	9.691 %	87.793 %	1.035 %
Utilities	509,955	14	13,879	26,711	439,225	30,141
Miscellaneous	13,437	102	704	4,608	7,633	492
Misc - Ranch	113,532	4	0	0	113,532	0
Subtotal						
Total Misc.	126,969	110*	704	4,608	121,165	492
			0.554 %	3.629 %	95.429 %	0.387 %
Insurance	39,815	102	2,086	13,654	22,617	1,458
Subtotal						
O&M Before A&G	1,069,422	111*	22,266	81,611	929,542	36,004
			2.082 %	7.631 %	86.920 %	3.367 %
Salaries & Benefits	297,649	111	6,197	22,715	258,717	10,021

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - EXPENSES

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Office Supplies	49,218	111	1,025	3,756	42,780	1,657
Vehicle, Rent, Equip	12,222	111	254	933	10,623	411
Director Expense	91,661	111	1,908	6,995	79,672	3,086
Outside Services	156,882	107	6,445	43,086	104,434	2,917
Total						
O&M EXPENSES	1,677,054	112*	38,096 2.272 %	159,095 9.487 %	1,425,768 85.016 %	54,096 3.226 %
DEPRECIATION						
Depreciation	828,648	102	43,412	284,175	470,712	30,348
Total						
DEPRECIATION	828,648	113*	43,412 5.239 %	284,175 34.294 %	470,712 56.805 %	30,348 3.662 %
PROPERTY TAXES						
Taxes	310,502	102	16,267	106,483	176,380	11,372
Taxes - Ranch	11,394	4	0	0	11,394	0
Total						
PROPERTY TAXES	321,896	114*	16,267 5.053 %	106,483 33.080 %	187,774 58.334 %	11,372 3.533 %
Total						
EXPENSES	3,858,547	115*	159,365 4.130 %	1,325,694 34.357 %	2,162,551 56.046 %	210,937 5.467 %

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF EXISTING AND PROPOSED REVENUE

	Billing Units		Existing Rate	Billing	Proposed Rate	Billing
FCRWD						
Bundled Rate	91,050,000	\$	0.000790	71,930	\$ 0.001210	110,171
Wheeling Rate	12	\$	9,944	119,332	\$ 9,944	119,328
Total				191,262		229,499
GARDEN CITY						
Wheatland Water	643,343,109	\$	0.000580	373,139	\$ 0.000999	642,700
City Water	682,080,000	\$	0.000320	218,266	\$ 0.000665	453,583
Facilities Charge	12	\$	57,270	687,240	\$ 57,270	687,240
Total				1,278,645		1,783,523
TYSON						
Bundled Rate	1,013,702,000	\$	0.0007968	807,718	\$ 0.0015780	1,599,622
Taxes	1,013,702,000	\$	0.0000320	32,438	\$ 0.0000320	32,438
Total Billed to Tyson				840,156		1,632,060
Ranch Revenue				2,259,118		2,259,118
Total Cust B/Ranch Revenue				3,099,274		3,891,178
EFFLUENT						
Supply Rate	50,857,500	\$	0.00024634	12,528	\$ 0.0030855	156,921
Delivery Rate	12		6,171.32	74,056	8,627.01	103,524
Total				86,584		260,445
Water Sales Revenue				4,655,765		6,164,645

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

COMPARISON OF EXISTING AND PROPOSED REVENUE

	Existing Billing	Proposed Billing	Change	
			\$	%
FCRWD Water Sales	\$ 71,930	\$ 110,171	\$ 38,242	53%
FCRWD Wheeling Revenue	119,332	119,328	(4)	0%
Total Customer A	<u>\$ 191,262</u>	<u>\$ 229,499</u>	<u>\$ 38,238</u>	<u>20%</u>
Garden City	\$ 1,278,645	\$ 1,783,523	\$ 504,878	39%
Tyson	840,156	1,632,060	791,904	94%
Water Ranch	2,259,118	2,259,118	-	0%
Rural Industrial	<u>\$ 3,099,274</u>	<u>\$ 3,891,178</u>	<u>\$ 791,904</u>	<u>26%</u>
Effluent	86,582	260,445	173,863	201%
Total Revenue	<u><u>\$ 4,655,762</u></u>	<u><u>\$ 6,164,645</u></u>	<u><u>\$ 1,508,883</u></u>	<u><u>32%</u></u>

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 5: Commodity RO Plant

Class	Class Name	Amount	Percent
1	FCRWD	91,050,000.00	6.327165
2	Garden City	1,325,423,109.00	92.105116
3	Tyson	22,560,000.00	1.567719
4	Effluent	0.00	0.000000
5	Water Ranch	0.00	0.000000
	Total	1,439,033,109.00	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	22,560,000.00	1.567719

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 6: Production Commodity

Class	Class Name	Amount	Percent
1	FCRWD	91,050,000.00	3.746644
2	Garden City	1,325,423,109.00	54.540231
3	Tyson	1,013,702,000.00	41.713126
4	Effluent	0.00	0.000000
5	Water Ranch	0.00	0.000000
	Total	2,430,175,109.00	100.000001

Group	Class Group Name	Amount	Percent
1	RURAL IND	1,013,702,000.00	41.713126

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 7: Dir Commodity Efflnt

Class	Class Name	Percent
1	FCRWD	0.000000
2	Garden City	0.000000
3	Tyson	0.000000
4	Effluent	100.000000
5	Water Ranch	0.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	0.000000

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 8: Direct Com Ranch

Class	Class Name	Percent
1	FCRWD	0.000000
2	Garden City	0.000000
3	Tyson	0.000000
4	Effluent	0.000000
5	Water Ranch	100.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	100.000000

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 9: Direct Exp Tyson

Class	Class Name	Percent
1	FCRWD	0.000000
2	Garden City	0.000000
3	Tyson	100.000000
4	Effluent	0.000000
5	Water Ranch	0.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	100.000000

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 10: Revenue

Class	Class Name	Amount	Percent
1	FCRWD	71,929.50	1.596413
2	Garden City	1,278,644.60	28.378404
3	Tyson	807,717.75	17.926593
4	Effluent	86,582.04	1.921613
5	Water Ranch	2,260,822.00	50.176977
	Total	4,505,695.89	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	3,068,539.75	68.103570

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 11: Tax Revenue

Class	Class Name	Amount	Percent
1	FCRWD	0.00	0.000000
2	Garden City	0.00	0.000000
3	Tyson	32,438.00	105.544348
4	Effluent	0.00	0.000000
5	Water Ranch	-1,704.00	-5.544348
	Total	30,734.00	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	30,734.00	100.000000

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 12: Chemicals

Class	Class Name	Amount	Percent
1	FCRWD	24,927.10	6.628014
2	Garden City	302,336.69	80.390093
3	Tyson	23,449.21	6.235049
4	Effluent	0.00	0.000000
5	Water Ranch	25,374.00	6.746843
	Total	376,087.00	99.999999

Group	Class Group Name	Amount	Percent
1	RURAL IND	48,823.21	12.981892

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Derivation of Factor 13: Electricity

Class	Class Name	Amount	Percent
1	FCRWD	24,748.34	7.524625
2	Garden City	300,168.53	91.264930
3	Tyson	3,981.13	1.210445
4	Effluent	0.00	0.000000
5	Water Ranch	0.00	0.000000
	Total	328,898.00	100.000000

Group	Class Group Name	Amount	Percent
1	RURAL IND	3,981.13	1.210445

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 14: Utilities

Class	Class Name	Amount	Percent
1	FCRWD	13,878.97	2.721606
2	Garden City	26,710.59	5.237831
3	Tyson	422,372.93	82.825500
4	Effluent	30,140.52	5.910425
5	Water Ranch	16,852.17	3.304637
	Total	509,955.18	99.999999

Group	Class Group Name	Amount	Percent
1	RURAL IND	439,225.10	86.130138

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES

Derivation of Factor 15: Wheeling Revenue

Class	Class Name	Percent
1	FCRWD	100.000000
2	Garden City	0.000000
3	Tyson	0.000000
4	Effluent	0.000000
5	Water Ranch	0.000000
	Total	100.000000

Group	Class Group Name	Percent
1	RURAL IND	0.000000

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
DEVELOPMENT OF ALLOCATIONS - USAGE BASED
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Total</u>	<u>%</u>
<u>RO Plant Capacity</u>						
Full Normal Operation	180,000,000	180,000,000	180,000,000	180,000,000	720,000,000	
<u>Minimum Obligations / Purchase or Delivery</u>						
FCRWD	-	-	-	-	-	
Garden City	90,000,000	90,000,000	90,000,000	90,000,000	360,000,000	
Tyson	4,000,000	4,000,000	4,000,000	4,000,000	16,000,000	
Effluent	-	-	-	-	-	
Total	94,000,000	94,000,000	94,000,000	94,000,000	376,000,000	
<u>Actual RO Treatment</u>						
FCRWD	7,250,000	11,710,000	12,850,000	12,140,000	43,950,000	7.525%
Garden City	137,971,427	130,109,207	135,971,380	129,010,233	533,062,247	91.265%
Tyson	1,850,000	1,220,000	1,860,000	2,140,000	7,070,000	1.210%
Effluent	-	-	-	-	-	0.000%
Total	147,071,427	143,039,207	150,681,380	143,290,233	584,082,247	100.000%
<u>RO Plant Allocation with Minimums (Used for Allocation Factor 2)</u>						
FCRWD	7,250,000	11,710,000	12,850,000	12,140,000	43,950,000	7.411%
Garden City	137,971,427	130,109,207	135,971,380	129,010,233	533,062,247	89.891%
Tyson	4,000,000	4,000,000	4,000,000	4,000,000	16,000,000	2.698%
Effluent	-	-	-	-	-	0.000%
Total	149,221,427	145,819,207	152,821,380	145,150,233	593,012,247	100.000%

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
DEVELOPMENT OF ALLOCATIONS - USAGE BASED
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>Total</u>	<u>%</u>
<u>Delivery Allocation (Used to Spread Misc Plant)</u>						
FCRWD	7,250,000	11,710,000	12,850,000	12,140,000	43,950,000	4.501%
Garden City	137,971,427	130,109,207	135,971,380	129,010,233	533,062,247	54.587%
Tyson	87,746,000	90,711,000	84,919,000	91,037,000	354,413,000	36.293%
Effluent	-	12,307,120	17,987,180	14,814,100	45,108,400	4.619%
Total	232,967,427	244,837,327	251,727,560	247,001,333	976,533,647	100.000%
<u>Delivery Allocation - Customers A and B Only</u>						
FCRWD	7,250,000	11,710,000	12,850,000	12,140,000	43,950,000	11.033%
Garden City					-	0.000%
Tyson	87,746,000	90,711,000	84,919,000	91,037,000	354,413,000	88.967%
Effluent					-	0.000%
Total	94,996,000	102,421,000	97,769,000	103,177,000	398,363,000	100.000%
<u>Revenue</u>						
FCRWD					71,929.50	1.405%
Garden City					1,278,644.60	24.969%
Tyson					840,156.22	16.407%
Effluent					86,582.04	1.691%
Water Ranch					2,843,556.00	55.529%
Total					5,120,868.36	100.000%

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - PLANT

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
OPERATING PLANT						
Sources of Supply	6,234,784	1	243,486	114,800	5,522,075	354,423
Pumping	8,393,858	1	327,804	154,555	7,434,341	477,158
RO Plant	10,665,500	2	790,420	9,587,325	287,755	0
340 Land & Rights	101,118	1	3,949	1,862	89,559	5,748
343 Mains	3,423,317	1	133,690	63,033	3,031,991	194,602
346 Meters	240,589	3	26,732	133,661	53,464	26,732
348 Hydrants	17,270	1	674	318	15,296	982
349 Other Plant	259,262	1	10,125	4,774	229,625	14,738
Subtotal						
Trans & Dist Plant	4,041,556	101*	175,171	203,647	3,419,936	242,802
			4.334 %	5.039 %	84.619 %	6.008 %
Total						
OPERATING PLANT	29,335,698	102*	1,536,881	10,060,327	16,664,106	1,074,384
			5.239 %	34.294 %	56.805 %	3.662 %
GENERAL PLANT						
General Plant	444,297	111	9,250	33,906	386,183	14,958
SUBTOTAL						
Remainder Plant	29,779,995	103*	1,546,132	10,094,233	17,050,289	1,089,342
			5.192 %	33.896 %	57.254 %	3.658 %
GP Property Ranch	12,203,307	4	0	0	12,203,307	0
GP Other Ranch	6,585,160	4	0	0	6,585,160	0
Subtotal						
Ranch Plant	18,788,467	104*	0	0	18,788,467	0
			0.000 %	0.000 %	100.000 %	0.000 %
Total						
GENERAL PLANT	19,232,764	105*	9,250	33,906	19,174,650	14,958
			0.048 %	0.176 %	99.698 %	0.078 %

WHEATLAND ELECTRIC COOPERATIVE - WATER
ADJUSTED TEST YEAR ENDING DECEMBER 31, 2011
EXISTING RATES
Cost of Service Allocation - PLANT

Accounts	Total	A.F.	FCRWD	Garden City	RURAL IND	Effluent
Total						
PLANT	48,568,462	106*	1,546,132	10,094,233	35,838,756	1,089,342
			3.183 %	20.784 %	73.790 %	2.243 %

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF PLANT ALLOCATIONS (USED FOR ALLOCATION FACTOR 1)
WELLS, PUMPS, TRANSMISSION & DISTRIBUTION AND MISCELLANEOUS

	Misc.	Effluent	Tyson	FCRWD	City	RO Plant	Total
Direct Cost	349,345.91	1,031,514.45	16,194,127.43	691,750.62	-	162,870.59	18,429,609.00
RO Plant Spread	0.000%	0.000%	1.210%	7.525%	91.265%	0.000%	100.000%
Miscellaneous Plant Spread	0.000%	4.619%	36.293%	4.501%	54.587%	0.000%	100.000%
Total Spread	-	1,047,651.56	16,322,886.88	719,728.72	339,341.83	-	18,429,608.99
Percentage	0.000%	5.685%	88.569%	3.905%	1.841%	0.000%	100.000%

* Note: Misc Plant Used by all customers

Summary of Work Orders

Start-up Plant Construction			1,646,032.09	204,120.93			1,850,153.02
WALKER WELL (2005-9006)	292,298.29	-	-	-	-	-	292,298.29
WASTE WATER EXT 5-9001	-	974,193.76	-	-	-	-	974,193.76
Tyson EXT NORTH 5-9002	-	-	429,711.27	40,000.00	-	-	469,711.27
Tyson EXT SOUTH 5-9003a	-	-	483,643.74	-	-	-	483,643.74
Pipe in Inventory			172,710.00				172,710.00
Tyson EXT SOUTH 5-9003b	-	-	656,353.74	-	-	-	656,353.74
Tyson EXT SOUTH 5-9003c	-	-	656,353.74	-	-	-	656,353.74
Tyson EXT SOUTH 5-9003d	-	-	656,353.74	-	-	-	656,353.74
Tyson EXT SOUTH 5-9003e	-	-	656,353.70	-	-	-	656,353.70
SPRATT WELLS 5-9004	-	-	599,858.44	-	-	-	599,858.44
RWD STAND PIPE 5-9007	-	-	111,907.42	447,629.69	-	-	559,537.11
Tyson EXT SO 69001a PH2	-	-	581,841.46	-	-	-	581,841.46
Tyson EXT SO 69001b PH2	-	-	581,841.45	-	-	-	581,841.45
REDRILL NW31 6-9003	-	-	384,630.79	-	-	-	384,630.79
S2 CHLORINATION 6-9006 BLDG	-	54,467.84	-	-	-	-	54,467.84
MONITORING WELLS 7-9004	-	-	-	-	-	48,545.58	48,545.58
REDRILL WTP10 WELL 6-9005	-	-	-	-	-	64,298.29	64,298.29
REDRILL SW 36 WELL 6-9004	-	-	437,935.47	-	-	-	437,935.47

Schedule J-3.0

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WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF PLANT ALLOCATIONS (USED FOR ALLOCATION FACTOR 1)
WELLS, PUMPS, TRANSMISSION & DISTRIBUTION AND MISCELLANEOUS

	Misc.	Effluent	Tyson	FCRWD	City	RO Plant	Total
Direct Cost	349,345.91	1,031,514.45	16,194,127.43	691,750.62	-	162,870.59	18,429,609.00
RO Plant Spread	0.000%	0.000%	1.210%	7.525%	91.265%	0.000%	100.000%
Miscellaneous Plant Spread	0.000%	4.619%	36.293%	4.501%	54.587%	0.000%	100.000%
Total Spread	-	1,047,651.56	16,322,886.88	719,728.72	339,341.83	-	18,429,608.99
Percentage	0.000%	5.685%	88.569%	3.905%	1.841%	0.000%	100.000%

* Note: Misc Plant Used by all customers

REDRILL NE25 WELL 6-9002	-	-	430,594.55	-	-	-	430,594.55
WELL 13 8-9001	-	-	462,403.43	-	-	-	462,403.43
PWR PLANT FIELD 5-9005	-	-	585,615.67	-	-	-	585,615.67
Well #14 2008-9002	-	-	504,418.52	-	-	-	504,418.52
Well # 17 2008-9005	-	-	452,607.42	-	-	-	452,607.42
Well # 18 2008-9006	-	-	530,660.50	-	-	-	530,660.50
BIO Energy Center Line 7-9002	540.00	-	-	-	-	-	540.00
Well # 12 Redrill 7-9003	-	-	487,613.92	-	-	-	487,613.92
Well # 19 9-9001	-	-	540,102.07	-	-	-	540,102.07
So Line Ext Sec 33 - 36 9-9002	-	-	184,918.28	-	-	-	184,918.28
So Line Ext Sec 1 - 8 9-9003a	-	-	737,522.64	-	-	-	737,522.64
So Line Ext Sec 1-8 9-9003b	-	-	737,522.47	-	-	-	737,522.47
Well # 20 Redrill 9-9004	-	-	513,803.04	-	-	-	513,803.04
Well # 21 Redrill 9-9005	-	-	530,511.11	-	-	-	530,511.11
Well # 22 NE 2 2634 9-9006	-	-	526,515.32	-	-	-	526,515.32
Pondarosa Rehab 9-9008	36,704.25	-	-	-	-	-	36,704.25
Well #15 (8-9003) 2534 nw 36	-	-	467,444.48	-	-	-	467,444.48
Well #16 (8-9004) 2534 nw 35	-	-	407,293.94	-	-	-	407,293.94
Spratt locking lids 11-9002	-	-	9,690.00	-	-	-	9,690.00
S2 Cooling 11-9004	-	2,852.85	-	-	-	-	2,852.85

Schedule J-3.0

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WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER
DEVELOPMENT OF PLANT ALLOCATIONS (USED FOR ALLOCATION FACTOR 1)
WELLS, PUMPS, TRANSMISSION & DISTRIBUTION AND MISCELLANEOUS

	Misc.	Effluent	Tyson	FCRWD	City	RO Plant	Total
Direct Cost	349,345.91	1,031,514.45	16,194,127.43	691,750.62	-	162,870.59	18,429,609.00
RO Plant Spread	0.000%	0.000%	1.210%	7.525%	91.265%	0.000%	100.000%
Miscellaneous Plant Spread	0.000%	4.619%	36.293%	4.501%	54.587%	0.000%	100.000%
Total Spread	-	1,047,651.56	16,322,886.88	719,728.72	339,341.83	-	18,429,608.99
Percentage	0.000%	5.685%	88.569%	3.905%	1.841%	0.000%	100.000%
<i>* Note: Misc Plant Used by all customers</i>							
Aug 2011 storm 11-9005	12,782.26	-	-	-	-	-	12,782.26
Well 20 Air remediation 119006	-	-	17,904.94	-	-	-	17,904.94
Well 21 Air remediation 119007	-	-	11,458.08	-	-	-	11,458.08
CIP repipe 12-9001	-	-	-	-	-	-	-
Well 5 North 3rd St 12-9003	7,021.11	-	-	-	-	50,026.72	50,026.72
Total	349,345.91	1,031,514.45	16,194,127.43	691,750.62	-	162,870.59	18,429,609.00
Percent	1.896%	5.597%	87.870%	3.753%	0.000%	0.884%	100.000%

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF PLANT INVESTMENT
METERS (ALLOCATION FACTOR 3)

<u>Name</u>	<u>Cost</u>	<u>Allocation</u>
Tyson 1	12,500	
Tyson 2	12,500	
Subtotal	25,000	10.4%
City 1	12,500	
City 2	12,500	
City 3	12,500	
City 4	12,500	
City 5	12,500	
Subtotal	62,500	26.0%
FCRWD	12,500	5.2%
Effluent	12,500	5.2%
Other Meters	128,089	53.2%
Total	240,589	100.0%

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF ALLOCATION FOR ELECTRICITY & UTILITY EXPENSES (ALLOCATION FACTORS 13 & 14)
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

	Test Year - 12/31/2011			Allocation					
	Other	Ranch	Total	Ranch	Effluent	Tyson	FCRWD	City	Total
<u>Operating Expenses</u>									
Electricity	\$ 328,898.00	\$ -	\$ 328,898.00	\$ -	\$ -	\$ 3,981.13	\$ 24,748.34	\$ 300,168.53	\$ 328,898.00
<i>Electricity use at RO Plant plus pumps at same location - spread by RO plant use</i>									
<u>Operation and Maintenance Expenses</u>									
Utilities	493,103.00	20,018.17	513,121.17	20,018.17	30,140.52	422,372.93	13,878.97	26,710.59	513,121.17
<i>General utility use - see below - spread of non-RO usage</i>									
Total	<u>\$ 822,001.00</u>	<u>\$ 20,018.17</u>	<u>\$ 842,019.17</u>	<u>\$ 20,018.17</u>	<u>\$ 30,140.52</u>	<u>\$ 426,354.06</u>	<u>\$ 38,627.31</u>	<u>\$ 326,879.11</u>	<u>\$ 842,019.17</u>
<u>Data Provided by the Cooperative</u>									
<u>Production</u>									
South Well Field		Customer B	369,419.94			369,419.94			369,419.94
RO Plant		RO Usage	349,566.48	-	-	4,231.31	26,303.57	319,031.60	349,566.48
Customer A		Customer A	9,367.00				9,367.00		9,367.00
Total			728,353.42	-	-	373,651.25	35,670.57	319,031.60	728,353.42
<u>Distribution</u>									
Customer B		Customer B	26,102.05			26,102.05			26,102.05
Customer A and Customer B		RO Usage	18,394.51	-	-	16,365.11	2,029.40	-	18,394.51
Total			44,496.56	-	-	42,467.16	2,029.40	-	44,496.56
<u>Office - Spread to All</u>		Spread	9,175.22						-
<u>Effluent</u>		Effluent	29,416.92		29,416.92				29,416.92
Total			811,442.12		29,416.92	416,118.41	37,699.97	319,031.60	802,266.90
					3.667%	51.868%	4.699%	39.766%	100.000%

WHEATLAND ELECTRIC COOPERATIVE, INC. - WATER

DEVELOPMENT OF ALLOCATION FOR CHEMICAL EXPENSES (ALLOCATION FACTOR 12)
FOR THE TWELVE MONTHS ENDING DECEMBER 31, 2011

<u>Operating Expenses</u>	<u>Test Year - 12/31/2011</u>			<u>Allocation</u>					
	<u>Other</u>	<u>Ranch</u>	<u>Total</u>	<u>Ranch</u>	<u>Effluent</u>	<u>Tyson</u>	<u>FCRWD</u>	<u>City</u>	<u>Total</u>
Chemicals	\$ 350,713.00	\$ 30,141.17	\$ 380,854.17	\$ 30,141.17	\$ -	\$ 23,449.21	\$ 24,927.10	\$ 302,336.69	\$ 380,854.17
<u>Data Provided by the Cooperative</u>									
Chemicals Excluding Chlorine		RO Usage	310,607.11	-	-	3,759.73	23,372.02	283,475.36	310,607.11
Chlorine - South Well Field		Customer B	19,439.32	-	-	19,439.32			19,439.32
Chlorine - RO Plant		RO Usage	20,666.57	-	-	250.16	1,555.08	18,861.33	20,666.57
Total			350,713.00	-	-	23,449.21	24,927.10	302,336.69	350,713.00
						6.686%	7.108%	86.206%	100.000%

DIRECT TESTIMONY
OF
BRUCE MUELLER
WHEATLAND ELECTRIC COOPERATIVE, INC.
November 11 2013

1 **Q. Please state your name.**

2 A. My name is Bruce Mueller.

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

4 A. I am employed by Wheatland Electric Cooperative, Inc. ("Wheatland") as general manager.

5 My business address is P.O. Box 230, Scott City, Kansas.

6 **Q. Would you summarize your educational background?**

7 A. I hold a Bachelor of Business Administration in finance from Texas State University and

8 a Master of Business Administration in management from the University of Houston-

9 Victoria.

10 **Q. Please summarize your work experience.**

11 A. I have over 28 years of experience working in the investor-owned electric and electric

12 cooperative industries.

13 **Q. Are you also an officer of Mid-Kansas Electric Company, LLC?**

14 A. Yes. I am member of the Board of Directors of Mid-Kansas. I have served in that position

15 since February 2012.

16 **Q. Do you serve on any other boards for public utilities?**

17 A. Yes. Wheatland is a member of both Sunflower Electric Power Corporation and Mid-

18 Kansas. I serve as a Director on the Sunflower Board of Directors also.

19 **Q. What is the purpose of your testimony?**

20 A. The purpose of my testimony is to provide background information on Wheatland and

21 support for relief sought in the Application

HISTORICAL INFORMATION ON WHEATLAND

1 **Q. Please provide an overview of your testimony.**

2 A. My testimony will primarily focus on a brief overview of Wheatland.

3 **Q. Please provide a brief overview of Wheatland.**

4 A. Wheatland is an electric cooperative formed under the Kansas Electric Cooperative Act.

5 It was formed for the purpose of supplying electric energy and promoting and extending

6 the use of such energy in rural areas of western Kansas. Wheatland was formed in 1948

7 and has been providing electric retail service in the western Kansas for over 63 years.

8 **Q. Would you provide a summary of the service area and the nature of service?**

9 A. Wheatland provides electric service to approximately 35,000 electric member-patrons in

10 its certificated electric territory in three (3) counties in Eastern Colorado and extending as

11 far East as several small towns in Sedgwick and Sumner Counties in Kansas. Wheatland

12 provides broadband internet service to approximately 3,500 member-patrons most of

13 whom are located in Wheatland's electric service territory. Wheatland sells and delivers

14 water to four (4) member-patrons in Finney County, Kansas.

15 **Q Is Wheatland a regulated cooperative?**

16 A. Yes.

17 **Q. Please give a brief summary of Wheatland's creation and authority to act.**

18 A. Wheatland Electric Cooperative, Inc., is a non-profit, membership, Rural Electric

19 Cooperative organized in 1948 under K.S.A. 17- 4601 of seq. Wheatland is also a public

20 utility under the jurisdiction, regulation and supervision of the Kansas Corporation

21 Commission and has been granted a Certificate of Convenience and Authority to Transact

22 the Business of a Water Public Utility in the State of Kansas, Finney County, Kansas

Direct Testimony of Bruce Mueller

1 issued in Docket No-03-11-WHLW-748-COC on December 3, 2003. Wheatland is a tax
2 exempt organization pursuant to Internal Revenue Section 501(c) (12). Wheatland is
owned and operated by and for its member-patrons.

3 **Q. Provide an overview of Wheatland' water business.**

4 A. Wheatland is engaged in the business of selling reverse osmosis treated water and raw,
5 untreated water as a water public utility under K.S.A. 66-104 and 66-131 in Finney
6 County, Kansas, by special contracts with the City of Garden City; Finney County Rural
7 Water District No. 1 and Tyson Fresh Meats, Inc. and Sunflower Electric Power
8 Corporation rather than serving a specified certificated territory. Wheatland receives re-
9 used water discharged from Garden City's Waste Water Treatment Plant and sells and
10 delivers the re-used water to Sunflower Electric Power Corporation to cool its S2 Electric
11 Generation Plant located at 2440 Railroad Ave, Garden City, Kansas.

12 **Q. What independent accounting or engineering firms has Wheatland used to verify**
13 **Wheatland's financial records?**

14 A. Wheatland has retained Schmidt & Company, 1701 SW US Highway 40, Suite 207,
15 Blue Springs, MO 64015 to conduct an annual audit of Wheatland's financial records.
16 Attached hereto and incorporated herein by reference are Schmidt & Company Audit
17 Reports for years 2010, 2011 and 2012 marked as Exhibits "C-1", "C-2" and "C-3",
18 respectively. In addition Wheatland retained C.H. Guernsey & Company, consulting
19 engineers, located in Oklahoma City, Oklahoma to conduct a Cost of Service Study of
20 Wheatland's water public utility division. A copy of the Cost of Service Study is attached
21 to the Application filed herein as Exhibit "B". The purpose of the Study was to determine
22 the cost of service for each of Wheatland's water member-patrons and to determine

Direct Testimony of Bruce Mueller

1 adjustments in water rates of each of Wheatland's water member-patrons required to
2 return margins acceptable to the KCC. The Study indicated Wheatland's overall or total
3 water system had a negative margin of -\$1,509,027 for the test year. To recover the
4 -\$1,509,026 negative margin will require an overall or total water system increase of
5 32%. Based on the Study to recover -\$1,509,027 overall will require the following
6 increases to each of Applicant's water member patrons:

7 a) City of Garden City: -\$412,800 negative margin as per Study will require a 39%
8 increase to earn \$505,056.

9 b) Tyson Fresh Meats, Inc.: -\$791,904 negative margin as per Study will require a 94%
10 increase to earn \$1,632,060.

11 c) Finney County Rural Water District No.1: -\$38,242 negative margin as per Study will
12 require a 53% increase to earn \$110,171.

13 d) Sunflower Electric Power Corporation: -\$173,863 negative margin as per Study will
14 require a 201% increase to earn \$260,445.

15 **Q. When did Wheatland begin selling and delivering water to Tyson Fresh Meats, Inc.?**

16 A. Wheatland and Tyson Fresh Meats, Inc. (Tyson), entered into a First Amended 2
17 Purchase Agreement for Water dated August 30, 2005 by which Wheatland agreed to sell
18 and deliver to Tyson untreated water and Tyson agreed to buy untreated water from
19 Wheatland. This Agreement was approved by Order of the Kansas Corporation
20 Commission in Docket No. 05-WHLW-085-COC. A copy of the First Amended
21 Purchase Agreement for Water dated August 30, 2005 is attached to the Application filed
22 herein as Exhibit "A" and incorporated therein by reference as though fully set forth in
23 the Application.

Direct Testimony of Bruce Mueller

1 **Q. What is it Wheatland is asking of the Kansas Corporation Commission?**

2 Wheatland requests regulatory changes by the Kansas Corporation Commission in its
3 water rate to Tyson Fresh Meats, Inc. that reflect costs of service for Applicant's sale
4 and delivery of water to Tyson Fresh Meats, Inc. Wheatland requests the KCC establish
5 a rate for sale and delivery of water to Tyson Fresh Meats, Inc. based on Wheatland's cost
6 service and a margin. Wheatland retained C.H. Guernsey & Company, consulting
7 engineers, located in Oklahoma City, Oklahoma to conduct a Cost of Service Study of
8 Applicant's water public utility division. A copy of the Cost of Service Study is attached
9 hereto as Exhibit "B" and incorporated herein by reference as though fully set forth
10 herein. The purpose of the Study was to determine the cost of service for each of
11 Applicant's water member patrons and to determine adjustments in water rates of each of
12 applicant's water member patrons required to return margins acceptable to the KCC. The
13 Study indicated Applicant's overall or total system had a negative margin of -\$1,509,027
14 for the test year. To recover the -\$1,509,026 negative margin will require an overall or
15 total water system increase of 32%. Tyson Fresh Meats Inc is part of a "Rural Industrial"
16 rate class that includes land and equipment acquired by Applicant to serve another rural
17 industrial customer. Based on the Study to recover - \$1,509,027 overall with uniform
18 rates of return on rate base will require the following increases to each of Applicant's
19 water member patrons:

20 a) City of Garden City: -\$412,800 negative margin as per Study will require a 39%
21 increase or \$504,878 to earn total revenue of \$1,783,523.

22 a) City of Garden City: -\$412,800 negative margin as per Study will require a 39%
23 increase to earn \$505,056.

Direct Testimony of Bruce Mueller

1 b) Tyson Fresh Meats, Inc.: -\$791,904 negative margin as per Study will require a 94%
2 increase to earn \$1,632,060.

3 c) Finney County Rural Water District No. 1: -23,977 negative margin as per Study will
4 require a 53% increase or \$38,242 to earn total water sales revenue of \$110,171.

5 d) Sunflower Electric Power Corporation: -\$163,415 negative margin as per Study will
6 require a 201% increase or \$173,863 to earn total revenue of \$260,445.

7 Applicant is engaged in the business of selling reverse osmosis treated water and raw,
8 untreated water as a water public utility under K.S.A. 66-104 and 66-131 in Finney
9 County, Kansas, by special contracts with the City of Garden City; Finney County Rural
10 Water District No. 1, Sunflower Electric Power Corporation and Tyson Fresh Meals. Inc.,
11 rather than serving a specified certificated territory.

12 Applicant and Tyson Fresh Meats, Inc. (Tyson), entered into a First Amended Purchase
13 Agreement for Water dated August 30, 2005 by which Applicant agreed to sell and
14 deliver to Tyson untreated water and Tyson agreed to buy untreated water from Applicant.
15 This Agreement was approved by Order of the Kansas Corporation Commission in
16 Docket No. 05-WHLW-085-COC. A copy of the First Amended Purchase Agreement for
17 Water dated August 30, 2005 is attached hereto as Exhibit "A" and incorporated herein
18 by reference as though fully set forth herein.

19 Applicant respectfully requests adjustment and determination of its water rate for
20 Applicant's water member patron, Tyson Fresh Meats, Inc, to return a positive margin for
21 Applicant in order that one class of Applicant's member patrons are not subsidizing
22 another class of Applicant's member patrons.

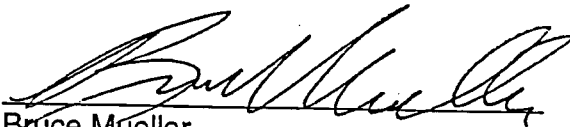
Direct Testimony of Bruce Mueller

- 1 For the test year used in Exhibit "B", Cost of Service Study, Applicant's Electric member
2 patrons, by rates established and approved by the KCC, provided a positive margin of
3 4.06% from Applicant's total electric sales.
- 4 **Q. Does this conclude your testimony?**
- 5 Yes

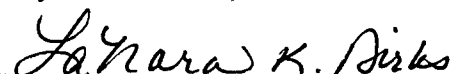
VERIFICATION

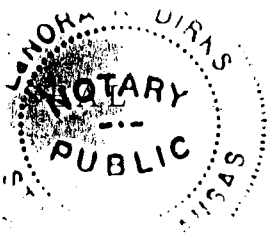
STATE OF KANSAS)
) ss
COUNTY OF SCOTT)

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


Bruce Mueller

SUBSCRIBED AND SWORN to before me this 11th day of November, 2013.


Notary Public
Commission expires: 9/14/17



Electric Cooperative Utility

2012 Annual Report

*To The
State of Kansas*



State Corporation Commission

for the year ending December 31, 2012

WHEATLAND WATER TREATMENT PLANT A DIVISION OF WHEATLAND ELECTRIC COOPERATIVE, INC.

(Exact legal name of respondent) (If name was changed during year, show also name and date of change)

101 MAIN STREET, SCOTT CITY, KS 67871

(Address of principal business office at the end of the year)

Area Code 620 Telephone 872-5885 Federal ID Number 48-0532188

Gross operating revenues derived from
Kansas intrastate operations

\$2,313,726

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INCOME STATEMENT					
Account Name	Ref. Page No.	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$ _____	\$ _____	\$ _____	\$ _____
Commercial		\$ <u>2,313,726</u>	\$ _____	\$ _____	\$ <u>2,313,726</u>
Industrial.....		\$ _____	\$ _____	\$ _____	\$ _____
Multiple Family		\$ _____	\$ _____	\$ _____	\$ _____
Guaranteed Revenues		\$ _____	\$ _____	\$ _____	\$ _____
Other (Specify)		\$ _____	\$ _____	\$ _____	\$ _____
Total Gross Revenue	W-3	\$ <u>2,313,726</u>	\$ _____	\$ _____	\$ <u>2,313,726</u>
Operation Expense	S-3	\$ <u>2,059,581</u>	\$ _____	\$ _____	\$ <u>2,059,581</u>
Depreciation Expense	F-5	\$ <u>842,292</u>	\$ _____	\$ _____	\$ <u>842,292</u>
Amortization Expense		\$ <u>46,424</u>	\$ _____	\$ _____	\$ <u>46,424</u>
Taxes Other Than Income	F-7	\$ <u>317,402</u>	\$ _____	\$ _____	\$ <u>317,402</u>
Income Taxes.....	F-7	\$ _____	\$ _____	\$ _____	\$ _____
Total Operating Expense		\$ <u>3,265,699</u>	\$ _____	\$ _____	\$ <u>3,265,699</u>
Net Operating Income (Loss)		\$ <u>(951,973)</u>	\$ _____	\$ _____	\$ <u>(951,973)</u>
Other Income:		\$ _____	\$ _____	\$ _____	\$ _____
Nonutility Income.....		\$ <u>317,905</u>	\$ _____	\$ _____	\$ <u>317,905</u>
Interest Income		\$ <u>1,383</u>	\$ _____	\$ _____	\$ <u>1,383</u>
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
Other Deductions:					
Miscellaneous Nonutility Exp.....		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expenses.....		\$ <u>965,936</u>	\$ _____	\$ _____	\$ <u>965,936</u>
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
Net Income (Loss).....		\$ <u>(1,598,621)</u>	\$ _____	\$ _____	\$ <u>(1,598,621)</u>

COMPARATIVE BALANCE SHEET

Account Name	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant In Service (101-105).....	F-5, W-1, S-1	\$ 31,137,263	\$ 30,985,502
Accumulated Depreciation and Amortization (108).....	F-5, W-2, S-3	\$ (4,350,999)	\$ (3,508,433)
Net Utility Plant.....		\$ 26,786,264	\$ 27,477,069
Cash.....		\$	\$
Customer Accounts Receivable (141).....		\$ 181,659	\$ 180,876
Other Assets (Specify)			
Materials and Supplies		\$ 206,236	\$ 154,599
Notes Receivable		\$ 560,731	\$ 644,367
Other Accounts Receivable		\$ 247,719	\$ 248,827
Other Special Deposits		\$ 2,052,235	\$ 2,341,456
Prepayments		\$ 93,122	\$
Total Assets		\$ 30,127,966	\$ 31,047,194
Liabilities and Capital:			
Common Stock Issued (201).....	F-6	\$	\$
Preferred Stock Issued (204)	F-6	\$	\$
Other Paid in Capital (211).....		\$	\$
Retained Earnings (215)	F-6	\$	\$
Proprietary Capital			
(Proprietary and partnership only) (218)	F-6	\$	\$
Total Capital		\$	\$
Long-Term Debt (224).....	F-6	\$ 22,068,329	\$ 22,661,774
Accounts Payable (231)		\$ 52,131	\$ 137,201
Notes Payable (232)		\$	\$
Customer Deposits (235)		\$	\$
Accrued Taxes (236).....		\$ 58,998	\$ 49,638
Other Liabilities (Specify)		\$	\$
Accrued Interest		\$ 240,835	\$ 258,221
Advances from Associated Companies		\$ 7,662,336	\$ 7,884,149
Employee Benefits		\$ 45,337	\$ 56,211
Advances for Construction		\$	\$
Contribution In Aid of Construction-Net (271-272).....	F-7	\$	\$
Total Liabilities and Capital		\$ 30,127,966	\$ 31,047,194

WHEATLAND ELECTRIC COOPERATIVE, INC.

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

January 1, 2012 to December 31, 2012

WHEATLAND ELECTRIC COOPERATIVE, INC.

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WHEATLAND ELECTRIC COOPERATIVE, INC.

BOARD OF TRUSTEES AND MANAGER

Wes Campbell	President	Garden City, Kansas
Dave Lowe	Vice President	Caldwell, Kansas
Patrick Riley	Secretary	Syracuse, Kansas
Dan Bonine	Treasurer	Great Bend, Kansas
Charles Ayers	Trustee	Leoti, Kansas
Lawrence Houston	Trustee	Tribune, Kansas
Roe Johnson	Trustee	Tribune, Kansas
Ron Davis	Trustee	Syracuse, Kansas
William Barnes	Trustee	Caldwell, Kansas
Robert Hiss	Trustee	Great Bend, Kansas
Vic Case	Trustee	Leoti, Kansas
Bruce W. Mueller	Manager	Scott City, Kansas

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
50 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying balance sheets of Wheatland Electric Cooperative, Inc. as of December 31, 2012 and 2011, and the related statements of revenue and patronage capital and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wheatland Electric Cooperative, Inc. as of December 31, 2012 and 2011, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 21, 2013

923 NE Woods Chapel Rd, Suite 304 • Lee's Summit, Missouri 64064
Phone 888-391-0229
www.schmidtandcompany.com

WHEATLAND ELECTRIC COOPERATIVE, INC.

COMPARATIVE BALANCE SHEETS - DECEMBER 31

	ASSETS (Notes 2 & 3)	2012	2011
UTILITY PLANT (Note 4)			
Plant		\$ 286,850,032.81	\$ 276,075,051.39
Depreciation		79,820,491.45	75,859,387.68
Depreciated Value		<u>207,029,541.36</u>	<u>200,215,663.71</u>
INVESTMENTS AND OTHER PROPERTY (Note 5)		<u>63,333,484.43</u>	<u>50,177,747.37</u>
CURRENT ASSETS			
Cash and cash equivalents		1,477,731.20	11,417,828.35
Receivables (Less provision for uncollectible accounts of \$211,731.92 in current period and \$188,225.51 in prior period)		16,191,258.08	15,068,881.64
Materials		3,924,308.47	4,315,506.93
Prepayments and deferred charges		500,394.77	918,343.86
Total		<u>22,093,692.52</u>	<u>31,720,560.78</u>
DEFERRED DEBITS (Note 6)		<u>1,210,246.51</u>	<u>1,507,373.30</u>
TOTAL ASSETS		<u>\$ 293,666,964.82</u>	<u>\$ 283,621,345.16</u>
	LIABILITIES AND CAPITAL		
		2012	2011
CAPITAL EQUITIES (Note 7)			
Patronage capital		\$ 57,804,194.39	\$ 42,006,638.34
Other equities		881,397.76	849,655.71
Total		<u>58,685,592.15</u>	<u>42,856,294.05</u>
LONG-TERM LIABILITIES (Note 8)		<u>199,539,827.69</u>	<u>209,779,893.25</u>
CURRENT LIABILITIES			
Current maturities of long-term debt		6,848,600.00	7,726,000.00
Accounts payable		21,814,547.66	16,733,548.96
Accrued expenses		2,781,931.30	2,761,211.12
Accrued taxes		2,588,520.00	2,335,924.27
Customer deposits		554,014.19	534,299.07
Total		<u>34,587,613.15</u>	<u>30,090,983.42</u>
DEFERRED CREDITS (Note 10)		<u>853,931.83</u>	<u>894,174.44</u>
COMMITMENTS/RELATED PARTY TRANSACTIONS (Note 12)			
TOTAL LIABILITIES AND CAPITAL		<u>\$ 293,666,964.82</u>	<u>\$ 283,621,345.16</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL FOR THE YEARS ENDED - DECEMBER 31

	<u>2012</u>	<u>2011</u>
OPERATING REVENUE		
Electric energy revenue	\$ 112,833,571.27	\$ 105,967,988.28
Miscellaneous operating revenue	7,668,669.73	6,710,852.90
Total Operating Revenue	<u>120,502,241.00</u>	<u>112,678,841.18</u>
OPERATING REVENUE DEDUCTIONS		
Cost of power purchased	80,056,011.55	76,214,387.95
Operating expenses - distribution	3,566,136.66	3,497,911.66
Maintenance of distribution plant	2,403,188.57	2,242,015.24
Accounting and collection expenses	1,527,121.43	1,482,463.89
Other customer expenses	296,966.53	227,467.18
Administrative and general	10,995,019.19	10,644,152.38
Depreciation	8,853,287.76	8,474,022.35
Taxes	4,280,523.36	4,003,315.15
Total Operating Revenue Deductions	<u>111,978,255.05</u>	<u>106,785,735.80</u>
Electric Operating Margin	8,523,985.95	5,893,105.38
Less: Interest on long-term debt	6,492,156.19	6,807,945.97
Operating margin before capital credits	<u>2,031,829.76</u>	<u>(914,840.59)</u>
G & T and other capital credits	12,619,460.21	11,988,535.53
Operating Margin	<u>14,651,289.97</u>	<u>11,073,694.94</u>
Interest revenue	1,115,486.33	1,096,840.66
Other revenue	90,927.54	1,687,190.42
Nonoperating Margin	<u>1,206,413.87</u>	<u>2,784,031.08</u>
NET MARGIN	15,857,703.84	13,857,726.02
Patronage Capital - Beginning of Year	42,006,638.34	28,357,497.71
Subtotal	57,864,342.18	42,215,223.73
Retirement of capital credits	(60,147.79)	(208,585.39)
PATRONAGE CAPITAL - END OF YEAR (Note 7)	<u>\$ 57,804,194.39</u>	<u>\$ 42,006,638.34</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED - DECEMBER 31

	<u>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from consumers	\$121,634,787.97	\$112,767,138.63
Cash paid to suppliers and employees	(100,127,419.50)	(111,092,207.90)
Interest received	1,115,486.33	1,096,840.66
Interest paid	(6,492,156.19)	(6,807,945.97)
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	<u>16,130,698.61</u>	<u>(4,036,174.58)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in plant	(16,143,330.11)	(7,899,800.93)
Decrease (Increase) in materials inventory	391,198.46	(2,934.01)
Deferred debits	297,126.79	242,580.17
Decrease (Increase) in other investments	226,026.05	8,170,520.27
Payments received from associated organizations	284,339.23	395,612.24
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	<u>(14,944,639.58)</u>	<u>905,977.74</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowing	2,500,000.00	12,500,000.00
Principal payments on long-term debt	(13,617,465.56)	(6,964,538.92)
Customer deposits	19,715.12	(8,787.03)
Increase (Decrease) in other capital	31,742.05	(6,360.87)
Capital refunds to members	(60,147.79)	(208,585.39)
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	<u>(11,126,156.18)</u>	<u>5,311,727.79</u>
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	(9,940,097.15)	2,181,530.95
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	<u>11,417,828.35</u>	<u>9,236,297.40</u>
END OF YEAR	<u>\$ 1,477,731.20</u>	<u>\$ 11,417,828.35</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS (Continued) FOR THE YEARS ENDED - DECEMBER 31

	<u>2012</u>	<u>2011</u>
RECONCILIATION OF NET MARGIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Net margin	\$ 15,857,703.84	\$ 13,857,726.02
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	8,853,287.76	8,474,022.35
Depreciation charged to clearing	476,164.70	727,959.24
Loss (Income) from subsidiary companies	(1,046,642.13)	(897,286.70)
Patronage capital credits assigned by associated organizations	(12,619,460.21)	(11,988,535.53)
Provision for uncollectible accounts receivable	23,506.41	4,985.14
Decrease (Increase) In:		
Receivables	(1,145,882.85)	(1,032,906.77)
Prepaid expenses	417,949.09	(160,137.88)
Increase (Decrease) In:		
Notes payable	5,131,411.84	(14,622,530.58)
Accounts payable	(50,413.14)	975,665.76
Deferred energy prepayments	(40,242.61)	36,041.58
Accrued liabilities	273,315.91	752,300.32
Deferred credits	0.00	(163,477.53)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 16,130,698.61</u>	<u>\$ (4,036,174.58)</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012 AND 2011

(1) NATURE OF OPERATIONS:

Wheatland Electric Cooperative, Inc. (the Cooperative) furnishes utility services to members in counties in Western Kansas. The headquarters is located in Scott City, Kansas.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

UTILITY PLANT

The Cooperative employs the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and the work order procedures suggested by the Rural Development Utilities Programs (RUS).

INVESTMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash, receivables, and short-term obligations approximate their fair value because of the near-term maturity of those instruments (see Note 13).

The Cooperative is a member of various cooperatives and associations. Equity investments in other cooperatives representing patronage capital are accounted for at the stated amount of the certificates which approximates fair value. Patronage refunds are recognized upon notification by the distributing cooperative and are returned to the Cooperative based upon the respective entities bylaws.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

BASIS OF ACCOUNTING FOR RECEIVABLES

Receivables are carried at their estimated collectible amounts. Accounts receivable are considered past due if payment is not received by the due date of the bill. Accounts are written off by Board action. Payments received on accounts after they are written off are considered a recovery of the bad debt. As of December 31, 2012 and 2011, the Cooperative had approximately \$131,553 and \$313,707, respectively, in electric accounts receivable that were over 90 days old and the balance in the allowance for doubtful accounts was \$211,731.92 and \$188,225.51, respectively. Interest income is recognized using the interest method.

METHOD OF ESTIMATING ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS

On a periodic basis the Cooperative evaluates its electric accounts receivable and establishes an allowance for doubtful accounts, based on past history of bad debt write-offs, collections, and current credit conditions.

CONCENTRATION OF CREDIT RISK

Wheatland Electric Cooperative, Inc. is an electric distribution system. The Cooperative grants credit to customers, substantially all are local residents.

ACCOUNTING ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MATERIALS AND SUPPLIES

Materials and supplies are included in the financial statements at average cost. Usable material from plant retirements is returned to inventory at current average cost. A physical inventory is taken at least once each year.

DEFERRED DEBITS

Amortization of deferred charges is authorized by the Board of Trustees.

ELECTRIC ENERGY SALES

The Cooperative records an estimate of unbilled revenue for sales occurring between the last billing date and the end of the audit period.

INCOME TAX STATUS

The Cooperative has been granted exemption from federal income tax under Section 501(c)(12) of the Internal Revenue Code. Net margins are allocated to patrons.

The Cooperative evaluates the components of the annual test for maintenance of its tax-exempt status under section 501(c)(12) of the Internal Revenue Code of 1986, as amended. This process includes an analysis of whether the position the Cooperative takes with regard to a particular item of income would meet the definition of an uncertain tax position under Financial Accounting Standards Board Interpretation No. 48 (FSP FIN 48), Accounting for Uncertainty in Income Taxes, which is codified at FASB ASC 740, Income Taxes.

(3) ASSETS PLEDGED:

Substantially all assets are pledged as security for long-term debt to the National Rural Utilities Cooperative Finance Corporation (CFC).

(4) PLANT AND DEPRECIATION PROCEDURES:

Listed below are the major classes of plant as of December 31:

	<u>2012</u>	<u>2011</u>
Intangible plant	1,520.57	1,520.57
Transmission plant	21,980,972.57	21,502,610.46
Distribution plant	176,243,817.27	167,404,028.60
General plant	38,786,833.29	37,332,268.50
Wireless plant	1,451,633.10	1,240,014.98
Water plant	44,213,928.16	47,071,549.85
Plant in service	<u>282,678,704.96</u>	<u>274,551,992.96</u>
Construction work in progress	<u>4,171,327.85</u>	<u>1,523,058.43</u>
	286,850,032.81	276,075,051.39
Accumulated depreciation:		
Transmission plant	9,181,052.43	8,968,554.57
Distribution plant	45,006,176.30	44,424,820.06
General plant	20,411,185.23	18,614,477.87
Water & wireless plant	<u>5,477,910.75</u>	<u>4,050,942.46</u>
	80,076,324.71	76,058,794.96
Retirement work in progress	<u>(255,833.26)</u>	<u>(199,407.28)</u>
	79,820,491.45	75,859,387.68
Net Utility Plant	<u>207,029,541.36</u>	<u>200,215,663.71</u>
Depreciation expense:		
Transmission plant	477,571.74	441,460.10
Distribution plant	5,666,683.31	5,454,758.95
General plant	1,100,360.07	1,062,817.52
Water & wireless plant	<u>1,608,672.64</u>	<u>1,514,985.78</u>
Total Depreciation Expense	<u>8,853,287.76</u>	<u>8,474,022.35</u>

Provision has been made for depreciation of transmission plant and distribution plant on straight-line composite rates of 2.60% to 2.75%, and 3.28%, respectively.

General, Wireless and Water plant depreciation rates have been applied on a straight-line basis at rates, which will depreciate the assets over their estimated useful lives.

(5) INVESTMENTS AND OTHER PROPERTY:

At December 31, investments and other property included:

	<u>2012</u>	<u>2011</u>
Net investment in sales type leases (Note 13)	4,652,923.86	4,906,810.50
Notes receivable Tri-State G & T	17,550,034.50	16,971,622.25
Equities in other organizations	39,531,293.41	26,438,319.51
Restricted bond funds:		
Debt payment fund	1,599,232.66	1,860,908.27
Project fund	-	86.84
Total	<u>63,333,484.43</u>	<u>50,177,747.37</u>

The Cooperative has leased generation and transmission plant under sales type leases with Sunflower Electric Power Cooperative expiring in various years through 2029. Following is a summary of the components of the Cooperative's net investment in sales type leases at December 31:

	<u>2012</u>	<u>2011</u>
Total minimum lease payments to be received	10,812,581.60	10,812,581.60
Unearned income	<u>(5,821,068.62)</u>	<u>(5,482,479.50)</u>
Net Investment	<u>4,991,512.98</u>	<u>5,330,102.10</u>

Minimum lease payments to be received as of December 31, 2012 for the next five years are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Minimum</u> <u>Lease Payment</u>
2013	845,000
2014	800,000
2015	770,000
2016	770,000
2017	770,000

The Cooperative transferred ownership of its investment in water rights/development to the City of Garden City, Kansas in consideration for the proceeds of a \$7,500,000 Revenue Bond issued by the City. The Cooperative is leasing the water plant from the City - a capital lease - and has agreed to pay the debt service on the Revenue Bonds (See Note 7). At the conclusion of payment of the Revenue Bonds the Cooperative will own the water plant.

At December 31, equities in other organizations are as follows:

	<u>2012</u>	<u>2011</u>
Federated Rural Electric Insurance Exchange		
Capital equity	328,025.81	356,616.81
National Rural Utilities Cooperative Finance Corporation		
Membership	1,000.00	1,000.00
Capital term certificates, 5% maturing through 2080	1,228,318.00	1,228,318.00
Loan term certificates, 3% maturing through 2030	162,950.00	162,950.00
Zero term certificates maturing through 2022	3,336,856.24	3,610,641.54
Capital credits	2,491,030.74	2,235,282.51
Kansas Electric Cooperatives, Inc.		
Investment	117,897.42	117,897.42
Sunflower Electric Power Corp.		
Membership	1,000.00	1,000.00
Equity contribution	1,683,000.00	1,683,000.00
Capital credits	23,262,574.08	11,189,812.76
MKEC		
Investment	6,787,477.28	5,758,854.20
Finney County Rural Water District		
Promissory Note	9,402.06	9,402.06
Other organizations	121,761.78	83,544.21
Total	<u>39,531,293.41</u>	<u>26,438,319.51</u>

(6) DEFERRED DEBITS:

At December 31, deferred debits were as follows:

	<u>2012</u>	<u>2011</u>
Bond issue costs	413,788.55	460,212.68
Loan acquisition fee	475,473.94	510,957.04
Prepaid employee benefits	320,984.02	536,203.58
Total	<u>1,210,246.51</u>	<u>1,507,373.30</u>

(7) PATRONAGE CAPITAL:

At December 31, patronage capital consisted of:

	<u>2012</u>	<u>2011</u>
Assignable	17,079,613.26	1,221,909.42
Assigned to date	<u>52,278,004.78</u>	<u>52,278,004.78</u>
Patronage capital	69,357,618.04	53,499,914.20
Less: Retirements to date	<u>(10,678,397.85)</u>	<u>(10,648,053.45)</u>
Subtotal	58,679,220.19	42,851,860.75
Less: Capital credits gain	<u>(875,025.80)</u>	<u>(845,222.41)</u>
Total	<u><u>57,804,194.39</u></u>	<u><u>42,006,638.34</u></u>

Other equities were as follows:

	<u>2012</u>	<u>2011</u>
Donated capital	6,371.96	4,433.30
Capital credits - gain	<u>875,025.80</u>	<u>845,222.41</u>
Total	<u><u>881,397.76</u></u>	<u><u>849,655.71</u></u>

Under the provisions of the mortgage agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The equities and margins of the Cooperative represent 19.98% of the total assets at balance sheet date.

(8) LONG-TERM LIABILITIES:

Lien accommodations have been executed with CFC. Long-term debt is represented by mortgage notes payable to CFC.

Following is a summary of outstanding long-term debt as of December 31:

	<u>2012</u>	<u>2011</u>
RUS, USDA Rural Development	1,014,212.65	1,152,682.00
CFC, 2.85% to 4.05% notes maturing through 2045	190,039,215.04	199,608,211.25
Garden City Water Supply Revenue Bonds	<u>15,335,000.00</u>	<u>16,745,000.00</u>
Subtotal	206,388,427.69	217,505,893.25
Less: Current maturities	<u>6,848,600.00</u>	<u>7,726,000.00</u>
Total	<u><u>199,539,827.69</u></u>	<u><u>209,779,893.25</u></u>

Unadvanced loan funds of \$40,000,000 are available to the Cooperative through power vision loan commitments with CFC as of the audit date. Principal and interest installments during the next year amount to approximately \$14,000,000, on the CFC notes.

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2003 in the original amount of \$7,500,000. The bonds are dated April 15, 2003 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2013	4.80%	530,000
2014	5.00%	555,000
2015	5.25%	585,000
2016	5.25%	615,000
2017	5.25%	650,000
2018	5.25%	680,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2005 in the original amount of \$7,500,000. The bonds are dated July 1, 2005 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2013	4.30%	485,000
2014	4.40%	505,000
2015	4.50%	530,000
2016	5.00%	555,000
2017	5.00%	580,000
2018	5.00%	610,000
2019	5.00%	640,000
2020	5.00%	670,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2011 in the original amount of \$8,000,000. The bonds are dated December 21, 2011 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2013	3.50%	415,000
2014	3.75%	430,000
2015	4.00%	445,000
2016	4.30%	445,000
2017	4.60%	485,000
2016	5.10%	505,000
2017	5.50%	530,000
2018	6.50%	560,000
2019	6.50%	590,000
2020	6.50%	625,000
2021	6.50%	670,000
2022	6.50%	710,000
2023	6.50%	755,000

As of December 31, 2012, annual maturities of long-term debt outstanding for the next five years are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2013	6,848,600
2014	7,055,100
2015	7,275,900
2016	7,462,200
2017	7,723,200

(9) LINE OF CREDIT:

The Cooperative has a \$15,000,000 line of credit with CFC. At December 31, 2012, \$9,233,521.10 was advanced on this line of credit and included in current liabilities on the balance sheet.

(10) DEFERRED CREDITS:

At December 31, deferred credits were as follows:

	<u>2012</u>	<u>2011</u>
Customers' energy prepayments	276,104.63	316,347.24
Credits from MKEC	368,343.02	368,343.02
Aquila transaction fee	114,121.80	114,121.80
Advances for construction	95,362.38	95,362.38
Total	<u>853,931.83</u>	<u>894,174.44</u>

(11) PENSION PLAN:

The Cooperative employees participate in the National Rural Electric Cooperative Association (NRECA) Retirement & Security Plan (RS Plan), a defined benefit pension plan qualified under section 401 and tax-exempt under section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. The Cooperative makes annual contributions to the RS Plan equal to the amounts accrued for pension expense. This multi-employer plan is available to member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared with a single employer plan is that all plan assets are available to pay benefits of any plan participants. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers.

The Cooperative's contributions to the RS Plan in 2012 and in 2011 represented less than 5 percent of the total contributions made to the plan by all participating employers. The Cooperative made contributions to the plan for the years ended December 31, 2012 and 2011 of approximately \$1,706,215 and \$1,594,209, respectively. There have been no significant changes that affect the comparability of 2012 and 2011 contributions.

In the RS Plan, a “zone status” determination is not required, and therefore not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the Retirement Security Plan was between 65 and 80 percent funded at January 1, 2012 and January 1, 2011 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

The Cooperative has a 401(k) savings plan for all employees. The Cooperative’s 401(k) contributions amounted to approximately \$501,643 and \$469,484 for the years ended December 31, 2012 and 2011, respectively.

(12) COMMITMENTS/RELATED PARTY TRANSACTIONS:

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from Sunflower Electric Power Corporation, Hays, Kansas, until April 1, 2021. The rates paid for such purchases are subject to review annually. Following is a summary of transactions and balances with the affiliate for the years ended December 31:

	<u>2012</u>	<u>2011</u>
Cost of power purchased	80,056,012	76,214,388
Due to Sunflower (included in the accompanying balance sheets)	4,179,721	3,965,198
Note receivable (including current receivable)	4,991,513	5,330,102
Lease and rental charges to Sunflower	845,441	921,924

(13) FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these instruments.

Sales type leases: The carrying amount approximates fair value due to the discount used.

Long-term debt: The fair value of most of the Cooperative’s long-term debt is approximately the same as the recorded amount.

(14) LOAN GUARANTEE:

The Cooperative is a 18.45677% owner of MKEC and has a loan guarantee on MKEC’s \$114,843,848 outstanding loan balance and the credit facility.

(15) SUBSEQUENT EVENTS:

Management has evaluated potential subsequent event disclosures for the period December 31, 2012 through the date of the audit report and determined that there were no subsequent events identified that require disclosure in the financial statements under SFAS No. 165, Subsequent Events, as codified at FASB ASC 855-10.

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
50 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Wheatland Electric Cooperative, Inc. as of and for the years ended December 31, 2012 and 2011, and have issued our report thereon dated May 21, 2013. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Wheatland Electric Cooperative, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Wheatland Electric Cooperative, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wheatland Electric Cooperative, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Wheatland Electric Cooperative, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Trustees, management, the RUS, and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC

May 21, 2013

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
50 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

We have audited the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2012, and have issued our report thereon dated May 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2012, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Wheatland Electric Cooperative, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement and maintenance or other expense accounts.

COMMENTS ON COMPLIANCE WITH SPECIFIC PROVISIONS

The borrower's Form 7, Financial and Statistical Report, as of December 31, 2012, as submitted to CFC is in agreement with Wheatland Electric Cooperative, Inc.'s audited records in all material respects, and appears reasonable based upon the audit procedures performed.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Wheatland Electric Cooperative, Inc., nothing came to our attention that caused us to believe that Wheatland Electric Cooperative, Inc. failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts;
- The clearing of the construction accounts and the accrual of depreciation on completed construction;
- The retirement of plant;
- Approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2012, in the financial statements referenced in the first paragraph of this report ; and
- The depreciation rates.

This report is intended solely for the information and use of the Board of Trustees, management, CFC and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 21, 2013

Electric Cooperative Utility 2011 Annual Report

To The
State of Kansas



State Corporation Commission

for the year ending December 31, 2011

WHEATLAND WATER TREATMENT PLANT A DIVISION OF WHEATLAND ELECTRIC COOPERATIVE, INC.
(Exact legal name of respondent) (If name was changed during year, show also name and date of change)

101 MAIN STREET, SCOTT CITY, KS 67871

(Address of principal business office at the end of the year)

Area Code 620 Telephone 872-5885 Federal ID Number 48-0532188

Gross operating revenues derived from
Kansas intrastate operations

\$ 2,396,660

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INCOME STATEMENT					
Account Name	Ref. Page No.	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$ _____	\$ _____	\$ _____	\$ _____
Commercial		\$ <u>2,396,660</u>	\$ _____	\$ _____	\$ <u>2,396,660</u>
Industrial.....		\$ _____	\$ _____	\$ _____	\$ _____
Multiple Family		\$ _____	\$ _____	\$ _____	\$ _____
Guaranteed Revenues		\$ _____	\$ _____	\$ _____	\$ _____
Other (Specify)		\$ _____	\$ _____	\$ _____	\$ _____
Total Gross Revenue	W-3	\$ <u>2,396,660</u>	\$ _____	\$ _____	\$ <u>2,396,660</u>
Operation Expense	S-3	\$ <u>2,161,068</u>	\$ _____	\$ _____	\$ <u>2,161,068</u>
Depreciation Expense	F-5	\$ <u>828,648</u>	\$ _____	\$ _____	\$ <u>828,648</u>
Amortization Expense		\$ <u>166,839</u>	\$ _____	\$ _____	\$ <u>166,839</u>
Taxes Other Than Income	F-7	\$ <u>319,949</u>	\$ _____	\$ _____	\$ <u>319,949</u>
Income Taxes.....	F-7	\$ _____	\$ _____	\$ _____	\$ _____
Total Operating Expense		\$ <u>3,476,504</u>	\$ _____	\$ _____	\$ <u>3,476,504</u>
Net Operating Income (Loss)		\$ <u>(1,079,844)</u>	\$ _____	\$ _____	\$ <u>(1,079,844)</u>
Other Income:		\$ _____	\$ _____	\$ _____	\$ _____
Nonutility Income.....		\$ <u>138,967</u>	\$ _____	\$ _____	\$ <u>138,967</u>
Interest Income		\$ <u>4,726</u>	\$ _____	\$ _____	\$ <u>4,726</u>
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
Other Deductions:					
Miscellaneous Nonutility Exp.....		\$ _____	\$ _____	\$ _____	\$ _____
Interest Expenses.....		\$ <u>1,029,685</u>	\$ _____	\$ _____	\$ <u>1,029,685</u>
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
_____		\$ _____	\$ _____	\$ _____	\$ _____
Net Income (Loss).....		\$ <u>(1,965,836)</u>	\$ _____	\$ _____	\$ <u>(1,965,836)</u>

COMPARATIVE BALANCE SHEET			
Account Name	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant In Service (101-105).....	F-5, W-1, S-1	\$ <u>30,985,502</u>	\$ <u>30,018,157</u>
Accumulated Depreciation and Amortization (108).....	F-5, W-2, S-3	\$ <u>(3,508,433)</u>	\$ <u>(2,679,785)</u>
Net Utility Plant.....		\$ <u>27,477,069</u>	\$ <u>27,338,372</u>
Cash.....		\$ _____	\$ _____
Customer Accounts Receivable (141).....		\$ <u>180,876</u>	\$ <u>182,255</u>
Other Assets (Specify)			
Materials and Supplies		\$ <u>154,599</u>	\$ <u>197,695</u>
Notes Receivable		\$ <u>644,367</u>	\$ <u>646,318</u>
Other Accounts Receivable		\$ <u>248,827</u>	\$ <u>252,460</u>
Other Special Deposits		\$ <u>2,341,456</u>	\$ <u>10,259,922</u>
		\$ _____	\$ _____
Total Assets		\$ <u>31,047,194</u>	\$ <u>38,877,022</u>
Liabilities and Capital:			
Common Stock Issued (201).....	F-6	\$ _____	\$ _____
Preferred Stock Issued (204)	F-6	\$ _____	\$ _____
Other Paid in Capital (211).....		\$ _____	\$ _____
Retained Earnings (215)	F-6	\$ _____	\$ _____
Proprietary Capital			
(Proprietary and partnership only) (218)	F-6	\$ _____	\$ _____
Total Capital		\$ _____	\$ _____
Long-Term Debt (224).....	F-6	\$ <u>22,661,774</u>	\$ <u>25,422,661</u>
Accounts Payable (231)		\$ <u>137,201</u>	\$ <u>60,369</u>
Notes Payable (232)		\$ _____	\$ _____
Customer Deposits (235)		\$ _____	\$ _____
Accrued Taxes (236).....		\$ <u>49,638</u>	\$ <u>128,343</u>
Other Liabilities (Specify)		\$ _____	\$ _____
Accrued Interest		\$ <u>258,221</u>	\$ <u>123,167</u>
Advances from Associated Companies		\$ <u>7,884,149</u>	\$ <u>13,085,348</u>
Employee Benefits		\$ <u>56,211</u>	\$ <u>57,134</u>
		\$ _____	\$ _____
Advances for Construction		\$ _____	\$ _____
Contribution In Aid of Construction-Net (271-272)	F-7	\$ _____	\$ _____
Total Liabilities and Capital		\$ <u>31,047,194</u>	\$ <u>38,877,022</u>

WHEATLAND ELECTRIC COOPERATIVE, INC.

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

January 1, 2011 to December 31, 2011

WHEATLAND ELECTRIC COOPERATIVE, INC.

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WHEATLAND ELECTRIC COOPERATIVE, INC.

BOARD OF TRUSTEES AND MANAGER

Wes Campbell	President	Garden City, Kansas
Dave Lowe	Vice President	Caldwell, Kansas
Patrick Riley	Secretary	Syracuse, Kansas
Dan Bonine	Treasurer	Great Bend, Kansas
Charles Ayers	Trustee	Leoti, Kansas
Donald E. Hedges	Trustee	Scott City, Kansas
Lawrence Houston	Trustee	Tribune, Kansas
Roe Johnson	Trustee	Tribune, Kansas
Ron Davis	Trustee	Syracuse, Kansas
William Barnes	Trustee	Caldwell, Kansas
Robert Hiss	Trustee	Great Bend, Kansas
Vic Case	Trustee	Leoti, Kansas
Neil K. Norman	Manager	Scott City, Kansas

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
Over 45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of Wheatland Electric Cooperative, Inc. as of December 31, 2011 and 2010, and the related statements of revenue and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of Wheatland Electric Cooperative, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wheatland Electric Cooperative, Inc. as of December 31, 2011 and 2010, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 31, 2012

WHEATLAND ELECTRIC COOPERATIVE, INC.

COMPARATIVE BALANCE SHEETS - DECEMBER 31

ASSETS (Notes 1 & 2)		
	<u>2011</u>	<u>2010</u>
UTILITY PLANT (Note 3)		
Plant	\$ 276,075,051.39	\$ 272,889,943.50
Depreciation	75,859,387.68	71,372,099.13
Depreciated Value	<u>200,215,663.71</u>	<u>201,517,844.37</u>
INVESTMENTS AND OTHER PROPERTY (Note 4)	<u>50,177,747.37</u>	<u>45,858,057.65</u>
CURRENT ASSETS		
Cash and cash equivalents	11,417,828.35	9,236,297.40
Receivables (Less provision for uncollectible accounts of \$188,225.51 in current period and \$183,240.37 in prior period)	15,068,881.64	14,040,960.01
Materials	4,315,506.93	4,312,572.92
Prepayments and deferred charges	918,343.86	758,205.98
Total	<u>31,720,560.78</u>	<u>28,348,036.31</u>
DEFERRED DEBITS (Note 5)	<u>1,507,373.30</u>	<u>1,749,953.47</u>
TOTAL ASSETS	<u><u>\$ 283,621,345.16</u></u>	<u><u>\$ 277,473,891.80</u></u>
LIABILITIES AND CAPITAL		
	<u>2011</u>	<u>2010</u>
CAPITAL EQUITIES (Note 6)		
Patronage capital	\$ 42,006,638.34	\$ 28,401,856.93
Other equities	849,655.71	811,657.36
Total	<u>42,856,294.05</u>	<u>29,213,514.29</u>
LONG-TERM LIABILITIES (Note 7)	<u>209,779,893.25</u>	<u>205,943,432.17</u>
CURRENT LIABILITIES		
Current maturities of long-term debt	7,726,000.00	6,027,000.00
Accounts payable	16,733,548.96	30,380,413.78
Accrued expenses	2,761,211.12	2,578,504.64
Accrued taxes	2,335,924.27	1,766,330.43
Customer deposits	534,299.07	543,086.10
Total	<u>30,090,983.42</u>	<u>41,295,334.95</u>
DEFERRED CREDITS (Note 9)	<u>894,174.44</u>	<u>1,021,610.39</u>
COMMITMENTS/RELATED PARTY TRANSACTIONS (Note 11)		
TOTAL LIABILITIES AND CAPITAL	<u><u>\$ 283,621,345.16</u></u>	<u><u>\$ 277,473,891.80</u></u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL FOR THE YEARS ENDED - DECEMBER 31

	<u>2011</u>	<u>2010</u>
OPERATING REVENUE		
Electric energy revenue	\$ 105,967,988.28	\$ 99,872,002.50
Miscellaneous electric revenue	493,281.65	478,922.29
Total Operating Revenue	<u>106,461,269.93</u>	<u>100,350,924.79</u>
OPERATING REVENUE DEDUCTIONS		
Cost of power purchased	76,214,387.95	71,617,069.35
Operating expenses - distribution	3,497,911.66	3,400,984.71
Maintenance of distribution plant	2,242,015.24	2,149,180.74
Accounting and collection expenses	1,482,463.89	1,345,306.60
Other customer expenses	227,467.18	213,676.12
Administrative and general	10,644,152.38	10,662,031.31
Depreciation	8,474,022.35	7,197,073.67
Taxes	4,003,315.15	3,579,133.92
Total Operating Revenue Deductions	<u>106,785,735.80</u>	<u>100,164,456.42</u>
Electric Operating Margin	(324,465.87)	186,468.37
Less: Interest on long-term debt	6,807,945.97	7,169,689.25
Operating margin before capital credits	<u>(7,132,411.84)</u>	<u>(6,983,220.88)</u>
G & T and other capital credits	11,988,535.53	926,288.23
Operating Margin	<u>4,856,123.69</u>	<u>(6,056,932.65)</u>
Interest revenue	1,096,840.66	1,173,337.67
Other revenue	7,904,761.67	6,596,677.35
Nonoperating Margin	<u>9,001,602.33</u>	<u>7,770,015.02</u>
NET MARGIN	13,857,726.02	1,713,082.37
Patronage Capital - Beginning of Year	29,207,153.42	27,576,808.77
Subtotal	43,064,879.44	29,289,891.14
Retirement of capital credits	(213,018.69)	(82,737.72)
PATRONAGE CAPITAL - END OF YEAR (Note 6)	<u>\$ 42,851,860.75</u>	<u>\$ 29,207,153.42</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED - DECEMBER 31

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margin	\$ 13,857,726.02	\$ 1,713,082.37
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	8,474,022.35	7,197,073.67
Depreciation charged to clearing	727,959.24	142,796.81
Loss (Income) from subsidiary companies	(897,286.70)	(1,056,113.00)
Patronage capital credits assigned by associated organizations	(11,988,535.53)	(926,288.23)
Decrease (Increase) In:		
Receivables (net)	(1,024,444.30)	2,708,947.92
Prepaid expenses	(160,137.88)	62,471.51
Interest receivable	(3,477.33)	3,315.36
Deferred debits	242,580.17	30,720.82
Increase (Decrease) In:		
Notes payable	(14,622,530.58)	2,009,400.00
Accounts payable	975,665.76	(3,352,181.48)
Accrued liabilities	752,300.32	(139,374.37)
Customer deposits	(8,787.03)	20,339.78
Deferred credits	(127,435.95)	(608,383.69)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(3,802,381.44)</u>	<u>7,805,807.47</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in plant (net)	(7,899,800.93)	(11,857,309.78)
Decrease (Increase) in materials inventory	(2,934.01)	157,539.95
Decrease (Increase) in other investments	13,077,330.77	(8,354,945.33)
Payments received from associated organizations	395,612.24	470,510.89
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>5,570,208.07</u>	<u>(19,584,204.27)</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED - DECEMBER 31

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowing	12,500,000.00	17,192,085.09
Principal payments on long-term debt	(6,964,538.92)	(5,769,169.02)
Increase (Decrease) in other capital	(1,927.57)	2,298.88
Capital refunds to members	(213,018.69)	(82,737.72)
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	<u>5,320,514.82</u>	<u>11,342,477.23</u>
 NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	7,088,341.45	(435,919.57)
 CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	<u>9,236,297.40</u>	<u>9,672,216.97</u>
END OF YEAR	<u>\$ 16,324,638.85</u>	<u>\$ 9,236,297.40</u>
 SUPPLEMENTAL DISCLOSURE OF		
CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 7,335,434.81	\$ 8,190,714.07
Cash paid during the year for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011 AND 2010

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

UTILITY PLANT

The Cooperative employs the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and the work order procedures suggested by the Rural Development Utilities Programs (RUS).

INVESTMENTS AND OTHER PROPERTY

Investments are generally included in the financial statements at cost. Equities in other organizations are included at face value of related certificates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Provision is made for accounts deemed uncollectible.

CONCENTRATION OF CREDIT RISK

Wheatland Electric Cooperative, Inc. is an electric distribution system. The Cooperative grants credit to customers, substantially all are local residents.

ACCOUNTING ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MATERIALS AND SUPPLIES

Materials and supplies are included in the financial statements at average cost. Usable material from plant retirements is returned to inventory at current average cost. A physical inventory is taken at least once each year.

DEFERRED DEBITS

Amortization of deferred charges is authorized by the Board of Trustees.

ELECTRIC ENERGY SALES

The Cooperative records an estimate of unbilled revenue for sales occurring between the last billing date and the end of the audit period.

INCOME TAX STATUS

The Cooperative has been granted exemption from Federal income tax under Section 501(c)(12) of the Internal Revenue Code. Net margins are allocated to patrons.

The Cooperative evaluates the components of the annual test for maintenance of its tax-exempt status under section 501(c)(12) of the Internal Revenue Code of 1986, as amended. This process includes an analysis of whether the position the Cooperative takes with regard to a particular item of income would meet the definition of an uncertain tax position under Financial Accounting Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

(2) ASSETS PLEDGED:

Substantially all assets are pledged as security for long-term debt to the National Rural Utilities Cooperative Finance Corporation (CFC).

(3) PLANT AND DEPRECIATION PROCEDURES:

Listed below are the major classes of plant as of December 31:

	<u>2011</u>	<u>2010</u>
Intangible plant	1,520.57	1,520.57
Transmission plant	21,502,610.46	20,291,582.39
Distribution plant	167,404,028.60	163,406,635.66
General plant	37,332,268.50	35,221,344.08
Wireless plant	1,240,014.98	1,186,179.16
Water plant	47,071,549.85	49,169,881.53
Plant in service	274,551,992.96	269,277,143.39
Construction work in progress	1,523,058.43	3,612,800.11
Total	<u>276,075,051.39</u>	<u>272,889,943.50</u>

Provision has been made for depreciation of transmission plant and distribution plant on straight-line composite rates of 2.60% to 2.75%, and 3.28%, respectively.

General, Wireless and Water plant depreciation rates have been applied on a straight-line basis at rates, which will depreciate the assets over their estimated useful lives.

(4) INVESTMENTS AND OTHER PROPERTY:

At December 31, investments and other property included:

	<u>2011</u>	<u>2010</u>
Net investment in sales type leases (Note 11)	4,906,810.50	5,362,940.58
Notes receivable Tri-State G & T	16,971,622.25	16,437,703.25
Economic development loan:		
Twenty-First Century Dairies Cooperative, 9.50%	-	158,213.80
Equities in other organizations	26,438,319.51	14,138,342.98
Restricted bond funds:		
Debt payment fund	1,860,908.27	1,872,857.04
Project fund	<u>86.84</u>	<u>7,888,000.00</u>
Total	<u><u>50,177,747.37</u></u>	<u><u>45,858,057.65</u></u>

The Cooperative has leased generation and transmission plant under sales type leases with Sunflower Electric Power Cooperative expiring in various years through 2029. Following is a summary of the components of the Cooperative's net investment in sales type leases at December 31:

	<u>2011</u>	<u>2010</u>
Total minimum lease payments to be received	10,812,581.60	11,268,711.70
Unearned income	<u>(5,482,479.50)</u>	<u>(5,905,771.12)</u>
Net Investment	<u><u>5,330,102.10</u></u>	<u><u>5,362,940.58</u></u>

Minimum lease payments to be received as of December 31, 2011 for the next five years are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Minimum</u> <u>Lease Payment</u>
2012	845,000
2013	800,000
2014	770,000
2015	750,000
2016	740,000

The Cooperative transferred ownership of its investment in water rights/development to the City of Garden City, Kansas in consideration for the proceeds of a \$7,500,000 Revenue Bond issued by the City. The Cooperative is leasing the water plant from the City - a capital lease - and has agreed to pay the debt service on the Revenue Bonds (See Note 7). At the conclusion of payment of the Revenue Bonds the Cooperative will own the water plant.

At December 31, equities in other organizations are as follows:

	<u>2011</u>	<u>2010</u>
Federated Rural Electric Insurance Exchange		
Capital equity	356,616.81	332,454.81
National Rural Utilities Cooperative Finance Corporation		
Membership	1,000.00	1,000.00
Capital term certificates, 5% maturing through 2080	1,228,318.00	1,228,318.00
Loan term certificates, 3% maturing through 2030	162,950.00	162,950.00
Zero term certificates maturing through 2022	3,610,641.54	3,627,880.20
Capital credits	2,235,282.51	1,871,253.07
Kansas Electric Cooperatives, Inc.		
Investment	117,897.42	117,897.42
Sunflower Electric Power Corp.		
Membership	1,000.00	1,000.00
Equity contribution	1,683,000.00	1,683,000.00
Capital credits	11,189,812.76	-
MKEC		
Investment	5,758,854.20	5,034,169.08
Finney County Rural Water District		
Promissory Note	9,402.06	9,402.06
Other organizations	83,544.21	69,018.34
Total	<u>26,438,319.51</u>	<u>14,138,342.98</u>

(5) DEFERRED DEBITS:

At December 31, deferred debits were as follows:

	<u>2011</u>	<u>2010</u>
Bond issue costs	460,212.68	487,951.45
Loan acquisition fee	510,957.04	553,536.76
Prepaid employee benefits	536,203.58	708,465.26
Total	<u>1,507,373.30</u>	<u>1,749,953.47</u>

(6) PATRONAGE CAPITAL:

At December 31, patronage capital consisted of:

	<u>2011</u>	<u>2010</u>
Assignable	1,221,909.42	(12,635,816.60)
Assigned to date	<u>52,278,004.78</u>	<u>52,278,004.78</u>
Patronage capital	53,499,914.20	39,642,188.18
Less: Retirements to date	<u>(10,648,053.45)</u>	<u>(10,435,034.76)</u>
Subtotal	42,851,860.75	29,207,153.42
Less: Capital credits gain	<u>(845,222.41)</u>	<u>(805,296.49)</u>
Total	<u>42,006,638.34</u>	<u>28,401,856.93</u>

Other equities were as follows:

	<u>2011</u>	<u>2010</u>
Donated capital	4,433.30	6,360.87
Capital credits - gain	<u>845,222.41</u>	<u>805,296.49</u>
Total	<u>849,655.71</u>	<u>811,657.36</u>

Under the provisions of the mortgage agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The equities and margins of the Cooperative represent 15.11% of the total assets at balance sheet date.

(7) LONG-TERM LIABILITIES:

Lien accommodations have been executed with CFC. Long-term debt is represented by mortgage notes payable to CFC.

Following is a summary of outstanding long-term debt as of December 31:

	<u>2011</u>	<u>2010</u>
RUS, USDA Rural Development	1,152,682.00	1,279,906.00
CFC, 2.85% to 3.55% notes maturing through 2045	199,608,211.25	187,403,441.08
Variable rate notes maturing through 2045	-	5,192,085.09
Garden City Water Supply Revenue Bonds	<u>16,745,000.00</u>	<u>18,095,000.00</u>
Subtotal	<u>217,505,893.25</u>	<u>211,970,432.17</u>
Less: Current maturities	<u>7,726,000.00</u>	<u>6,027,000.00</u>
Total	<u><u>209,779,893.25</u></u>	<u><u>205,943,432.17</u></u>

Unadvanced loan funds of \$2,500,000 are available to the Cooperative on a loan commitment with CFC as of the audit date.

Principal and interest installments during the next year amount to approximately \$15,000,000, on the CFC notes.

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2003 in the original amount of \$7,500,000. The bonds are dated April 15, 2003 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2012	4.60%	505,000
2013	4.80%	530,000
2014	5.00%	555,000
2015	5.25%	585,000
2016	5.25%	615,000
2017	5.25%	650,000
2018	5.25%	680,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2005 in the original amount of \$7,500,000. The bonds are dated July 1, 2005 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2012	4.20%	465,000
2013	4.30%	485,000
2014	4.40%	505,000
2015	4.50%	530,000
2016	5.00%	555,000
2017	5.00%	580,000
2018	5.00%	610,000
2019	5.00%	640,000
2020	5.00%	670,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2010 in the original amount of \$8,000,000. The bonds are dated December 21, 2010 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2012	3.25%	400,000
2013	3.50%	415,000
2014	3.75%	430,000
2015	4.00%	445,000
2016	4.30%	445,000
2016	4.60%	485,000
2017	5.10%	505,000
2018	5.50%	530,000
2019	6.50%	560,000
2020	6.50%	590,000
2021	6.50%	625,000
2022	6.50%	670,000
2023	6.50%	710,000
2024	6.50%	755,000

As of December 31, 2011, annual maturities of long-term debt outstanding for the next five years are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2012	7,726,000
2013	6,264,500
2014	6,491,000
2015	6,746,700
2016	6,966,800

(8) LINE OF CREDIT:

The Cooperative has a \$15,000,000 line of credit with CFC. At December 31, 2011, \$9,260,146.18 was advanced on this line of credit.

(9) DEFERRED CREDITS:

At December 31, deferred credits were as follows:

	<u>2011</u>	<u>2010</u>
Customers' energy prepayments	316,347.24	280,305.66
Credits from MKEC	368,343.02	529,487.48
Aquila transaction fee	114,121.80	114,121.80
Advances for construction	95,362.38	97,695.45
Total	<u>894,174.44</u>	<u>1,021,610.39</u>

(10) PENSION PLAN:

The Cooperative has a noncontributory defined benefit pension plan for employees of Wheatland Electric. The plan is administered by the National Rural Electric Cooperative Association (NRECA) through a trustee, whereby annuities will be available to participants in the plan effective upon retirement. The Cooperative makes annual contributions to the plan equal to the amounts accrued for pension expense. In this master multi-employer plan, which is available to all members of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. It is a funded plan and pension costs for the years ended December 31, 2011 and 2010, amounted to approximately \$1,198,450.20 and \$1,468,000, respectively.

The Cooperative has a 401(k) savings plan for all employees. The Cooperative's 401(k) contributions amounted to approximately \$469,484 and \$447,700 for the years ended December 31, 2011 and 2010, respectively.

(11) COMMITMENTS/RELATED PARTY TRANSACTIONS:

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from Sunflower Electric Power Corporation, Hays, Kansas, until May 10, 2021. The rates paid for such purchases are subject to review annually. Following is a summary of transactions and balances with the affiliate for the years ended December 31:

	<u>2011</u>	<u>2010</u>
Cost of power purchased	76,214,388	71,617,069
Due to Sunflower (included in the accompanying balance sheets)	3,965,198	3,583,719
Note receivable (including current receivable)	5,330,102	5,760,465
Lease and rental charges to Sunflower	921,924	976,181

(12) FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these instruments.

Sales type leases: The carrying amount approximates fair value due to the discount used.

Long-term debt: The fair value of most of the Cooperative's long-term debt is approximately the same as the recorded amount.

(13) LOAN GUARANTEE:

The Cooperative is a 18.45677% owner of MKEC and has loan guarantee on MKEC's \$118,358,220.87 outstanding loan balance and the credit facility. The MKEC credit facility is for \$20,000,000 of which \$10,225,000 had been used to issue letters of credit against.

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Over 45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Wheatland Electric Cooperative, Inc. as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 31, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Wheatland Electric Cooperative, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Wheatland Electric Cooperative, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wheatland Electric Cooperative, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Wheatland Electric Cooperative, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Trustees, management, the RUS, and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 31, 2012

SCHMIDT & COMPANY LLC

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Over 45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

We have audited the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2011, and have issued our report thereon dated May 31, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2011, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Wheatland Electric Cooperative, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement and maintenance or other expense accounts.

COMMENTS ON COMPLIANCE WITH SPECIFIC PROVISIONS

The borrower's Form 7, Financial and Statistical Report, as of December 31, 2011, as submitted to CFC is in agreement with Wheatland Electric Cooperative, Inc.'s audited records in all material respects, and appears reasonable based upon the audit procedures performed.

Water Utility
Class - C
(Gross Revenue of less than \$150,000)
2010 Annual Report

To The
State of Kansas



State Corporation Commission

for the year ending December 31, 2010

WHEATLAND WATER TREATMENT PLANT A DIVISION OF WHEATLAND ELECTRIC COOPERATIVE, INC.

(Exact legal name of respondent) (If name was changed during year, show also name and date of change)

101 MAIN STREET, SCOTT CITY, KS 67871

(Address of principal business office at the end of the year)

Area Code 620 Telephone 872-5885 Federal ID Number 48-0532188

Gross operating revenues derived from
Kansas intrastate operations

\$2,412,493

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INCOME STATEMENT					
Account Name	Ref. Page No.	Water	Sewer	Other	Total Company
Gross Revenue:					
Residential		\$	\$	\$	\$
Commercial.....		\$ 2,412,493	\$	\$	\$ 2,412,493
Industrial		\$	\$	\$	\$
Multiple Family		\$	\$	\$	\$
Guaranteed Revenues		\$	\$	\$	\$
Other (Specify).....		\$	\$	\$	\$
Total Gross Revenue.....	W-3	\$ 2,412,493	\$	\$	\$ 2,412,493
Operation Expense	S-3	\$ 2,354,877	\$	\$	\$ 2,354,877
Depreciation Expense.....	F-5	\$ 581,112	\$	\$	\$ 581,112
Amortization Expense.....		\$ 31,003	\$	\$	\$ 31,003
Taxes Other Than Income	F-7	\$ 305,114	\$	\$	\$ 305,114
Income Taxes	F-7	\$	\$	\$	\$
Total Operating Expense....		\$ 3,272,106	\$	\$	\$ 3,272,106
Net Operating Income (Loss).....		\$ (859,613)	\$	\$	\$ (859,613)
Other Income:		\$	\$	\$	\$
Nonutility Income		\$ 135,992	\$	\$	\$ 135,992
Interest Income		\$ 4,557	\$	\$	\$ 4,557
		\$	\$	\$	\$
		\$	\$	\$	\$
Other Deductions:					
Miscellaneous Nonutility Exp		\$	\$	\$	\$
Interest Expenses		\$ 1,023,874	\$	\$	\$ 1,023,874
		\$	\$	\$	\$
		\$	\$	\$	\$
		\$	\$	\$	\$
Net Income (Loss)		\$ (1,742,938)	\$	\$	\$ (1,742,938)

COMPARATIVE BALANCE SHEET			
Account Name	Reference Page	Current Year	Previous Year
Assets:			
Utility Plant In Service (101-105)	F-5, W-1, S-1	\$ <u>30,018,157</u>	\$ <u>27,399,415</u>
Accumulated Depreciation and Amortization (108)	F-5, W-2, S-3	\$ <u>(2,679,785)</u>	\$ <u>(2,098,672)</u>
Net Utility Plant		\$ <u>27,338,372</u>	\$ <u>25,300,743</u>
Cash		\$ _____	\$ _____
Customer Accounts Receivable (141)		\$ <u>182,255</u>	\$ <u>215,725</u>
Other Assets (Specify)			
Materials and Supplies		\$ <u>197,695</u>	\$ <u>208,820</u>
Notes Receivable		\$ <u>646,318</u>	\$ <u>648,701</u>
Other Accounts Receivable		\$ <u>252,460</u>	\$ <u>288,435</u>
Other Special Deposits		\$ <u>10,259,922</u>	\$ <u>1,787,592</u>
		\$ _____	\$ _____
Total Assets		\$ <u>38,877,022</u>	\$ <u>28,450,016</u>
Liabilities and Capital:			
Common Stock Issued (201)	F-6	\$ _____	\$ _____
Preferred Stock Issued (204)	F-6	\$ _____	\$ _____
Other Paid in Capital (211)		\$ _____	\$ _____
Retained Earnings (215)	F-6	\$ _____	\$ _____
Proprietary Capital			
(Proprietary and partnership only) (218)	F-6	\$ _____	\$ _____
Total Capital		\$ _____	\$ _____
Long-Term Debt (224)	F-6	\$ <u>25,422,661</u>	\$ <u>10,985,000</u>
Accounts Payable (231)		\$ <u>60,369</u>	\$ <u>82,667</u>
Notes Payable (232)		\$ _____	\$ _____
Customer Deposits (235)		\$ _____	\$ _____
Accrued Taxes (236)		\$ <u>128,343</u>	\$ <u>135,282</u>
Other Liabilities (Specify)		\$ _____	\$ _____
Accrued Interest		\$ <u>123,167</u>	\$ <u>176,702</u>
Advances from Associated Companies		\$ <u>13,085,348</u>	\$ <u>17,070,365</u>
Employee Benefits		\$ <u>57,134</u>	\$ _____
		\$ _____	\$ _____
Advances for Construction		\$ _____	\$ _____
Contribution In Aid of Construction-Net (271-272)	F-7	\$ _____	\$ _____
Total Liabilities and Capital		\$ <u>38,877,022</u>	\$ <u>28,450,016</u>

WHEATLAND ELECTRIC COOPERATIVE, INC.

**INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS**

January 1, 2010 to December 31, 2010

WHEATLAND ELECTRIC COOPERATIVE, INC.

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WHEATLAND ELECTRIC COOPERATIVE, INC.

BOARD OF TRUSTEES AND MANAGER

Wes Campbell	President	Garden City, Kansas
Dave Lowe	Vice President	Caldwell, Kansas
Patrick Riley	Secretary	Syracuse, Kansas
Dan Bonine	Treasurer	Great Bend, Kansas
Charles Ayers	Trustee	Leoti, Kansas
Donald E. Hedges	Trustee	Scott City, Kansas
Lawrence Houston	Trustee	Tribune, Kansas
Roe Johnson	Trustee	Tribune, Kansas
Ron Davis	Trustee	Syracuse, Kansas
William Barnes	Trustee	Caldwell, Kansas
Robert Hiss	Trustee	Great Bend, Kansas
Vic Case	Trustee	Leoti, Kansas
Neil K. Norman	Manager	Scott City, Kansas

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45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying balance sheets of Wheatland Electric Cooperative, Inc. as of December 31, 2010 and 2009, and the related statements of revenue and patronage capital and cash flows for the years then ended. These financial statements are the responsibility of Wheatland Electric Cooperative, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wheatland Electric Cooperative, Inc. as of December 31, 2010 and 2009, and the results of operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 6, 2011

WHEATLAND ELECTRIC COOPERATIVE, INC.

COMPARATIVE BALANCE SHEETS - DECEMBER 31

ASSETS (Notes 1 & 2)		<u>2010</u>	<u>2009</u>
UTILITY PLANT (Note 3)			
Plant		\$ 272,889,943.50	\$ 264,480,050.38
Depreciation		71,372,099.13	67,479,645.31
Depreciated Value		<u>201,517,844.37</u>	<u>197,000,405.07</u>
INVESTMENTS AND OTHER PROPERTY (Note 4)		<u>45,858,057.65</u>	<u>35,991,221.98</u>
CURRENT ASSETS			
Cash and cash equivalents		9,236,297.40	9,672,216.97
Receivables (Less provision for uncollectible accounts of \$183,240.37 in current period and \$96,168.25 in prior period)		14,040,960.01	16,753,223.29
Materials		4,312,572.92	4,470,112.87
Prepayments and deferred charges		758,205.98	820,677.49
Total		<u>28,348,036.31</u>	<u>31,716,230.62</u>
DEFERRED DEBITS (Note 5)		<u>1,749,953.47</u>	<u>1,780,674.29</u>
TOTAL ASSETS		<u><u>\$ 277,473,891.80</u></u>	<u><u>\$ 266,488,531.96</u></u>
LIABILITIES AND CAPITAL			
		<u>2010</u>	<u>2009</u>
CAPITAL EQUITIES (Note 6)			
Patronage capital		\$ 28,401,856.93	\$ 26,819,323.04
Other equities		811,657.36	761,547.72
Total		<u>29,213,514.29</u>	<u>27,580,870.76</u>
LONG-TERM LIABILITIES (Note 7)		<u>205,943,432.17</u>	<u>195,268,516.10</u>
CURRENT LIABILITIES			
Current maturities of long-term debt		6,027,000.00	5,279,000.00
Accounts payable		30,380,413.78	31,723,195.26
Accrued expenses		2,578,504.64	2,472,567.60
Accrued taxes		1,766,330.43	2,011,641.84
Customer deposits		543,086.10	522,746.32
Total		<u>41,295,334.95</u>	<u>42,009,151.02</u>
DEFERRED CREDITS (Note 9)		<u>1,021,610.39</u>	<u>1,629,994.08</u>
COMMITMENTS/RELATED PARTY TRANSACTIONS (Note 11)			
TOTAL LIABILITIES AND CAPITAL		<u><u>\$ 277,473,891.80</u></u>	<u><u>\$ 266,488,531.96</u></u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF REVENUE AND PATRONAGE CAPITAL FOR THE YEARS ENDED - DECEMBER 31

	<u>2010</u>	<u>2009</u>
OPERATING REVENUE		
Electric energy revenue	\$ 99,872,002.50	\$ 89,866,852.77
Miscellaneous electric revenue	478,922.29	464,884.08
Total Operating Revenue	<u>100,350,924.79</u>	<u>90,331,736.85</u>
OPERATING REVENUE DEDUCTIONS		
Cost of power purchased	71,617,069.35	63,369,216.79
Operating expenses - transmission	-	68,929.25
Operating expenses - distribution	3,400,984.71	3,112,339.08
Maintenance of distribution plant	2,149,180.74	1,905,294.02
Accounting and collection expenses	1,345,306.60	1,360,957.10
Other customer expenses	213,676.12	85,301.74
Administrative and general	10,662,031.31	9,255,196.01
Depreciation	7,197,073.67	6,991,635.98
Taxes	3,579,133.92	3,257,864.23
Total Operating Revenue Deductions	<u>100,164,456.42</u>	<u>89,406,734.20</u>
Electric Operating Margin	186,468.37	925,002.65
Less: Interest on long-term debt	7,169,689.25	8,828,388.06
Operating margin before capital credits	<u>(6,983,220.88)</u>	<u>(7,903,385.41)</u>
G & T and other capital credits	926,288.23	793,558.56
Operating Margin	<u>(6,056,932.65)</u>	<u>(7,109,826.85)</u>
Interest revenue	1,173,337.67	1,280,365.12
Other revenue	6,596,677.35	6,723,733.84
Nonoperating Margin	<u>7,770,015.02</u>	<u>8,004,098.96</u>
NET MARGIN	1,713,082.37	894,272.11
Patronage Capital - Beginning of Year	27,576,808.77	26,739,609.90
Subtotal	29,289,891.14	27,633,882.01
Retirement of capital credits	(82,737.72)	(57,073.24)
PATRONAGE CAPITAL - END OF YEAR (Note 6)	<u>\$ 29,207,153.42</u>	<u>\$ 27,576,808.77</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED - DECEMBER 31

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net margin	\$ 1,713,082.37	\$ 894,272.11
Adjustments to reconcile net margin to net cash provided by operating activities:		
Depreciation	7,197,073.67	6,991,635.98
Depreciation charged to clearing	142,796.81	258,266.83
Loss (Income) from subsidiary companies	(1,056,113.00)	(326,430.08)
Patronage capital credits assigned by associated organizations	(926,288.23)	(793,558.56)
Decrease (Increase) In:		
Receivables (net)	2,708,947.92	(3,759,326.95)
Prepaid expenses	62,471.51	(1,175,901.07)
Interest receivable	3,315.36	181.13
Deferred debits	30,720.82	203,264.63
Increase (Decrease) In:		
Notes payable	2,009,400.00	10,275,887.32
Accounts payable	(3,352,181.48)	(1,761,650.61)
Accrued liabilities	(139,374.37)	26,339.81
Customer deposits	20,339.78	(22,259.34)
Deferred credits	(608,383.69)	731,849.87
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>7,805,807.47</u>	<u>11,542,571.07</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in plant (net)	(11,857,309.78)	(18,627,871.52)
Decrease (Increase) in materials inventory	157,539.95	1,244,121.13
Decrease (Increase) in other investments	(8,354,945.33)	(98,868.77)
Payments received from associated organizations	470,510.89	407,319.62
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>(19,584,204.27)</u>	<u>(17,075,299.54)</u>

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

STATEMENTS OF CASH FLOWS (CONTINUED) FOR THE YEARS ENDED - DECEMBER 31

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term borrowing	17,192,085.09	16,000,000.00
Principal payments on long-term debt	(5,769,169.02)	(4,983,292.70)
Increase (Decrease) in other capital	2,298.88	(1,237.94)
Capital refunds to members	(82,737.72)	(57,073.24)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>11,342,477.23</u>	<u>10,958,396.12</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(435,919.57)	5,425,667.65
CASH AND CASH EQUIVALENTS BEGINNING OF YEAR	<u>9,672,216.97</u>	<u>4,246,549.32</u>
END OF YEAR	<u><u>\$ 9,236,297.40</u></u>	<u><u>\$ 9,672,216.97</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 8,190,714.07	\$ 10,075,681.29
Cash paid during the year for income taxes	\$ -	\$ -

The accompanying notes are an integral part of these statements.

WHEATLAND ELECTRIC COOPERATIVE, INC.

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2010 AND 2009

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

UTILITY PLANT

The Cooperative employs the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission and the work order procedures suggested by the Rural Development Utilities Programs (RUS).

INVESTMENTS AND OTHER PROPERTY

Investments are generally included in the financial statements at cost. Equities in other organizations are included at face value of related certificates.

CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Cooperative considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

ACCOUNTS RECEIVABLE

Provision is made for accounts deemed uncollectible.

CONCENTRATION OF CREDIT RISK

Wheatland Electric Cooperative, Inc. is an electric distribution system. The Cooperative grants credit to customers, substantially all are local residents.

ACCOUNTING ESTIMATES

The presentation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

MATERIALS AND SUPPLIES

Materials and supplies are included in the financial statements at average cost. Usable material from plant retirements is returned to inventory at current average cost. A physical inventory is taken at least once each year.

DEFERRED DEBITS

Amortization of deferred charges is authorized by the Board of Trustees.

ELECTRIC ENERGY SALES

The Cooperative records an estimate of unbilled revenue for sales occurring between the last billing date and the end of the audit period.

INCOME TAX STATUS

The Cooperative has been granted exemption from Federal income tax under Section 501(c)(12) of the Internal Revenue Code. Net margins are allocated to patrons.

The Cooperative evaluates the components of the annual test for maintenance of its tax-exempt status under section 501(c) (12) of the Internal Revenue Code of 1986, as amended. This process includes an analysis of whether the position the Cooperative takes with regard to a particular item of income would meet the definition of an uncertain tax position under Financial Accounting Interpretation No. 48, Accounting for Uncertainty in Income Taxes.

(2) ASSETS PLEDGED:

Substantially all assets are pledged as security for long-term debt to the National Rural Utilities Cooperative Finance Corporation (CFC).

(3) PLANT AND DEPRECIATION PROCEDURES:

Listed below are the major classes of plant as of December 31:

	<u>2010</u>	<u>2009</u>
Intangible plant	1,520.57	1,520.57
Transmission plant	20,291,582.39	17,183,155.02
Distribution plant	163,406,635.66	161,900,038.28
General plant	35,221,344.08	34,356,267.05
Wireless plant	1,186,179.16	1,247,465.13
Water plant	49,169,881.53	46,163,126.58
Plant in service	<u>269,277,143.39</u>	<u>260,851,572.63</u>
Construction work in progress	<u>3,612,800.11</u>	<u>3,628,477.75</u>
Total	<u><u>272,889,943.50</u></u>	<u><u>264,480,050.38</u></u>

Provision has been made for depreciation of transmission plant and distribution plant on straight-line composite rates of 2.60% to 2.75%, and 3.28%, respectively.

General, Wireless and Water plant depreciation rates have been applied on a straight-line basis at rates, which will depreciate the assets over their estimated useful lives.

(4) INVESTMENTS AND OTHER PROPERTY:

At December 31, investments and other property included:

	<u>2010</u>	<u>2009</u>
Net investment in sales type leases (Note 11)	5,362,940.58	5,682,845.12
Notes receivable Tri-State G & T	16,437,703.25	15,948,277.50
Economic development loan:		
Twenty-First Century Dairies Cooperative, 9.50%	158,213.80	146,338.24
Equities in other organizations	14,138,342.98	12,730,094.12
Restricted bond funds:		
Debt payment fund	1,872,857.04	1,483,667.00
Project fund	7,888,000.00	-
Total	<u>45,858,057.65</u>	<u>35,991,221.98</u>

The Cooperative has leased generation and transmission plant under sales type leases with Sunflower Electric Power Cooperative expiring in various years through 2029. Following is a summary of the components of the Cooperative's net investment in sales type leases at December 31:

	<u>2010</u>	<u>2009</u>
Total minimum lease payments to be received	11,268,711.70	11,986,141.08
Unearned income	<u>(5,905,771.12)</u>	<u>(6,303,295.96)</u>
Net Investment	<u>5,362,940.58</u>	<u>5,682,845.12</u>

Minimum lease payments to be received as of December 31, 2010 for the next five years are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Minimum</u> <u>Lease Payment</u>
2011	845,000
2012	845,000
2013	800,000
2014	770,000
2015	750,000

The Cooperative transferred ownership of its investment in water rights/development to the City of Garden City, Kansas in consideration for the proceeds of a \$7,500,000 Revenue Bond issued by the City. The Cooperative is leasing the water plant from the City - a capital lease - and has agreed to pay the debt service on the Revenue Bonds (See Note 7). At the conclusion of payment of the Revenue Bonds the Cooperative will own the water plant.

At December 31, equities in other organizations are as follows:

	<u>2010</u>	<u>2009</u>
Federated Rural Electric Insurance Exchange		
Capital equity	332,454.81	305,041.81
National Rural Utilities Cooperative Finance Corporation		
Membership	1,000.00	1,000.00
Capital term certificates, 5% maturing through 2080	1,228,318.00	1,228,318.00
Loan term certificates, 3% maturing through 2030	162,950.00	162,950.00
Zero term certificates maturing through 2022	3,627,880.20	3,643,417.60
Capital credits	1,871,253.07	1,436,484.69
Kansas Electric Cooperatives, Inc.		
Investment	117,897.42	117,897.42
Sunflower Electric Power Corp.		
Membership	1,000.00	1,000.00
Equity contribution	1,683,000.00	1,683,000.00
MKEC		
Investment	5,034,169.08	3,566,466.56
Finney County Rural Water District		
Promissory Note	9,402.06	9,402.06
Other organizations	<u>69,018.34</u>	<u>59,884.98</u>
Total	<u>14,138,342.98</u>	<u>12,214,863.12</u>

(5) DEFERRED DEBITS:

At December 31, deferred debits were as follows:

	<u>2010</u>	<u>2009</u>
Bond issue costs	487,951.45	304,316.57
Loan acquisition fee	553,536.76	638,696.20
Prepaid employee benefits	708,465.26	837,661.52
Total	<u>1,749,953.47</u>	<u>1,780,674.29</u>

(6) PATRONAGE CAPITAL:

At December 31, patronage capital consisted of:

	<u>2010</u>	<u>2009</u>
Assignable	(12,662,196.98)	(14,353,164.21)
Assigned to date	<u>52,278,004.78</u>	<u>52,278,004.78</u>
Patronage capital	39,615,807.80	37,924,840.57
Less: Retirements to date	<u>(10,435,034.76)</u>	<u>(10,348,031.80)</u>
Subtotal	29,180,773.04	27,576,808.77
Less: Capital credits gain	<u>(805,296.49)</u>	<u>(757,485.73)</u>
Total	<u>28,375,476.55</u>	<u>26,819,323.04</u>

Other equities were as follows:

	<u>2010</u>	<u>2009</u>
Donated capital	6,360.87	4,061.99
Capital credits - gain	<u>805,296.49</u>	<u>757,485.73</u>
Total	<u>811,657.36</u>	<u>761,547.72</u>

Under the provisions of the mortgage agreement, until the equities and margins equal or exceed thirty percent of the total assets of the Cooperative, the return to patrons of capital contributed by them is limited generally to twenty-five percent of the patronage capital or margins received by the Cooperative in the prior calendar year. The equities and margins of the Cooperative represent 10.50% of the total assets at balance sheet date.

(7) LONG-TERM LIABILITIES:

Lien accommodations have been executed with CFC. Long-term debt is represented by mortgage notes payable to CFC.

Following is a summary of outstanding long-term debt as of December 31:

	<u>2010</u>	<u>2009</u>
RUS, USDA Rural Development	1,279,906.00	1,407,130.00
CFC, 3.15% to 4.85% notes maturing through 2045	187,403,441.08	178,182,724.56
Variable rate notes maturing through 2045	5,192,085.09	9,972,661.54
Garden City Water Supply Revenue Bonds	<u>18,095,000.00</u>	<u>10,985,000.00</u>
Subtotal	211,970,432.17	200,547,516.10
Less: Current maturities	<u>6,027,000.00</u>	<u>5,279,000.00</u>
Total	<u>205,943,432.17</u>	<u>195,268,516.10</u>

Unadvanced loan funds of \$823,624.57 are available to the Cooperative on a loan commitment with CFC as of the audit date.

Principal and interest installments during the next year amount to approximately \$12,000,000, on the CFC notes.

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2003 in the original amount of \$7,500,000. The bonds are dated April 15, 2004 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2011	4.40%	485,000
2012	4.60%	505,000
2013	4.80%	530,000
2014	5.00%	555,000
2015	5.25%	585,000
2016	5.25%	615,000
2017	5.25%	650,000
2018	5.25%	680,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2005 in the original amount of \$7,500,000. The bonds are dated July 1, 2005 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>	<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2011	4.10%	450,000	2016	5.00%	555,000
2012	4.20%	465,000	2017	5.00%	580,000
2013	4.30%	485,000	2018	5.00%	610,000
2014	4.40%	505,000	2019	5.00%	640,000
2015	4.50%	530,000	2020	5.00%	670,000

The Cooperative has unconditionally guaranteed the payment of principal and interest on the City of Garden City, Kansas Water Supply Revenue Bonds Series A, 2010 in the original amount of \$8,000,000. The bonds are dated December 21, 2010 and mature on September 1, as follows:

<u>Year</u>	<u>Rate</u>	<u>Amount</u>	<u>Year</u>	<u>Rate</u>	<u>Amount</u>
2011	3.00%	415,000	2019	5.50%	530,000
2012	3.25%	400,000	2020	6.50%	560,000
2013	3.50%	415,000	2021	6.50%	590,000
2014	3.75%	430,000	2022	6.50%	625,000
2015	4.00%	445,000	2023	6.50%	670,000
2016	4.30%	445,000	2024	6.50%	710,000
2017	4.60%	485,000	2025	6.50%	755,000
2018	5.10%	505,000			

As of December 31, 2010, annual maturities of long-term debt outstanding for the next five years are as follows:

<u>Year Ending December 31</u>	<u>Total</u>
2011	6,027,000
2012	6,250,000
2013	4,725,000
2014	4,900,000
2015	5,110,000

(8) LINE OF CREDIT:

The Cooperative has a \$24,000,000 line of credit with CFC. At December 31, 2010, \$23,882,676.76 was advanced on this line of credit.

(9) DEFERRED CREDITS:

At December 31, deferred credits were as follows:

	<u>2010</u>	<u>2009</u>
Customers' energy prepayments	280,305.66	387,749.35
Rental prepayments	-	500,940.00
Credits from MKEC	529,487.48	529,487.48
Aquila transaction fee	114,121.80	114,121.80
Advances for construction	97,695.45	97,695.45
Total	<u>1,021,610.39</u>	<u>1,629,994.08</u>

(10) PENSION PLAN:

The Cooperative has a noncontributory defined benefit pension plan for employees of Wheatland Electric. The plan is administered by the National Rural Electric Cooperative Association (NRECA) through a trustee, whereby annuities will be available to participants in the plan effective upon retirement. The Cooperative makes annual contributions to the plan equal to the amounts accrued for pension expense. In this master multi-employer plan, which is available to all members of NRECA, the accumulated benefits and plan assets are not determined or allocated separately by individual employer. It is a funded plan and pension costs for the years ended December 31, 2010 and 2009, amounted to approximately \$1,468,000 and \$1,055,800, respectively.

The Cooperative has a 401(k) savings plan for all employees. The Cooperative's 401(k) contributions amounted to approximately \$447,700 and \$418,400 for the years ended December 31, 2010 and 2009, respectively.

(11) COMMITMENTS/RELATED PARTY TRANSACTIONS:

Under its wholesale power agreement, the Cooperative is committed to purchase its electric power and energy requirements from Sunflower Electric Power Corporation, Hays, Kansas, until May 10, 2021. The rates paid for such purchases are subject to review annually. Following is a summary of transactions and balances with the affiliate for the years ended December 31:

	<u>2010</u>	<u>2009</u>
Cost of power purchased	71,617,069	63,369,217
Due to Sunflower (included in the accompanying balance sheets)	3,583,719	3,772,494
Note receivable (including current receivable)	5,760,465	6,080,370
Lease and rental charges to Sunflower	976,181	972,563

(12) FAIR VALUE OF FINANCIAL INSTRUMENTS:

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents: The carrying amount of cash and cash equivalents approximates fair value because of the short maturity of these instruments.

Sales type leases: The carrying amount approximates fair value due to the discount used.

Long-term debt: The fair value of most of the Cooperative's long-term debt is approximately the same as the recorded amount.

(13) PRIOR PERIOD ADJUSTMENT:

The Balance Sheet, the Statement of Revenue and Patronage Capital and the Statement of Cash Flows issued as of December 31, 2009 have been restated. The restatement was required in order to correct the following: The amount of partnership income which was earned from Mid-Kansas Electric Company, LLC as of December 31, 2005 through December 31, 2009 was increased by \$515,231.22. The rental income for the year ended December 31, 2009 was decreased by \$500,940.00 due to recording rent received in December 2009 for 2010 rent. The gain on the sale of land in 2009 was decreased by the adjustment of cost of land sold by \$378,315.56. FEMA accounts receivable was adjusted by \$590.77 resulting in an increase in net income for 2009. The December 31, 2009 CFC interest payable was decreased by \$55,018.05. The net effect of the above adjustments decreased net margins for the year ending December 31, 2009 by \$308,415.74.

(14) LOAN GUARANTEE:

The Cooperative is a 18.45677% owner of MKEC and has loan guarantee on MKEC's \$118,358,220.87 outstanding loan balance and the credit facility. The MKEC credit facility is for \$20,000,000 of which \$10,225,000 had been used to issue letters of credit against.

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

We have audited the financial statements of Wheatland Electric Cooperative, Inc. as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 6, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether Wheatland Electric Cooperative, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Wheatland Electric Cooperative, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Wheatland Electric Cooperative, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Wheatland Electric Cooperative, Inc.'s ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Wheatland Electric Cooperative, Inc.'s financial statements that is more than inconsequential will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Wheatland Electric Cooperative, Inc.'s internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Trustees, management, the RUS, and supplemental lenders. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC

May 6, 2011

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45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

INDEPENDENT AUDITOR'S REPORT ON REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

COMPLIANCE

We have audited the compliance of Wheatland Electric Cooperative, Inc. with the type of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that is applicable to its major federal program for the year ended December 31, 2010. Wheatland Electric Cooperative, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Wheatland Electric Cooperative, Inc.'s management. Our responsibility is to express an opinion on Wheatland Electric Cooperative, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wheatland Electric Cooperative, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wheatland Electric Cooperative, Inc.'s compliance with those requirements.

In our opinion, Wheatland Electric Cooperative, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2010.

INTERNAL CONTROL OVER COMPLIANCE

The management of Wheatland Electric Cooperative, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Wheatland Electric Cooperative, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the financial statements of Wheatland Electric Cooperative, Inc. as of and for the year ended December 31, 2010 and have issued our report thereon dated May 6, 2011. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended for the information of the Board of Trustees, management, and the Federal Emergency Management Agency. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 6, 2011

WHEATLAND ELECTRIC COOPERATIVE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2010

SECTION I--SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unqualified
Internal control over financial report:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weakness(es) identified?	No
Reportable condition(s) identified that are not considered to be material weakness(es)?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

IDENTIFICATION OF MAJOR PROGRAMS

Name of Federal Program of Cluster:	Federal Emergency Management Agency Emergency Management State and Local Assistance
CFDA Number:	93.036 and 97.052
Dollar threshold used to distinguish between type A and type B programs:	\$500,000
Auditee qualified as low-risk auditee?	No

WHEATLAND ELECTRIC COOPERATIVE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
DECEMBER 31, 2010

SECTION II--FINANCIAL STATEMENT FINDINGS

This section identifies the reportable conditions, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with paragraphs 5.18 through 5.20 of *Government Auditing Standards*.

None

SECTION III--FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by section 510(a) of Circular A-133.

None

WHEATLAND ELECTRIC COOPERATIVE, INC.

**SCHEDULE OF FEDERAL AWARDS FOR THE YEAR
ENDED DECEMBER 31, 2010**

<u>Federal Grantor/Pass-through Grantor/Program</u>	<u>FEMA Declaration Number</u>	<u>Receipts</u>	<u>Expenditures</u>
Federal Awards:			
Federal Emergency Management Agency Emergency Management State and Local Assistance	FEMA-1675-DR-KS	\$ 2,932,292	\$ 3,429,580 *
Total Federal Awards		<u>\$ 2,932,292</u>	<u>\$ 3,429,580</u>

Note: The information on this schedule has been prepared on the cash basis of accounting. Receipts are recognized when received rather than when earned and expenditures are recognized when paid rather than when obligations are incurred.

* Major program per OMB Circular A-133

SCHMIDT & COMPANY LLC

*Devoted to Audits of Rural Utility Industries
45 Years of Utility Accounting Experience*

Board of Trustees
Wheatland Electric Cooperative, Inc.
Scott City, Kansas

We have audited the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2010, and have issued our report thereon dated May 6, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit of the financial statements of Wheatland Electric Cooperative, Inc. for the year ended December 31, 2010, we considered its internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting that we consider to be material weaknesses.

COMMENTS ON CERTAIN SPECIFIC ASPECTS OF THE INTERNAL CONTROL OVER FINANCIAL REPORTING

We noted no matters regarding Wheatland Electric Cooperative, Inc.'s internal control over financial reporting and its operation that we consider to be a material weakness as previously defined with respect to:

- The accounting procedures and records;
- The process for accumulating and recording labor, material, and overhead costs, and the distribution of these costs to construction, retirement and maintenance or other expense accounts.

COMMENTS ON COMPLIANCE WITH SPECIFIC PROVISIONS

The borrower's Form 7, Financial and Statistical Report, as of December 31, 2010, as submitted to CFC is in agreement with Wheatland Electric Cooperative, Inc.'s audited records in all material respects, and appears reasonable based upon the audit procedures performed.

COMMENTS ON OTHER ADDITIONAL MATTERS

In connection with our audit of the financial statements of Wheatland Electric Cooperative, Inc., nothing came to our attention that caused us to believe that Wheatland Electric Cooperative, Inc. failed to comply with respect to:

- The reconciliation of continuing property records to the controlling general ledger plant accounts;
- The clearing of the construction accounts and the accrual of depreciation on completed construction;
- The retirement of plant;
- Approval of the sale, lease or transfer of capital assets and disposition of proceeds for the sale or lease of plant, material, or scrap;
- The disclosure of material related party transactions, in accordance with Statement of Financial Accounting Standards No. 57, Related Party Transactions, for the year ended December 31, 2010, in the financial statements referenced in the first paragraph of this report ; and
- The depreciation rates.

This report is intended solely for the information and use of the Board of Trustees, management, CFC and supplemental lenders and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Schmidt & Company, LLC

SCHMIDT & COMPANY, LLC
May 6, 2011