

THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Before Commissioners: Shari Feist Albrecht, Chair
 Jay Scott Emler
 Pat Apple

In the Matter of Midwest Energy, Inc.)
Submitting Its 2015 Annual Transmission) Docket No. 15-MDWE-535-TFR
Revenue Requirement Associated With Its)
Transmission Formula Rate.)

ORDER ACCEPTING ANNUAL TRANSMISSION REVENUE REQUIREMENT
UPDATE

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (Commission) for consideration and decision. Having reviewed its files and records and being duly advised in the premises, the Commission makes the following findings:

I. Background

1. In a series of dockets including Docket Nos. 08-MDWE-594-RTS, 08-MDWE-481-TFR, and 12-MDWE-489-GIE, the Commission allowed Midwest Energy, Inc. (Midwest Energy) to institute a retail Transmission Delivery Charge (TDC) and a wholesale transmission service charge in its Open Access Transmission Tariff (OATT) filed at Southwest Power Pool (SPP). Additionally, the Commission approved a Transmission Formula Rate (TFR) to govern the determination of the charges.

2. On February 22, 2012, in Docket No. 12-MDWE-489-GIE, the Commission adopted updated protocols to govern annual rate adjustments to both the retail TDC and wholesale service charge under the OATT based upon the approved TFR and Midwest's Annual Transmission Revenue Requirement (ATRR).

3. On May 7, 2015, Midwest Energy, Inc. (Midwest) filed its 2015 update to the Annual Transmission Revenue Requirement (ATRR) associated with its Transmission Formula Rate (TFR) based upon the approved protocols.

II. Jurisdiction

4. K.S.A. 66-101 provides the Commission full power, authority and jurisdiction to supervise and control the electric public utilities, as defined in K.S.A. 66-101a, doing business in Kansas.

5. On June 5, 2013, in Docket No. 13-MDWE-704-DRC, the Commission approved Midwest's election to deregulate under K.S.A. 66-104d. However, K.S.A. 66-104d(f) does not allow an electric cooperative to deregulate its "fees or tariffs for transmission services."

6. Additionally, 16 U.S.C. § 824(f) states that federal jurisdiction over transmission services does not extend to "an electric cooperative that receives financing under the Rural Electrification Act of 1936 (7 U.S.C. 901 et seq.) or that sells less than 4,000,000 megawatt hours of electricity per year." Midwest sells less than 4,000,000 megawatt hours of electricity per year.

7. Therefore, the Commission retains jurisdiction over Midwest's transmission rates.

III. Analysis

8. Commission Staff (Staff) has submitted a Report and Recommendation (R&R) analyzing and recommending acceptance of Midwest's ATRR update.¹ Staff's R&R, dated July 14, 2015, is attached hereto and made a part hereof by reference. Staff reports the following to the Commission:

Staff reviewed the Company's TFR calculations and the data inputs from its FERC Form 1. Staff also reviewed the non FERC Form 1 data included in Attachment H-1 to its OATT. Staff finds that the Company correctly calculated

¹Staff Report & Recommendation, July 14, 2015, p. 2. (Staff R&R, p. 2.)

its 2015 ATRR of \$13,514,687, an increase from \$12,583,120 in 2014. Therefore, Staff contends that Midwest Energy's 2015 update will result in just and reasonable transmission rates, in compliance with K.S.A. 66-101b.

Staff recommends that the Commission accept Midwest Energy's 2015 ATRR of \$13,514,687 as calculated in Attachment H-1 to its OATT.

9. Upon review of the record as a whole, the Commission concludes Staff's findings and recommendation are reasonable and hereby adopts the same. The Commission finds that Midwest's 2015 ATRR update is correctly calculated and should be accepted.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. The Commission hereby accepts Midwest's 2015 ATRR of \$13,514,687 as calculated in Attachment H-1 to its Open Access Transmission Tariff.

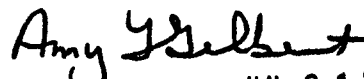
B. The parties have fifteen (15) days, plus three (3) days if service of this order is by mail, from the date this order was served in which to petition the Commission for reconsideration of any issue or issues decided herein. K.S.A. 66-118b; K.S.A. 77-529(a)(1).

C. The Commission retains jurisdiction over the subject matter and parties for the purpose of issuing such further order, or orders, as it may deem necessary.

BY THE COMMISSION IT IS SO ORDERED.

Albrecht, Chair; Emler, Commissioner; Apple, Commissioner

Dated: JUL 30 2015


ORDER MAILED JUL 31 2015

Amy L. Gilbert
Secretary to the Commission

MRN

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Shari Feist Albrecht
Commissioner Jay Scott Emler
Commissioner Pat Apple

FROM: Chad Unrein, Auditor
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: July 14, 2015

SUBJECT: Docket No. 15-MDWE-535-TFR: In the Matter of Midwest Energy, Inc. (Midwest Energy) Submitting Its 2015 Update to the Annual Transmission Revenue Requirement (ATRR) Associated with Its Transmission Formula Rate (TFR).

EXECUTIVE SUMMARY:

The Kansas Corporation Commission (KCC) originally approved a TFR and related protocols for Midwest Energy in Docket No. 12-MDWE-489-GIE. Midwest Energy is not seeking revisions to its TFR or protocols in this proceeding. The purpose of this Docket is to update Midwest Energy's ATRR and input 2014 operating data in the Company's TFR. This process is carried out pursuant to Midwest Energy's Commission-approved TFR protocols. Staff reviewed Midwest Energy's TFR populated with 2014 financial data and the resulting ATRR and found that the Company's proposed ATRR of \$13,514,687 accurately reflects Midwest Energy's cost of transmission service.

BACKGROUND:

Midwest Energy is a cooperative that provides electric and natural gas distribution services to its member/customers. The Company also owns electric transmission assets that provide services billed through the open access transmission tariff (OATT) at the Southwest Power Pool. As Midwest's transmission rates are not regulated by FERC and Kansas statutes do not allow electric cooperatives to deregulate their transmission services, its transmission rates remain regulated by the KCC.¹

¹ 16 U.S.C.A. § 824(f); K.S.A. 66-104d (f).

ANALYSIS:

Midwest Energy's TFR is dependent solely on historic financial data reported in the FERC Form 1; there is no projected data in Midwest Energy's TFR. Staff reviewed the Company's TFR calculations and the data inputs from its FERC Form 1. Staff also reviewed the non FERC Form 1 data included in Attachment H-1 to its OATT. Staff finds that the Company correctly calculated its 2015 ATRR of \$13,514,687, an increase from \$12,583,120 in 2014. Therefore, Staff contends that Midwest Energy's 2015 update will result in just and reasonable transmission rates, in compliance with K.S.A. 66-101b.

RECOMMENDATION:

Staff recommends that the Commission accept Midwest Energy's 2015 ATRR of \$13,514,687 as calculated in Attachment H-1 to its OATT.

PLEASE FORWARD THE ATTACHED DOCUMENT (S) ISSUED IN THE ABOVE-REFERENCED DOCKET
TO THE FOLLOWING:

NAME AND ADDRESS	NO. CERT. COPIES	NO. PLAIN COPIES
MICHAEL NEELEY, LITIGATION COUNSEL KANSAS CORPORATION COMMISSION 1500 SW ARROWHEAD RD TOPEKA, KS 66604-4027 ***Hand Delivered***		
MICHAEL S BILLINGER, MANAGER OF RATES AND DEMAND RESPONSE MIDWEST ENERGY, INC. 1330 CANTERBURY ROAD PO BOX 898 HAYS, KS 67601-0898		

ORDER MAILED JUL 31 2015

The Docket Room hereby certified that on this _____ day of _____, 20_____, it caused a true and correct copy of the attached ORDER to be deposited in the United States Mail, postage prepaid, and addressed to the above persons.