

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

In the Matter of the Joint Application of )  
Sunflower Electric Power Corporation, The Victory )  
Electric Cooperative Association, Inc., and Western )  
Cooperative Electric Association, Inc., for Approval of ) Docket No. 26-SEPE-050-TAR  
Continuation of 34.5kV Formula-Based Rates. )  
)

**JOINT APPLICATION**

Sunflower Electric Power Corporation (“Sunflower”), and two of its member-owners, The Victory Electric Cooperative Association, Inc. (“Victory”), and Western Cooperative Electric Association, Inc. (“Western”) (individually a “Member” and collectively the “Members”) (collectively Sunflower and the Members, the “Joint Applicants”) hereby file this Joint Application seeking approval from the State Corporation Commission of the State of Kansas (“Commission”) of the following:

- a. Continuation of Victory’s and Western’s respective individual 34.5kV Formula-Based Rates (“34.5kV FBR(s)”), as originally approved in Docket No. 16-MKEE-023-TAR (“023 Docket”), and approved for renewal in Docket No. 21-SEPE-049-TAR (“21-049 Docket”), without any substantive changes.

In support of their Joint Application, Joint Applicants state the following:

**I. INTRODUCTION AND JURISDICTION**

1. Sunflower is a generation and transmission electric utility operating in the state of Kansas on a non-profit cooperative basis, with its principal place of business located in Hays, Kansas. Sunflower is a certificated electric public utility that has elected to exempt itself from the jurisdiction, supervision and control of the Commission pursuant to

K.S.A. 66-104d.<sup>1</sup> Sunflower remains subject to the Commission's jurisdiction for those items referenced in K.S.A. 66-104d(f).

2. Sunflower is owned by six Kansas consumer-owned cooperatives and one corporation, wholly owned by one of the six consumer-owned cooperatives.<sup>2</sup> On January 1, 2020, pursuant to Commission order in Docket No. 19-SEPE-054-MER ("19-054 Docket"), Sunflower merged with Mid-Kansas Electric Company, Inc. (formerly known as Mid-Kansas Electric Company, LLC)("Mid-Kansas"), with Sunflower as the surviving entity.

3. The Members are certificated electric public utilities, each providing retail electric service to retail customers (comprised of individuals, small businesses, and industrial entities) pursuant to their respective Certificate and Order, issued on November 21, 2013, in Docket No. 13-MKEE-447 MIS ("13-447 Docket"). In addition to retail service, the Members also provide certain wholesale services, including service to wholesale LADS customers, over the Member-owned 34.5kV sub-transmission facilities. As determined by the Commission in the Order Addressing Joint Motion to Approve Stipulation and Agreement in Docket No. 11-GIME-597-GIE ("11-597 Docket") on January 11, 2012, 34.5kV sub-transmission facilities that serve one or more wholesale LADS customer(s) provide a local "transmission service" under Kansas law.<sup>3</sup>

4. Mid-Kansas (prior to merger with Sunflower), as agent for the Members, previously administered wholesale LADS ("transmission service") over the 34.5kV facilities

---

<sup>1</sup> Order Affirming Sunflower Electric Power Corporation's Electric to Deregulate, Docket No. 10-SEPE-072-DRC (filed September 28, 2009).

<sup>2</sup> The seven electric utilities that own Sunflower and their respective headquarters are as follows: The Lane-Scott Electric Cooperative, Inc., Dighton, Kansas; Southern Pioneer Electric Company, Ulysses, Kansas; Pioneer Electric Cooperative, Inc., Ulysses, Kansas; Prairie Land Electric Cooperative Association, Inc., Norton, Kansas; The Victory Electric Cooperative Association, Inc., Dodge City, Kansas; Western Cooperative Electric Association, Inc., WaKeeney, Kansas; and Wheatland Electric Cooperative, Inc., Scott City, Kansas. Southern Pioneer is a not-for-profit corporation wholly owned by Pioneer Electric Cooperative, Inc.

<sup>3</sup> See also the Stipulation and Agreement, filed December 1, 2011 under the same docket.

pursuant to the terms and conditions of the Mid-Kansas Open Access Transmission Tariff (“OATT”) and agreements entered into between Mid-Kansas, the Members and wholesale LADS customers. Pursuant to the Settlement Agreement in the 19-054 Docket, as approved by the Commission, the Mid-Kansas OATT is to remain in effect upon merger, with Sunflower serving as the “Transmission Provider” under the Mid-Kansas OATT.<sup>4</sup> For that reason, Sunflower now serves as Transmission Provider under the Mid-Kansas OATT and is a Joint Applicant herein.

5. Victory and Western have elected to exempt themselves from the jurisdiction, supervision, and control of the Commission pursuant to K.S.A. 66-104d.<sup>5</sup> However, these cooperatives continue to be regulated by the Commission as to their transmission service, in accordance with K.S.A. 66-104d(f). The 34.5kV FBR for each of these self-regulated cooperatives is designed to annually establish the revenue requirement associated with the costs of owning, operating, and maintaining the respective Member-owned 34.5kV sub-transmission facilities pursuant to the established 34.5kV FBR “Protocols.” The resultant local access charge (“LAC”) per unit demand rate, updated annually as a result of the proposed 34.5kV FBRs and recovered from the wholesale LADS customers under the Member’s LADS tariff, represents the “charges, fees or tariffs for transmission service” cited as an exception to self-regulation under K.S.A. 66-104d(f). Thus, the 34.5kV FBRs

---

<sup>4</sup> Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER, ¶17 (filed as Exhibit A to Joint Motion for Approval of Unanimous Settlement Agreement on March 5, 2019); Order Approving Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER (filed March 28, 2019).

<sup>5</sup> June 10, 2014 Order Affirming Western Cooperative Electric Association, Inc.’s Election to Deregulate under Docket. No. 14-WSTE-533-DRC; September 9, 2014 Order Affirming Victory Electric Cooperative Association, Inc.’s Election to Deregulate under Docket. No. 14-VICE-565-DRC.

remain subject to the Commission's jurisdiction under K.S.A 66-104d(f) and K.S.A. 66-117 for Victory and Western.

## **II. CONTINUATION OF 34.5kV FBRs**

6. Each Members' current 34.5kV FBR was established and agreed to pursuant to the Unanimous Settlement Agreement, which was approved by the Commission in the 21-049 Docket, including the Protocols. Pursuant to Section H of the Protocols, during the final year of the 34.5kV FBR plan, each Member shall advise the Commission whether it wishes to continue the 34.5kV FBR plan, and provide the Commission support and rationale for its position in a separate application and docket.<sup>6</sup> The 2025 calendar year is the final year of each Member's 34.5kV plan, and the Members hereby provide their rationale for their position that the 34.5kV plans should be continued without any substantive changes by this Joint Application and accompanying testimony.

7. The 34.5kV sub-transmission facilities that are the subject of the 34.5kV FBRs are those 34.5kV facilities now owned or hereafter acquired or constructed by the respective Member and are part of or utilized in conjunction with the electric system acquired by the Member from Mid-Kansas in Docket No. 08-MKEE-099-MIS (the "08-099 Docket")(the "FBR Facilities").<sup>7</sup> They are also the same sub-transmission facilities contemplated by each Member's LADS Tariff applicable to each Member's wholesale LADS customer.

---

<sup>6</sup> Order On Unanimous Settlement Agreement, Exhibit A, Attachments A-1 through A-3, § H. of each Members Protocols, Docket No. 21-SEPE-049-TAR (filed April 15, 2021).

<sup>7</sup> The subject facilities of each Member is the former Aquila-WPK sub-transmission facilities transferred from Mid-Kansas to each Mid-Kansas Member, as approved by the Commission Order in the 08-099 Docket. For clarity, the non-Aquila, or "native" portions of the Prairie Land, Victory, and Western sub-transmission systems are not included in each 34.5kV FBR. The Member's certificated territory may be amended from time to time pursuant to applicable requirements of law.

8. In the Stipulation and Agreement in Docket No. 09-MKEE-969-RTS (“09-969 Docket”),<sup>8</sup> the parties agreed that for ease of administration and efficiency in providing wholesale LADS to customers, Mid-Kansas (prior to merger with Sunflower) would serve as the agent and single point of contact for administering the LADS Tariffs for each of the Members. More specifically, as it relates to this Joint Application, Sunflower is responsible for billing and collecting each Member’s Commission-approved LAC for wholesale LADS customers taking service under the Mid-Kansas OATT, as well as applying the applicable loss factor associated with LADS.<sup>9</sup> For additional history of the 34.5kV facilities and Sunflower’s administration thereof, please see the Pre-filed Direct Testimony of Mr. James Brungardt.<sup>10</sup>

9. As to the current 34.5kV FBRs approved in the 21-049 Docket, each 34.5kV FBR contains a formula for the annual and systematic recovery of each Member’s respective revenue requirement associated with its facilities recovered through the 34.5kV FBR via a monthly unit demand LAC directly applicable to their respective wholesale LADS customers under each Member’s LADS tariff.<sup>11</sup> The annual adjustments are made as necessary to keep revenue at a level to achieve pre-established financial coverage ratios. Because the total billing demand (used to divide the total resultant revenue requirement to arrive at a unit demand LAC) is comprised of both retail and wholesale load, it ensures that

---

<sup>8</sup> At the time of such order, Mid-Kansas was the certificated retail service provider.

<sup>9</sup> Sunflower bills each Member’s LAC to wholesale LADS customers under Schedules 7, 8 and 9 and Attachment H of the Mid-Kansas OATT, as applicable.

<sup>10</sup> For additional history on the 34.5kV facilities, see also the Joint Application and Prefiled Direct Testimony of H. Davis Rooney in Docket No. 16-MKEE-023-TAR.

<sup>11</sup> Additionally, the 34.5kV FBRs allow a Member to allocate to the 34.5 kV revenue requirement the costs of lower voltage distribution plant, that provide service to a wholesale LADS customer(s), if such facilities are present, by utilizing a certain distribution ratio as outlined in the Protocols; provided such costs are not already accounted for in a separate rate-making mechanism. This practice was approved in the 16-023 Docket and is consistent with prior Commission-approved filings containing LAC Cost of Service (“COS”), including the 09-969 Docket and Docket No. 12-MKEE-380-RTS.

the wholesale LADS customers will pay only their portion, i.e., load ratio share, of such annual revenue requirement for each Member under the 34.5kV FBRs.

10. The Joint Applicants' request submitted in this filing is not a request for an actual change to any Member's currently approved LAC, nor a request to make any actual substantive changes to the 34.5kV FBRs currently in place. Rather, the request is merely for the approval of the continuation of each Member's 34.5kV FBR. No Members' current LAC will be changed by any requested approval in this Joint Application. The 34.5kV FBRs are fully set forth in the Pre-filed Direct Testimony of Richard J. Macke, included with this Joint Application.

11. The Commission originally approved each Member's 34.5kV FBR in the 16-023 Docket finding:

- a. That the 34.5kV FBRs would become the rate by which the Joint Applicants would be able to strike the balance between the Joint Applicants' desire for a reasonable assurance that it will earn sufficient revenues to meet its financial obligation versus the desire of the customers to keep rates as low as possible while still providing reliable local access delivery service.<sup>12</sup>
- b. The 34.5kV FBR mechanisms closely track the Joint Applicants' actual cost of service, while reducing both the regulatory lag and the expense normally associated with traditional rate proceedings.<sup>13</sup>

---

<sup>12</sup> Order Approving Settlement ¶10, Docket No. 16-MKEE-023-TAR (filed March 10, 2016).

<sup>13</sup> *Id.*

- c. That the 34.5kV FBRs balances the interests of diverse parties, and that customers are granted safeguards in the 34.5kV FBRs in the form of enhanced filing exhibits, longer review periods, and annual true-ups with interest.<sup>14</sup>

The Commission ultimately found that the 34.5kV FBRs, as originally approved in the 023 Docket and approved for renewal in the 21-049 Docket with minor modifications, result in just and reasonable rates and are in the public interest.<sup>15</sup>

12. Now, the Members seek to once again continue each 34.5kV FBR, and posit that the Commission's findings in support of their initial implementation and subsequent renewal are still true today. Since their implementation, the 34.5kV FBRs have provided for timely recovery of each Member's costs for their individually-owned 34.5kV FBR Facilities in order to meet financial obligations while remaining responsive to the service and facility demands of customers. It is still appropriate for customers to bear the actual cost of service over the 34.5kV systems as close to real time as possible to provide appropriate economic price signals, resulting in more efficient and economic decisions relative to the sources and types of capacity that customers require. Additionally, the uncertainty inherent in the traditional regulatory model will continue to be minimized with the approval of the continuation of the 34.5kV FBRs—a benefit for all customers, as explained in the direct testimony of Richard J. Macke.

13. The 34.5kV FBRs continue to include an Annual Update Filing and review process, ensuring the element of customer protection afforded in a general rate

---

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*; Order Approving Settlement, ¶15, Docket No. 21-SEPE-049-TAR (filed April 15, 2021).

proceeding is still present. The Annual Update Filing allows Commission Staff and customers the continued opportunity to audit the results of the previous twelve months to ensure compliance with the 34.5kV FBR. Such review also allows the Commission the continued ability to meet its obligation of ensuring just and reasonable rates for each Member's wholesale LADS customers. Additionally, interested parties will continue to have the opportunity to intervene and participate in the applicable Member's Annual Update Filing. The proposed procedural schedule regarding each Member's Annual Update Filing is the same as approved in the 21-049 Docket.

14. The continuation of the proposed 34.5kV FBRs will continue to relieve much of the cost and burden placed on the Commission, Commission Staff, Sunflower, the Members, and their respective customers related to the traditional ratemaking process. While the Members have engaged consulting and legal resources as necessary for each Annual Filing Update to the 34.5kV FBRs, with the continuation of such FBRs, customers will continue to receive service at just and reasonable rates without the attendant costs of more involved motions, substantial discovery, analysis, and testimony typically incurred in the course of the traditional ratemaking process. Many of these costs can be avoided, while still ensuring that the Commission has the opportunity to review and approve rates. This serves the best interests of the public, consumers, the Members and the Commission.

15. Historically, since the implementation of the 34.5kV FBRs in 2016, each Member's Annual Update Filing has been processed in a relatively easy manner, suggesting at least that the process of a formula rate for the LAC has been positive. None of the Annual Update Filings for any member have ever resulted in a need for a hearing, and for many years, the parties have not even had to hold the Technical Conference



contemplated by the Protocols. The Members believe the 34.5kV FBRs have been successful, and their continuation will be a continuation of successful formula rates that achieve the policy objectives of implementing formula rates, while at the same time providing a smooth process for customer review of the LAC.

### **III. TESTIMONY AND SERVICE**

16. The testimony of five witnesses is submitted with this application. The names of the witnesses, the subject of their direct testimony, are as follows:

**James Brungardt, Manager, Regulatory Relations  
Sunflower**

- Reasons for Sunflower joining as a Joint Applicant in this proceeding.

**Richard J. Macke, Vice President of Economics, Rates, and Business Planning  
Power Systems Engineering, Inc.**

- Historical overview of the 34.5kV FBRs
- Recap of steps necessary to continue the 34.5kV FBRs

**Nolan Numrich, General Manager  
Western**

- Overview of Western's organization and governance.
- Western's support for this Joint Application.

**Shane Laws, CEO  
Victory**

- Overview of Victory's organization and governance.
- Victory's support for this Joint Application.

17. In addition to the undersigned, copies of pleadings, documents, and correspondence in this docket should be sent to:

<b>Sunflower Electric Power Corporation</b> 301 W. 13th Street P.O. Box 980 Hays, Kansas 67601	James Brungardt Regulatory and Rate Analyst <a href="mailto:jbrungardt@sunflower.net">jbrungardt@sunflower.net</a>	Monica A. Seib Corporate Paralegal Supervisor <a href="mailto:mseib@sunflower.net">mseib@sunflower.net</a>
<b>The Victory Electric Cooperative Association, Inc.</b> 3230 N 14th Avenue Dodge City, Kansas 67801	Shane Laws CEO <a href="mailto:shane@victoryelectric.net">shane@victoryelectric.net</a>	Angela Unruh Chief Financial Officer <a href="mailto:aunruh@victoryelectric.net">aunruh@victoryelectric.net</a>
<b>Western Electric Cooperative Association, Inc.</b> 635 S 13th Street WaKeeney, Kansas 67672	Nolan Numrich CEO/General Manager <a href="mailto:nolann@westerncoop.com">nolann@westerncoop.com</a>	Stacey Malsam CFO <a href="mailto:staceym@westerncoop.com">staceym@westerncoop.com</a>
<b>Power System, Engineering, Inc.</b> 6 Pine Tree Drive Suite 350 Arden Hills, Minnesota 53713	Richard J. Macke VP Economics, Rates, & Business Planning <a href="mailto:macker@powersystem.org">macker@powersystem.org</a>	Justin Craswell Rate & Data Analyst <a href="mailto:craswellj@powersystem.org">craswellj@powersystem.org</a>

#### IV. CONCLUSION

18. Continuing the 34.5kV FBRs is in the public interest and should be approved by the Commission. The 34.5kV FBRs result in just and reasonable rates for the Members that are fully reviewed by the Commission, its Staff, and other interested parties. The 34.5kV FBRs provide an efficient manner for recovering investment in the 34.5kV FBR Facilities necessary to ensure continued adequate, efficient and reliable utility service, and to maintain the financial integrity of each Member.

WHEREFORE, the Joint Applicants pray that the Commission approve the following:

- a. Continuation of each Member's existing 34.5kV FBR without any substantive changes as set forth in this Joint Application and supporting testimony;
- b. Such other and further relief as the Commission may deem just and reasonable.

Respectfully submitted,



---

Taylor P. Calcara (#25561)  
Jack Roenne (#30380)  
Watkins Calcara, Chtd.  
1321 Main Street, Suite 300  
P.O. Drawer 1110  
Great Bend, Kansas 67530  
(620) 792-8231 telephone  
(620) 792-2775 facsimile  
[tcalcara@wcrf.com](mailto:tcalcara@wcrf.com)  
[jroenne@wcrf.com](mailto:jroenne@wcrf.com)

**COUNSEL FOR SUNFLOWER ELECTRIC  
POWER CORPORATION, THE VICTORY  
ELECTRIC COOPERATIVE ASSOCIATION,  
INC., AND WESTERN COOPERATIVE  
ELECTRIC ASSOCIATION, INC.**

**VERIFICATION**

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

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



---

Taylor P. Calcara