

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

APR 23 2012

In the Matter of the Application of Kansas Gas)
and Electric Company for Approval of the Energy)
Supply Agreement between Kansas Gas Electric)
Company and Frontier El Dorado Refining LLC)
Commercial or Industrial Customers)

by
State Corporation Commission
of Kansas

Docket No. 12-KG&E-718-CON

**FEDR'S FILING IN SUPPORT OF WESTAR'S REPLY
TO OXY'S PETITION TO INTERVENE AND HEARING**

COMES NOW Frontier El Dorado Refining ("FEDR") and makes this filing in support of Kansas Gas and Electric Company, d/b/a Westar Energy's ("Westar"), Reply to Occidental Chemical Corporation's ("OXY") Petition to Intervene and Request for Hearing.

1. FEDR concurs with Westar that (1) the Energy Supply Agreement between Westar and FEDR dated March 20, 2012 ("Agreement") provides benefits to Westar, its customers and the State of Kansas and should be approved by the Kansas Corporation Commission ("Commission"); (2) Westar has provided sufficient support for its request for approval of the Agreement and has addressed the issues raised by OXY in its Petition to Intervene, as demonstrated by its Application and the affidavits filed by Westar; and (3) a hearing in this matter is not warranted and therefore, OXY's request for a hearing should be denied.

2. As indicated by Westar in its Application and the affidavit of Dick Rohlfs, the Agreement under consideration in this docket is the successor to an agreement previously approved by the Commission in Docket No. 05-KG&E-906-CON ("906 Docket"). As set forth in Westar's Application and Mr. Rohlfs' affidavit, except for the inclusion of an additional block as an incentive for FEDR to further expand its operations at its El Dorado Refinery, the existing agreement and the proposed Agreement contain identical terms with respect to rates charged to FEDR. With the

exception of the additional block, the design for the proposed rates in the Agreement are identical to that used to design the rates in the existing agreement. The size of the energy blocks and rate applied to energy consumed in the blocks are the same. The actual revenue received by Westar from FEDR under the existing contract and the proposed Agreement are nearly identical. As indicated by Mr. Rohlfs, the minor difference is attributable to less than 1 percent of FEDR's total energy being priced in the third energy block in the Winter period.

3. The existing contract and the proposed Agreement also contain nearly identical operational terms. As indicated by Westar in its Application, under the agreement approved by the Commission in the 906 Docket, FEDR agreed to make its co-generation facility available to Westar. Westar has the right to require FEDR to start its co-generation facility if Westar has what is referred to and defined in the Agreement as a "System Condition." Westar has the right to request FEDR to start its co-generation facility for economic reasons. As indicated by Mr. Rohlfs in his affidavit, the Agreement has nearly three times the number of hours of available interruptible hours compared to Westar's Interruptible Service Rider making the Agreement more valuable to Westar and its customers. As indicated by Mr. Rohlfs, the terms in the proposed Agreement are also more flexible compared to the terms in Westar's Energy Efficiency Demand Response Rider ("EEDR") in that the Agreement provides for an unlimited number of calls on FEDR's co-generation facility whereas the EEDR permits only 24 events. As indicated by Mr. Rohlfs, the notice provision to start FEDR's co-generation facility is shorter than the notice to interrupt contained in Westar's Interruptible Service Rider during the Summer period when Westar is likely to call on FEDR to start its co-generation facility. Finally, as indicated by Mr. Rohlfs, there are consequences to FEDR if it fails to make its

co-generation facilities available to Westar. Contrary to OXY's suggestion that the Agreement does not clearly define when FEDR will makes its co-generation facility available to Westar, or that the Agreement may have a negative impact on Westar's system reliability, the Agreement provides Westar and its other customers a flexible source of power and energy available when Westar's system is under stress.

4. In the 906 Docket the Commission made the following findings with respect to the existing agreement:

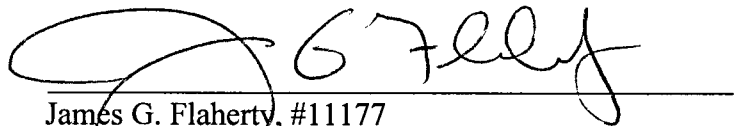
3. The new Agreement provides several benefits to Westar, its core customers, and Frontier. Such benefits include: a) an incentive for Frontier to coordinate maintenance outage schedules for its El Dorado facility to avoid Westar summer peak; b) summer/winter pricing differential to reflect Westar's higher cost of incremental fuel during the summer months; c) contract clauses that protect Westar from tariff changes anticipated in the impending rate case; and d) Westar's ability to utilize Frontier's co-generation facility during the periods of "System Condition" or a load buy down.

Order Approving Application For New Agreement, dated June 13, 2005, pages 1-2, paragraph 3, Docket No. 05-KG&E-906-CON. All of those benefits have been carried over and included in the proposed Agreement and provide the same benefits to Westar, its core customers and FEDR that the Commission found in the 906 Docket when it approved the existing Agreement.

5. The cost of electricity is a significant operating expense for FEDR and its El Dorado Refinery. The terms and conditions contained in the existing agreement and the proposed Agreement are therefore very important to FEDR and for the future of the El Dorado Refinery. As indicated by Mr. Goodmanson, the existing agreement has allowed the El Dorado Refinery to effectively manage its cost of electricity which has had a positive impact on the financial performance of the refinery and

which has allowed the Kansas refinery to obtain capital dollars to expand its Kansas facilities. As indicated by Westar, over the past several years, FEDR has completed over \$450 million of capital expenditures at the El Dorado facility. Those capital expenditures have allowed the refinery to expand its daily production and to add new processes and products. It has resulted in the addition of facilities and processes to allow the refinery to produce ultra-low sulfur diesel fuel and low sulfur gasoline and add production capacity. While increasing production capacity, FEDR has also added nearly 50 new jobs at the refinery. The proposed Agreement will allow FEDR to continue to effectively manage its cost of electricity, which in turn will have a positive impact on the financial performance of the refinery and allow FEDR to better compete for capital dollars to further expand and/or add new processes, products and employment at the El Dorado Refinery. A copy of Mr. Goodman's Affidavit is attached hereto and incorporated herein by reference.

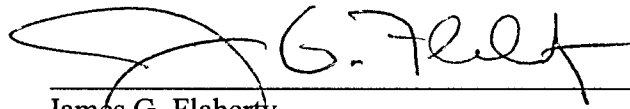
WHEREFORE, for the reasons set forth herein, FEDR supports Westar's Reply to OXY's Petition to Intervene and Request for Hearing and asks the Commission to issue an order denying OXY's request for a hearing and approving the Agreement.



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Attorneys for Frontier El Dorado Refining LLC

STATE OF KANSAS, FRANKLIN COUNTY, ss:

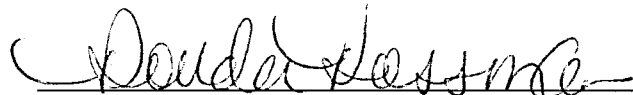
James G. Flaherty, of lawful age, being first duly sworn on oath, states: That he is an attorney for Frontier El Dorado Refining LLC; that he has read the above and foregoing Filing in Support of Westar's Reply to OXY's Petition to Intervene and Hearing, knows the contents thereof; and that the statements contained therein are true.



James G. Flaherty

SUBSCRIBED AND SWORN to before me this 23rd day of April, 2012.

Appointment/Commission Expires:



Notary Public

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was mailed, postage prepaid, this 23rd day of April, 2012, addressed to:

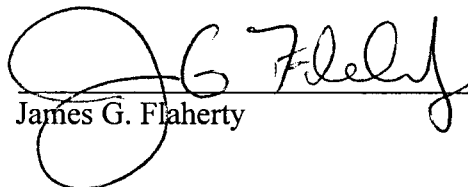
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James G. Flaherty

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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Docket No. 12-KG&E-718-CON

AFFIDAVIT OF JOSH W. GOODMANSON

STATE OF KANSAS, COUNTY OF BUTLER, ss:

Josh W. Goodmanson, of lawful age, being first duly sworn on oath, states:

1. I am Vice President and Refinery Manager for the El Dorado Refinery.
2. The El Dorado Refinery is located in El Dorado, Kansas, and is one of the largest refineries in the Plains States and the Rocky Mountain Region.
3. The El Dorado Refinery has a crude oil capacity of 135,000 barrels per day ("bpd/capacity").
4. I am familiar with both the existing electric service agreement between Westar and FEDR and the proposed agreement dated March 20, 2012, that is attached to Westar's Application filed in this docket ("Agreement").
5. The cost of electricity used at the El Dorado Refinery is a significant operating expense for the refinery and has an impact on the financial performance of the refinery.
6. The terms and conditions contained in the existing agreement and the proposed Agreement are therefore very important to FEDR and for the future of the El Dorado Refinery.
7. The existing agreement has allowed the El Dorado Refinery to effectively manage its cost of electricity, which has had a positive impact on the financial performance of the refinery, and

which has allowed the Kansas refinery to obtain capital dollars to expand its Kansas facilities.

8. Over the past several years, FEDR has completed over \$450 million of capital expenditures at the El Dorado facility.

9. Those capital expenditures have allowed the refinery to expand its daily production and to add new processes and products.

10. It has resulted in the addition of facilities and processes to allow the refinery to produce ultra-low sulfur diesel fuel and low sulfur gasoline and to add production capacity.

11. While increasing production capacity, FEDR has also added nearly 50 new jobs at the refinery.

12. The proposed Agreement will allow FEDR to continue to effectively manage its cost of electricity, which in turn will have a positive impact on the financial performance of the refinery and allow FEDR to better compete for capital dollars to further expand and/or add new processes, products and employment at the El Dorado Refinery.

13. The Agreement under consideration in this docket is the successor to an agreement previously approved by the Commission in Docket No. 05-KG&E-906-CON ("906 Docket"). Except for the inclusion of an additional block as an incentive for FEDR to further expand its operations at its El Dorado Refinery, the existing agreement and the proposed Agreement contain identical terms with respect to rates charged to FEDR.

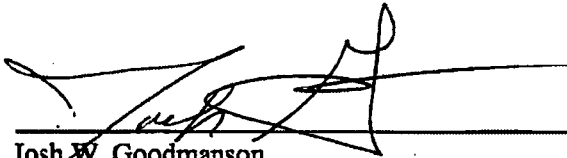
14. With the exception of the additional block, the design for the proposed rates in the Agreement are identical to that used to design the rates in the existing agreement. The size of the energy blocks and rate applied to energy consumed in the blocks are the same.

15. The actual revenue received by Westar from FEDR under the existing contract and the

proposed Agreement are nearly identical. The minor difference is attributable to less than one percent of FEDR's total energy being priced in the third energy block in the Winter period.

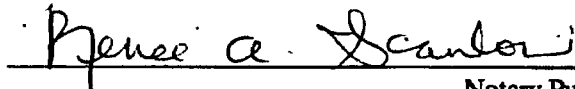
16. The existing contract and the proposed Agreement also contain nearly identical operational terms.

17. Under both agreements, FEDR has agreed to make its co-generation facility available to Westar. Westar has the right to require FEDR to start its co-generation facility if Westar has what is referred to and defined in the Agreement as a "System Condition." Westar has the right to request FEDR to start its co-generation facility for economic reasons. The Agreement provides for an unlimited number of calls on FEDR's co-generation facility. There are consequences to FEDR if it fails to make its co-generation facilities available to Westar. Those consequences are set forth in the Agreement.



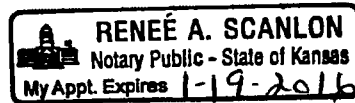
Josh W. Goodmanson

SUBSCRIBED AND SWORN to before me this 23rd day of April, 2012.



Notary Public

Appointment/Commission Expires:



LAW OFFICES OF
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April 23, 2012

Sent by Facsimile
Original Mailed 4/23/12

Ms. Patrice Petersen-Klein
Executive Director
Kansas Corporation Commission
1500 S. W. Arrowhead Road
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Re: Kansas Gas and Electric Company
Docket No. 12-KG&E-718-CON

Received
on

APR 23 2012

by
State Corporation Commission
of Kansas

Dear Ms. Petersen-Klein:

Please file the enclosed FEDR's Filing in Support of Westar's Reply to OXY's Petition to Intervene and Hearing on behalf of Frontier El Dorado Refining in the above captioned matter. I would appreciate receiving a file stamped copy of this cover letter as well as a file stamped copy of the Filing in Support for my files. An envelope is included for your convenience.

Thank you for your assistance. If you have any questions, please call.

Sincerely,

James G. Flaherty

James G. Flaherty
jflaherty@andersonbyrd.com

JGF:tt
Enclosure