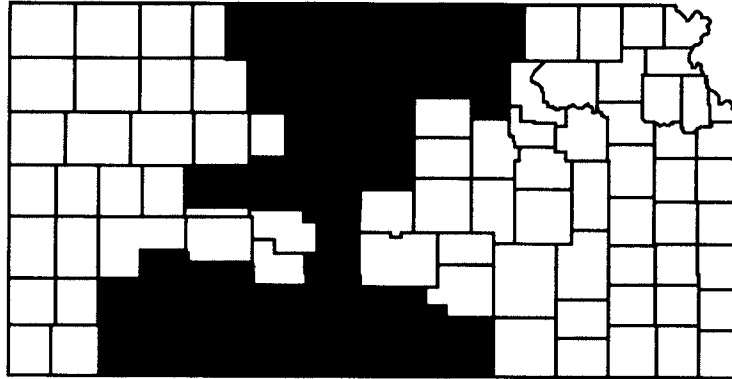


Mid-Kansas Electric Company, LLC



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

**In the Matter of the Application of)
Mid-Kansas Electric Company, LLC)
for Approval to Make Certain Changes) Docket No. 09-MKEE-969-RTS
in its Charges for Electric Service)**

APPLICATION

AND

PRE-FILED TESTIMONY OF:

**L. EARL WATKINS, JR.
NOMAN L. WILLIAMS
THOMAS K. HESTERMANN
DENNIS R. EICHER
RICHARD J. MACKE**

AND

SUPPLEMENTAL INFORMATION

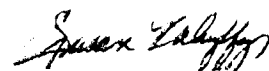
VOLUME 1

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 Docket Room

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

STATE CORPORATION COMMISSION

Before Commissioners:

Thomas Wright, Chair
Michael Moffet
Joseph Harkins

JUN 15 2009

 Docket Room

In the Matter of the Application of)
Mid-Kansas Electric Company, LLC)
for Approval to Make Certain Changes)
in its Charges for Electric Service)

Docket No. 09-MKEE-~~969~~-RTS

APPLICATION

COMES NOW, Mid-Kansas Electric Company, LLC ("Mid-Kansas" or "MKEC") and pursuant to K.S.A. 66-104, 66-117 *et seq.*, hereby files this Application to the State Corporation Commission of the State of Kansas (hereinafter referred to as the "Commission") for the purpose of making changes to Mid-Kansas' schedules for electric service and for other related relief that may be required. In support of the Request, Mid-Kansas states as follows:

1. Mid-Kansas is a Kansas limited liability company operated on a not-for-profit basis with its principal place of business located in Hays, Kansas. Mid-Kansas is owned by five Kansas consumer-owned cooperatives and one corporation wholly owned by a sixth Kansas consumer-owned cooperative who collectively organized Mid-Kansas for the purpose of acquiring and operating Aquila, Inc., d/b/a Aquila Networks – WPK's ("WPK") Kansas electric utility assets.¹ Mid-Kansas is an electric public utility regulated by the Commission.
2. In addition to the undersigned, copies of pleadings, documents, and correspondence in this docket should be sent to:

¹ The six electric utilities, collectively referred to as "Mid-Kansas Members," and their headquarters are as follows: Lane-Scott Electric Cooperative, Inc., Dighton; Southern Pioneer Electric Company, Ulysses; Prairie Land Electric Cooperative Association, Inc., Norton; Victory Electric Cooperative Association, Inc., Dodge City; Western Cooperative Electric Association, Inc., Wakened; Wheatland Electric Cooperative, Inc., Scott City.

Thomas K. Hestermann
Manager, Regulatory Relations
Sunflower Electric Power Corporation
301 West 13th Street
P.O. Box 1020
Hays, KS 67601
(785) 623-3314

3. On November 16, 2005, WPK and Mid-Kansas filed a Joint Application in Docket No. 06-MKEE-524-ACQ, requesting approval to transfer WPK's certificate of convenience and franchise to Mid-Kansas, as well as transfer all WPK's electric business to Mid-Kansas, including WPK's generation, transmission and local distribution facilities located in Kansas.
4. On January 10, 2007, a Joint Motion for Approval of Stipulation and Agreement was filed in Docket No. 06-MKEE-524-ACQ, requesting approval of, among other things, the transfer of WPK's generation, transmission and local distribution facilities located in Kansas to Mid-Kansas. Mid-Kansas also agreed to adopt the then-current WPK retail and wholesale rates.
5. On February, 23, 2007, the Commission issued an Order Adopting Stipulation and Agreement in Docket No. 06-MKEE-524-ACQ, approving the transfer of WPK's generation, transmission and local distribution facilities located in Kansas to Mid-Kansas, subject to specific conditions set forth in the Stipulation and Agreement in Docket No. 06-MKEE-524-ACQ ("524 Stipulation").
6. On April 1, 2007, Mid-Kansas and the Mid-Kansas Members began operation of the WPK electric transmission and distribution facilities in Kansas.
7. On July 26, 2007, Mid-Kansas submitted its Application in Docket No. 08-MKEE-099-MIS ("099 Application"), requesting the authority to transfer its distribution assets and

service of electric customers to the Mid-Kansas Members, pursuant to the terms of the 524 Stipulation stating that "...MKEC will file a request to transfer the distribution assets and certificated territory as soon after the Effective Date as reasonably possible." 524 Stipulation, at ¶23. As part of the 099 Application, each of the Mid-Kansas Members submitted for approval the Electric Customer Service Agreement ("Service Agreement") that replaced the Lease and Service Agreement previously executed and approved by the Commission. The Service Agreements provided that each of the Mid-Kansas Members will provide retail electric service utilizing Mid-Kansas retail rates approved by the Commission until such time as the certified service territory is transferred to the Mid-Kansas Members.

8. On December 21, 2007, the Commission issued an Order Approving Spin-Down of Distribution Assets in Docket No. 08-MKEE-099-MIS, approving the transfer of the distribution assets of Mid-Kansas to the Mid-Kansas Members.
9. The 524 Stipulation prohibited Mid-Kansas and the Mid-Kansas Members from filing for a rate increase that would affect Mid-Kansas customers until March 2009. Stipulation, at ¶17.
10. Mid-Kansas and the Mid-Kansas Members (with the exception of Wheatland Electric Cooperative, Inc.) now desire to file for changes in rates that reflect the current cost of service for Mid-Kansas and each of the Mid-Kansas Members as follows:
 - Establishment of a wholesale rate for sales from Mid-Kansas to the Mid-Kansas Members.
 - Modification of the OATT and rates contained therein for Mid-Kansas.

- Establishment of an ECA for use with wholesale sales to the Mid-Kansas Members.
- Establishment of an ECA for Wheatland Electric for use with sales made to Mid-Kansas retail customers served by Wheatland Electric.
- Modification of the transmission service schedule 88-TSV-1 associated with the contract between KEPCo and Mid-Kansas.
- Establishment of retail rates for customers Mid-Kansas served by the Mid-Kansas Members (with the exception of Wheatland Electric) that reflect the appropriate cost of service of providing retail electric service to the Mid-Kansas customer served by the respective Mid-Kansas Member.
- Establishment of a local access charge for each of the Mid-Kansas Members (with the exception of Wheatland) for third-party use of the respective Mid-Kansas Member's 34.5 kV system.

Additionally, Mid-Kansas respectfully requests that the Commission confirm that all of the transmission facilities of Mid-Kansas meet the terms and conditions contained in Attachment AI of Southwest Power Pool's Open Access Transmission Tariff (SPP-OATT).²

11. Wheatland Electric has elected, at this time, to continue to utilize the current rates approved by the Commission for service to Mid-Kansas customers served by Wheatland

² Attachment AI of the SPP-OATT ("Attachment AI") requires each Transmission Owner to file a request based on the information contained within Attachment AI with its appropriate regulatory authority for a determination as to which of its facilities are Transmission Facilities. SPP-OATT, Attachment AI, Section IV, Original Sheet No. 1137. Mid-Kansas filed a Motion on October 2, 2008, in Docket No. 09-SNFE-315-MIS ("315 Motion"), requesting that the Commission issue an Order determining that Mid-Kansas' transmission facilities meet the current criteria of Attachment AI. Mid-Kansas also committed in the 315 Motion to provide the Commission further information with respect to the inclusions of their transmission facilities in Attachment AI in their general rate case applications to be filed before the Commission. 315 Motion, at ¶¶7-8.

Electric. Mid-Kansas will adopt the current rates for use in its Wheatland Electric division.

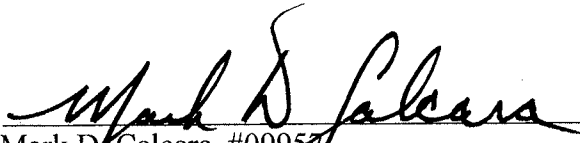
12. In order to facilitate the filing of the aforementioned rate changes, Mid-Kansas, the Citizens' Utility Ratepayer Board, and the Staff of the Kansas Corporation Commission filed a Joint Petition for Waiver of Filing Requirement on April 16, 2009 in Docket No. 09-MKKEE-816-MIS ("816 Joint Petition").
13. On May 8, 2009, the Commission issued an Order Granting Waiver of Filing Requirements in Docket No. 09-MKKEE-816-MIS ("816 Order"), approving the 816 Joint Petition and directing Mid-Kansas to file a rate application on or before June 15, 2009.
14. Mid-Kansas and the Mid-Kansas Members should be permitted to earn adequate and sufficient net margins to allow Mid-Kansas and the Mid-Kansas Members to serve their respective customers with sufficient and efficient service and to continue to expand investment needed for public service.
15. The proposed revenues in this Application permit Mid-Kansas and the Mid-Kansas Members to recover revenues in excess of expenses that are in the public interest and are necessary to: (1) assure continuing, adequate, efficient and reliable utility service; (2) provide for debt service and enable Mid-Kansas and the Mid-Kansas Members to make the required interest and principal payments on its indebtedness; (3) maintain the borrowing capability of Mid-Kansas and the Mid-Kansas Members necessary to maintain, replace and expand their respective electrical infrastructure; and (4) achieve the financial covenant requirements contained within their respective financing documents and protect their respective financial integrity.

16. The schedules of the Mid-Kansas Members filed with this Application establish a gross revenue deficiency for retail customers of approximately \$16.4 million for the five Mid-Kansas Member divisions seeking changes in rates, based on normalized operating results for the 12 months ending May 31, 2008, adjusted for known and measureable changes in revenues, operating and maintenance expenses, cost of capital and taxes, and other adjustments specified with the filed schedules. The gross revenue deficiency for retail customers includes a portion of the wholesale revenues sought by Mid-Kansas in this filing. The total aggregate retail rate increase for the five divisional Mid-Kansas Members for which such increase is sought is approximately 11.7%.
17. The wholesale related schedules of Mid-Kansas filed with this Application establish a gross revenue deficiency of approximately \$10.0 million, of which \$6.9 million of the deficiency is sought to be recovered through wholesale rates charge to the Mid-Kansas Members from Mid-Kansas, with the remaining amount to be recovered from Mid-Kansas' third-party transmission customers. This wholesale rate increase represents a rate increase of approximately 5.7% based on pro forma test year operating revenues of approximately \$176.1 million.
18. Submitted with this Application is the testimony of the Mid-Kansas witnesses, as well as the required schedules as stated in the 816 Order, which are filed in support of this Application. 816 Order, at ¶16.
19. The proposed revenues in this Application are just and reasonable, and are necessary to assure continuing, adequate, efficient and reliable utility service, and to maintain the financial integrity of Mid-Kansas and the Mid-Kansas Members.

WHEREFORE, Applicant respectfully requests that the Commission approve the Applicant's revised rate schedules to produce the annual revenue required hereunder, substituting such schedules for those currently on file and approved for Applicant; that such new rate schedules be effective in accordance with the provisions of K.S.A. 66-117 and rules and regulations of the Commission; that the Commission confirm that all of the transmission facilities of Mid-Kansas meet the current criteria of the SPP-OATT Attachment AI; and that Applicant have such other and further relief as the Commission may deem just and proper.

MID-KANSAS ELECTRIC COMPANY, LLC

By: _____


Mark D. Calcara, #09957

Lindsay A. Shepard, #23276

Watkins Calcara, Chtd.

Suite 300, 1321 Main Street

P. O Drawer 1110

Great Bend, Kansas 67530

(620) 792-8231 telephone

(620) 792-2775 facsimile

Attorneys for Mid-Kansas Electric Company, LLC

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF ELLIS) ss:

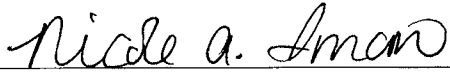
Mark D. Calcara, of lawful age, being first duly sworn on oath, states:

That he is the attorney for Mid-Kansas Electric Company, LLC, named in the foregoing Application, knows the contents thereof, and that the facts set forth therein are true and correct to the best of his knowledge, information and belief.



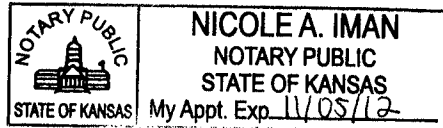
Mark D. Calcara

2007.2009 Nicole A. Iman
SUBSCRIBED AND SWORN to before me this 12th day of June,



Notary Public

My Commission Expires: 11/05/12



Mid-Kansas Electric Company, LLC
Summary of Rate Base, Operating Revenues and Expenses
Test Year Ending May 31, 2008

(a)	(b)	(c)	(d)	(e)	(f)	(g)
<u>Line No.</u>	<u>Description</u>	<u>YE 5/31/08 Actual</u> (\$)	<u>Adjustments</u> (\$)	<u>Pro Forma Present Rates</u> (\$)	<u>Adjustments</u> (\$)	<u>Pro Forma Test Year Proposed Rates</u> (\$)
1						
2	Operating Revenues	203,899,752	(27,749,989)	176,149,763	10,031,619	186,181,382
3	Operating Expenses	188,108,192	(14,736,574)	173,371,618	-	173,371,618
4	Net Operating Margins	15,791,560	(13,013,415)	2,778,145	10,031,619	12,809,764
5						
6	Actual Return					
7	Rate Base	111,090,864	(8,896,994)	102,193,869	-	102,193,869
8	Resultant Return on Rate Base	14.2150%		2.7185%		12.5348%
9						
10	TIER Target	1.1		1.5		1.5
11						
12	Targeted Return TIER Target					
13	Rate Base	111,090,864		102,193,869		102,193,869
14	Targeted Rate of Return	14.1357%		12.5348%		12.5348%
15	Return Requirements	15,703,467		12,809,764		12,809,764
16						
17	Excess (Deficiency)	88,093		(10,031,619)		-
18						
19						

Mid-Kansas Electric Company, LLC
Rate Base

(a)	(c)	(d)	(e)	(f)	(g)
Line No.	YE 5/31/08 As Recorded (\$)	Adjustments (\$)	Pro Forma Test Year Present Rates (\$)	Adjustments (\$)	Pro Forma Test Year Proposed Rates (\$)
1					
2	173,089,654	474,891	173,564,545	-	173,564,545
3	(103,724,692)	3,836,595	(99,888,097)	-	(99,888,097)
4	69,364,962	4,311,486	73,676,448	-	73,676,448
5	23,518,824	1,279,329	24,798,153	-	24,798,153
6	1,391	(107)	1,284	-	1,284
7	711,621	31,899	743,520	-	743,520
8	14,144,941	(14,144,941)	-	-	-
9	3,349,126	(374,660)	2,974,466	-	2,974,466
10	111,090,864	(8,896,994)	102,193,869	-	102,193,869

Mid-Kansas Electric Company, LLC
CWIP / CCNC Included in Rate Base

Line No.	<u>Project</u>	<u>5/31/2008 CWIP/CCNC Amount</u>	<u>12/31/2008 As Adjusted</u>	<u>Plant Acct.</u>
1				
2				
3	Generation Related			
4	Fort Dodge Reverse Osmosis	4,109,291	4,345,301	311
5	Fort Dodge Station Deep Injection Well	36,743	1,134,104	311
6	Fort Dodge Station New Drainage Ditch to River	27,915	116,969	311
7	Generator Protective Relay @ Great Bend	15,259	15,259	312
8	Cimarron River Sation Generator Protector Relaying Replacement	31,615	31,615	312
9	Fort Dodge Lg-Rpl panel 14B GCY rpl relays-inv (SPP)	51,880	51,880	312
10	Great Bend Station Acid Tank Replacement	27,779	34,517	314
11	Great Bend Station Ovation Data Acquisition Controls Upgrade	171,409	171,409	316
12				
13	Total Generation Related	<u>4,471,893</u>	<u>5,901,054</u>	
14				

Mid-Kansas Electric Company, LLC
CWIP / CCNC Included in Rate Base
Construction Work in Progress

Line No.	<u>Project</u>	<u>5/31/2008</u> <u>CWIP/CCNC Amount</u>	<u>12/31/2008</u> <u>As Adjusted</u>	
1				
2	Transmission Related			
3	Meters - Interconnect meter points between members.	447,060	447,060	353
4	DVSS- Haggard - DVSS System-inv	1,754,611	1,924,593	353
5	DVSS- E. Liberal - DVSS System-inv	2,699,231	2,938,954	353
6	DVSS- E. Liberal - DVSS System-ret	2,851	2,851	353
7	DVSS Jud Lg-DVSS System-inv	1,988,060	2,149,434	353
8	DVSS Jud Lg-DVSS System-ret	3,436	3,436	353
9	Spearville Wind Farm-inv(netwk up)	1,297,770	1,297,770	353
10	Covert Sub, replace 115kv interrupters on swch	48,596	50,954	353
11	KPP Metering for Kingman and Attica	52,142	80,659	353
12	TMK Replace City of Ashland Meter Pole	0	17,870	353
13	TMK Jewell Battery Replacement	0	24,865	353
14	Replace Meters - Full Requirements Cities	15,142	11,375	353
15	24TH & Frey Great Bend RTU Replacement	1,160	22,573	353
16	N.W. Substation Great Bend RTU Replacement	3,016	35,004	353
17	City of Lucas Metering Replacement	1,052	24,065	353
18	TMK Rpl 24-115kV H Frame Str. Glen Elder-Cond & 1 sgl pole str - storm dm	0	303,688	355
19	TMK Rpl 1-115kV St. Jewell-Concordia - Storm Dmg	0	106,034	355
20	TMK Rpl 1-115kV str GBS-Smith Ctr-Storm Dmg	0	2,857	355
21	TMK Rpl 1-115kV Str. E. Liberal-E Pine Sub-Storm Dmg	0	860	355
22	TMK Rpl 4-138kV str Med Ldg-Harper Storm Dmg	0	66,279	355
23	TMK Rpl 4-115kV str Plainville-Pburg Storm Dmg	0	33,996	355
24	TMK Rpl 4-230kV Post Insulators Conc-Manhattan Storm Dmg	0	7,065	355
25	Storm Damage - Concordia to Glenn Elder	170,778	176,441	355
26	Replace structure 932 E Liberal to E Pine Sub-Storm Damage	3,495	25,669	355
27	Great Bend to Med Lodge 115kv Struct. Replcmt	2,251	2,251	355
28	115 KV H-Frame #241-902 Ft Dodge to Medicine Lodge	22,360	23,163	355
29	Replace 6 Structures Plainville to Saline River	66,095	90,605	355
30				
31	Total Transmission Related	8,579,106	9,870,372	
32				
33	Total CWIP	13,050,998	15,771,426	
34				

Mid-Kansas Electric Company, LLC
Test Year and Pro Forma Income Statements

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	Description	YE 5/31/08 Actual	Adjustments	Pro Forma Test Year Present Rates	Adjustments	Pro Forma Test Year Proposed Rates
		(\$)	(\$)	(\$)	(\$)	(\$)
1						
2	Revenue					
3	Member System Revenue	129,265,115	642,101	129,907,216	6,860,776	136,767,991
4	Other Electric Sales	52,220,807	(18,370,898)	33,849,909		33,849,909
5	Other Operating Revenue	22,413,830	(10,021,192)	12,392,638	3,170,844	15,563,482
6	Total Operating Revenue	203,899,752	(27,749,989)	176,149,763	10,031,619	186,181,382
7						
8	Operating Expenses					
9	Production					
10	Fuel	59,132,582	(7,496,107)	51,636,475		51,636,475
11	Non-Fuel Operating	(496,866)	178,699	(318,167)		(318,167)
12	Maintenance Expense	3,703,972	88,489	3,792,461		3,792,461
13	Purchased Power	85,480,926	-	85,480,926		85,480,926
14	Other	833,422	38,381	871,803		871,803
15	Subtotal--Production	148,654,036	(7,190,537)	141,463,499	-	141,463,499
16	Transmission					
17	Operating	8,948,312	(741,279)	8,207,033		8,207,033
18	Maintenance	4,667,408	(2,698,063)	1,969,345		1,969,345
19	Subtotal--Transmission	13,615,720	(3,439,342)	10,176,378	-	10,176,378
20	Distribution					
21	Operating	-	-	-		-
22	Maintenance	-	-	-		-
23	Subtotal--Distribution	-	-	-	-	-
24	Customer Accounting	40,096	1,341	41,437		41,437
25	Customer Service & Info.	-	-	-		-
26	Sales	-	-	-		-
27	Administrative and General	8,581,535	121,175	8,702,710		8,702,710
28	General Plant Maintenance	454,100	13,978	468,078		468,078
29	Subtotal--O&M	171,345,487	(10,493,385)	160,852,102	-	160,852,102
30	Depreciation and Amor.	11,595,236	(4,243,189)	7,352,047		7,352,047
31	Taxes	4,951,656	-	4,951,656		4,951,656
32	Other Interest	-	-	-		-
33	Other Deductions	215,813	-	215,813		215,813
34	Total Expenses	188,108,192	(14,736,574)	173,371,618	-	173,371,618
35						
36	Net Operating Income	15,791,560	(13,013,415)	2,778,145	10,031,619	12,809,764

Source for Col. (c): Section 8, Schedules 3 & 4.

Source for Col. (d): Section 9, Schedule 2.

Source for Col. (f): Section 9, Schedules 3, 4 & 5.

Mid-Kansas Electric Company, LLC
Summary of Adjustments to Operations

Line No.	Adjustment No.	Revenue		Production	Operating Expenses			Depreciation and Amort.	Total
		Member	Other		Transmission	Customer Accounting	Administration and General		
1	1	152,374	314,477						466,851
2	2	(4,739,766)	(2,404,870)						(7,144,636)
3	3	(4,047,186)							(4,047,186)
4	4		(6,936,596)						(6,936,596)
5	5	7,180,635	(7,180,635)						0
6	6					(154,930)		(858,299)	(1,013,229)
7	7							(3,384,890)	(3,384,890)
8	8				(2,876,441)				(2,876,441)
9	9					179,117			179,117
10	10			305,570	81,744	1,341	110,966		499,621
11	11		(6,349,004)	(6,349,004)					(12,698,008)
12	12		(2,306,044)						(2,306,044)
13	13		(1,230,170)	(1,147,103)					(2,377,273)
14	14		(1,619,522)						(1,619,522)
15	15		(644,646)		(644,646)				(1,289,292)
16	16	350,140							350,140
17	17		(35,080)						(35,080)
18	18	1,745,903							1,745,903
Total		642,101	(28,392,090)	(7,190,537)	(3,439,342)	1,341	135,153	0	(42,486,563)
			(27,749,989)						(14,736,574)

Mid-Kansas Electric Company, LLC Explanation of Adjustments to Rate Base

Line No.	Adjustment No.		<u>Increase</u>	<u>Decrease</u>
1	1	Plant in service		
2		To Remove Acquisition Costs from Rate Base		
3		Schedule 4, Section 2		9,408,137
4				
5	2	Plant In Service		
6		To Remove Transmission Plant Transferred to Mid-Kansas Members		
7		Decrease Acct 352 - \$62, 721		
8		Decrease Acct 353 - \$7,952,666		
9		Section 4 , Schedule 2		8,015,387
10				
11	3	Plant In Service		
12		Decrease Acct. 360 - \$5907		
13		Decrease Acct. 361 - \$3846		
14		Decrease Acct. 362 - \$355, 603		
15		To Remove Distribution Plant Transferred to Mid-Kansas Members		
16		Section 4 , Schedule 2		365,356
17				
18	4	Accumulated Depreciation		
19		To Remove Accumulated Depreciation associated with		
20		Plant Transferred to Mid-Kansas Members in 2008		
21		Section 5, Schedule 1		(3,451,861)
22				
23	5	Remove Accumulated Amortization Expense related to acquisition costs		(384,734)
24		and intangible plant		
25		Section 5, Schedule 1		
26				
27	6	Prepayments		
28		To adjust prepayments to appropriate balance		
29		Section 6, Schedule 1	1,279,329	
30				
31	7	Fuel Stock		
32		To adjust prepayments to appropriate balance		
33		Section 6, Schedule 1		107
34				
35	8	Materials and Supplies		
36		To adjust prepayments to appropriate balance		
37		Section 6, Schedule 1	31,899	

Mid-Kansas Electric Company, LLC
Explanation of Adjustments to Rate Base

Line No.	Adjustment <u>No.</u>	<u>Increase</u>	<u>Decrease</u>
1			
2	9		
3	Construction Work In Progress		
4	Remove 5/31/08 CWIP Balance from Rate Base		14,144,941
5	10		
6	Cash Working Capital		
7	To adjust for appropriate working capital allowance		
8	Section 6, Schedule 1		374,660
9	11		
10	Adjust Transmission Plant In Service to 12/31/08 Balances		
11	Increase Acct. 350 - \$131,625		
12	Increase Acct. 352 - \$535,370		
13	Increase Acct. 353 - \$1,616,570		
14	Section 4, Schedule 2	2,283,565	
15	12		
16	Adjust General Plant In Service to 12/31/08 Balances		
17	Increase Acct. 391 - \$1,879		
18	Increase Acct. 392 - \$192,445		
19	Increase Acct. 394 - \$10,895		
20	Increase Acct. 397 - \$3,591		
21	Section 4, Schedule 2	208,810	
22	13		
23	Reclassify Production CWIP and CCNC to Plant in Service		
24	Increase Acct. 311 - \$5,596,373		
25	Increase Acct. 312 - \$98,754		
26	Increase Acct. 314 - \$34,517		
27	Increase Acct. 316 - \$171,409		
28	Section 3, Schedule 5, Section 4, Schedule 2	5,901,053	
29	14		
30	Reclassify Production CWIP and CCNC to Plant in Service		
31	Increase Acct. 353 - \$9,031,464		
32	Increase Acct. 355 - \$838,909		
33	Section 3, Schedule 5, Section 4, Schedule 2	9,870,373	

Mid-Kansas Electric Company, LLC

Explanation of Adjustments to Operations

Line No.	Adjustment No.		<u>Increase</u>	<u>Decrease</u>
1	1	Adjust Member Revenues for Credits booked for prior to test year		
2		Member Revenue	152,374	
3		Other Electric Revenue	314,477	
4		Section 9, Schedule 2		
5				
6	2	Remove Local Access Charge Revenue from test year		7,144,636
7		Member Revenue		
8		Other Electric Revenue		
9		Section 9, Schedule 3		
10				
11	3	Remove Revenue related to Distribution Facilities		4,047,186
12		Transferred to Mid-Kansas Members		
13		Section 9, Schedule 3		
14				
15	4	Remove Net Lease Payments associated with distribution		6,936,596
16		facilities transferred to Mid-Kansas Members		
17		Section 9, Schedule 3		
18				
19	5	Reclassify National Helium and Air Products Sales to Member Sales		
20		to Member Sales		
21		Member Revenue	7,180,635	
22		Other Electric Sales		7,180,635
23				
24				
25	6	Remove Expenses associated with facilities		
26		transferred to Mid-Kansas Members in 2007		
27		Property Insurance		154,930
28		Acquisition Premium Amortization		858,299
29		Section 9, Schedule 4		
30				
31	7	Adjust Depreciation Expense to Annualized Depreciation		
32		Depreciation		3,384,890
33		Section 9, Schedule 4		
34				

Mid-Kansas Electric Company, LLC Explanation of Adjustments to Operations

Line No.	Adjustment No.		<u>Increase</u>	<u>Decrease</u>
1				
2	8	Remove 34.5 kV expenses		
3		Acct. 561		789
4		Acct. 562		114,710
5		Acct. 563		26,654
6		Acct. 566		1,830
7		Acct. 570		131,449
8		Acct. 571		927,045
9		Acct. 573		1,673,965
10		Section 9, Schdule 4		
11	9	Adjust Benefit and Pension Expense	179,117	
12		Section 9, Schedule 4		
13				
14	10	Adjust Payroll and FICA Expense		
15		Payroll	471,634	
16		FICA and Medicare	27,987	
17		Section 9, Schedule 4		
18				
19	11	Reclassify 447 Fuel Related Revenue to 501 Expense		
20		Other Electric Sales		6,349,004
21		Fuel Expense		6,349,004
22		Section 9, Schedules 3, 4		
23				
24	12	Adjust Other Revenue for Reveunues outside test year		
25		Other Electric Sales		2,306,044
26		Section 9, Schedule 3		
27				
28	13	Remove KPP 447 Revenue and Fuel Expense		
29		Other Revenue		1,230,170
30		Fuel Expense		1,147,103
31		Section 9, Schedule 3,4		
32				
33	14	Normalize KMEA Contract 447 Revenue		
34		Other Electric Sales		1,619,522
35		Section 9, Schedule 3		

Mid-Kansas Electric Company, LLC
Explanation of Adjustments to Operations

Line No.	Adjustment No.		<u>Increase</u>	<u>Decrease</u>
1				
2	15	Removes out of test year SPP expense and Revenue for acct. 565		
3		Transmission Expesne by Others - Acct 565		644,646
4		Other Operating Revenue		644,646
5		Section 9, Schedule 3,4		
6				
7	16	Normalize Southern Pioneer and Western	350,140	
8		3-2-1 Credits		
9		Section 9, Schedule 3		
10				
11	17	Remove KMEA Installation Charge Revenue		35,080
12		Section 9, Schedule 3		
13				
14	18	Remove ACA Credits for Member Revenue - Feb	1,745,903	
15		- Feb-May 2008		
16		Section 9, Schedule 3		
17				

Mid-Kansas Electric Company, LLC
Electric Plant in Service

As Recorded and Adjusted May 31, 2008

(a)	(b)	(c)	(d)	(e)
Line No.	Description	Total Ending 5/31/2008	Adjustments	Adjusted Total 5/31/2008
1	Intangible Plant	51,666	-	51,666
2				
3	Steam Production Plant	65,396,692	5,901,053	71,297,745
4				
5	Other Production Plant	11,948,268	-	11,948,268
6				
7	Transmission Plant	76,098,393	4,138,521	80,236,914
8				
9	Distribution Plant	2,489,888	(365,356)	2,124,532
10				
11	General Plant	17,104,747	(9,199,327)	7,905,420
12				
13	Total Electric Plant in Service	<u>173,089,654</u>	<u>474,891</u>	<u>173,564,545</u>

Source for Col. (c): Section 4, Schedule 2.

Mid-Kansas Electric Company, LLC
Total Electric Plant in Service
Summary by Plant Account--End of Year
Year Ended May, 31, 2008

(a)	(b)	(c)	(d)
Line		Acct.	
No.	Description	No.	YE 5/31/08
1	Intangible Plant		
2	Organization	301	51,666
3	Franchises and consents	302	-
4	Miscellaneous intangible plant	303	-
5	Subtotal		51,666
6			
7	Steam Production Plant		
8			
9	Land and land rights	310	143,444
10	Structures and improvements	311	9,307,890
11	Boiler plant equipment	312	27,775,823
12	Engines and engine driven generators	313	-
13	Turbogenerator units	314	22,916,313
14	Accessory electric equipment	315	3,734,514
15	Miscellaneous power plant equipment	316	740,277
16	ARO - Steam Production	317	778,431
17	Subtotal--Steam Production Plant		65,396,692
18			
19	Other Production Plant		
20	Land and land rights	340	36,398
21	Structures and improvements	341	283,539
22	Fuel holders, producers and accessories	342	136,489
23	Prime movers	343	8,039,074
24	Generators	344	2,900,089
25	Accessory electric equipment	345	536,565
26	Miscellaneous power plant equipment	346	15,948
27	ARO - Other Production	347	166
28	Subtotal		11,948,268
29	Subtotal--Production		77,344,960

Source: General Ledger.

Mid-Kansas Electric Company, LLC
Total Electric Plant in Service
Summary by Plant Account--End of Year
Year Ended May, 31, 2008

(continued)

(a)	(b)	(c)	(d)
Line		Acct.	
No.	Description	No.	YE 5/31/08
30			
31	Transmission Plant		
32	Land and land rights	350	2,266,075
33	Structures and improvements	352	1,811,489
34	Station equipment	353	39,791,637
35	Tower and fixtures	354	-
36	Poles and fixtures	355	20,114,708
37	Overhead conductor & devices	356	12,114,096
38	Underground conduit	357	-
39	Underground conductors & devices	358	-
40	ARO - Transmission Plant	359.1	388
41	Subtotal		<u>76,098,393</u>
42			
43	Distribution Plant		
44	Land and land rights	360	5,907
45	Structures and improvements	361	3,846
46	Station equipment	362	2,413,120
47	Storage battery equipment	363	-
48	Poles, towers, and fixtures	364	-
49	Overhead conductor & devices	365	-
50	Underground conduits	366	-
51	Underground conductors & devices	367	-
52	Line transformers	368	67,015
53	Services	369	-
54	Meters	370	-
55	Installation on customer's premises	371	-
56	Leased property-customer's premises	372	-
57	Street lighting and signal systems	373	-
58	Subtotal		<u>2,489,888</u>
59			
60	General Plant		
61	Land and land rights	389	-
62	Structures and improvements	390	325,473
63	Office furniture and equipment	391	1,312,113
64	Transportation equipment	392	1,950,607
65	Stores equipment	393	3,167
66	Tools, shop and garage equipment	394	155,709
67	Laboratory equipment	395	610,586
68	Power operated equipment	396	434,807
69	Communications equipment	397	2,904,148
70	Miscellaneous equipment	398	-
71	Aquisition Costs	399	9,408,137
72	Subtotal		<u>17,104,747</u>
73			
74	Total Electric Plant		<u>173,089,654</u>
75			
76	Source: General Ledger.		

Mid-Kansas Electric Company, LLC
Total Electric Plant in Service - Account No. 101
Summary by Plant Account—13 Month Average
May 2007 through May 2008

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
Line No.	Description	Acc. No.	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	13 Month Average
1	Intangible Plant															
2	Organization	301	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666
3	Franchises and consents	302	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Miscellaneous intangible plant	303	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	Subtotal		51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666	51,666
6																
7	Steam Production Plant															
8																
9	Land and land rights	310	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444	143,444
10	Structures and improvements	311	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890	9,307,890
11	Boiler plant equipment	312	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823	27,775,823
12	Engines and engine driven generators	313	-	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Turbogenerator units	314	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313	22,916,313
14	Accessories electric equipment	315	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514	3,734,514
15	Miscellaneous power plant equipment	316	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277	740,277
16	ARJ - Steam	317	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431	778,431
17	Subtotal - Steam		65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692	65,396,692
18	Other Steam															
19																
20	Other Production Plant															
21	Land and land rights	340	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398	36,398
22	Structures and improvements	341	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539	283,539
23	Fuel holders, producers and accessories	342	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489	136,489
24	Prime movers	343	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074	8,039,074
25	Generators	344	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089	2,900,089
26	Accessories electric equipment	345	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565	536,565
27	Miscellaneous power plant equipment	346	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948	15,948
28	ARJ - Other	347	166	166	166	166	166	166	166	166	166	166	166	166	166	166
29	Subtotal		11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268	11,948,268
30	Subtotal - Production		77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960	77,344,960
31	General Ledger															

Source: General Ledger

Mid-Kansas Electric Company, LLC
Total Electric Plant in Service - Account No. 101
Summary by Plant Account--13 Month Average
May 2007 through May 2008
(continued)

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)
Line No.	Description	May-07	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	13 Month Average	
31	Transmission Plant															
32	Land and land rights	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075	2,266,075
33	Structures and improvements	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489	1,811,489
34	Station equipment	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637	39,791,637
35	Tower and fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	Foles and fixtures	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708	20,114,708
37	Overhead conductor & devices	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096	12,114,096
38	Underground conduct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
39	Underground conductors & devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40	ARKO - Transmission	388	388	388	388	388	388	388	388	388	388	388	388	388	388	388
41	Subtotal	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393	76,098,393
42																
43	Distribution Plant **															
44	Land and land rights	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907	5,907
45	Structures and improvements	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846	3,846
46	Station equipment	2,428,745	2,428,745	2,428,745	2,428,745	2,428,745	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120	2,413,120
47	Storage battery, equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
48	Foles, towers and fixtures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
49	Overhead conductor & devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
50	Underground conduct	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
51	Underground conductors & devices	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
52	Line transformers	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015	67,015
53	Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
54	Meters	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
55	Installation on customer's premises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
56	Leased property-customer's premises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
57	Street lighting and signal systems	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
58	Subtotal	2,505,513	2,505,513	2,505,513	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888	2,489,888
59																
60	General Plant															
61	Land and land rights	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473	325,473
62	Structures and improvements	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717	1,241,717
63	Office furniture and equipment	808,766	841,397	841,397	841,397	841,397	917,614	997,144	1,843,764	1,893,358	1,893,358	1,893,358	1,893,358	1,893,358	1,893,358	1,893,358
64	Transportation equipment	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167	3,167
65	Stores equipment	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329	155,329
66	Tools, shop and garage equipment	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586	610,586
67	Laboratory, equipment	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807	434,807
68	Power operated equipment	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763	2,870,763
69	Communications equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70	Miscellaneous equipment	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137	9,408,137
71	Acquisition Costs	15,858,544	15,900,917	15,917,229	15,932,078	15,944,833	16,048,689	16,130,543	16,981,224	17,038,883	17,038,883	17,038,883	17,038,883	17,038,883	17,038,883	17,038,883
72	Subtotal	171,901,449	171,917,761	171,932,610	171,945,365	172,033,596	172,115,450	172,966,131	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790
73																
74	Total Electric Plant	171,859,076	171,901,449	171,917,761	171,932,610	171,945,365	172,033,596	172,115,450	172,966,131	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790	173,023,790

Source: General Ledger

**Mid-Kansas Electric Company, LLC
Accumulated Reserves for Depreciation**

As Recorded and Adjusted May 31, 2008

(a)	(b)	(c)	(d)	(e)
Line No.	Description	Total Ending 5/31/2008	Adjustments	Adjusted Total Ending 5/31/2008
1	Depreciation	103,339,958	(3,451,861)	99,888,097
2				
3	Amortization	384,734	(384,734)	-
4				
5	Total	103,724,692	(3,836,595)	99,888,097

Source: Section 5, Schedules 2.

Mid-Kansas Electric Company, LLC
Accumulated Reserves for Depreciation - End of Year

Year-Ended May 31, 2008

(a)	(b)	(c)	(g)
Line		Acct.	
<u>No.</u>	<u>Description</u>	<u>No.</u>	<u>YE 5/31/08</u>
	Depreciation		
1	Steam Production	10810	50,346,534
2	Other Production	10840	11,792,781
3	Transmission Plant	10850	36,875,321
4	Distribution Plant	10860	766,296
5	General Plant	10870	2,963,925
6	Transmission Retirement	10851	(30,074)
7	General Plant Retirement	10871	(12,786)
8	General Plant Salvage	10872	1,400
9	Steam Asset Retirement Obligation	10890	636,220
10	Other Asset Retirement Obligation	10891	147
11	Transmission Asset Retirement Obligation	10892	194
12	Subtotal		103,339,958
13			
14	Amortization		
15	Acquisition Costs	11100	365,873
16	Intangible Costs	11100	18,861
17	Subtotal		384,734
	Total Depreciation and Amortization		103,724,692

Source: General Ledger

Mid-Kansas Electric Company, LLC
Accumulated Reserves for Depreciation - 13 Month Average
May 2007 through May 2008

(a) Line No.	(b) Description	(c) Acct. No.	(d) May-07	(e) Jun-07	(f) Jul-07	(g) Aug-07	(h) Sep-07	(i) Oct-07	(j) Nov-07	(k) Dec-07	(l) Jan-08	(m) Feb-08	(n) Mar-08	(o) Apr-08	(p) May-08	(q) 13 Month Average
1	Steam Production	10810	46,082,775	46,438,061	46,793,347	47,148,633	47,503,919	47,859,205	48,214,491	48,569,777	48,925,063	49,280,349	49,635,634	49,991,139	50,346,534	48,214,541
2	Other Production	10840	11,669,097	11,679,404	11,689,711	11,700,018	11,710,325	11,720,632	11,730,939	11,741,246	11,751,553	11,761,860	11,772,167	11,782,474	11,792,781	11,730,939
3	Transmission Plant	10850	35,222,380	35,360,025	35,497,670	35,635,265	35,772,860	35,910,455	36,048,050	36,185,645	36,323,240	36,460,835	36,598,430	36,737,159	36,875,321	36,048,300
4	Distribution Plant	10860	739,123	741,465	743,807	745,977	748,147	750,317	752,487	754,657	756,827	759,312	761,640	763,968	766,296	752,617
5	General Plant	10870	2,477,874	2,512,910	2,548,304	2,584,231	2,620,058	2,656,046	2,692,958	2,730,740	2,776,647	2,822,956	2,869,903	2,916,675	2,963,925	2,705,648
6	Transmission Retirement	10881	-	-	-	-	-	(15,625)	(15,625)	(15,625)	(15,625)	(30,074)	(30,074)	(30,074)	(30,074)	(14,061)
7	General Plant Retirement	10871	-	-	-	-	-	-	(3,289)	(3,289)	(3,289)	(3,289)	(3,289)	(3,289)	(12,786)	(2,502)
8	General Plant Salvage	10872	-	-	-	-	-	-	1,400	1,400	1,400	1,400	1,400	1,400	1,400	754
9	Steam Asset Retirement Obligation	10890	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220	636,220
10	Other Asset Retirement Obligation	10891	147	147	147	147	147	147	147	147	147	147	147	147	147	147
11	Transmission Asset Retirement Obligation	10892	194	194	194	194	194	194	194	194	194	194	194	194	194	194
12	Total		96,827,810	97,368,426	97,909,600	98,450,685	98,991,870	99,517,391	100,057,972	100,601,112	101,152,377	101,689,910	102,243,049	102,796,013	103,359,958	100,072,798
13	Amortization															
14	Acquisition Costs	11100	52,265	78,399	104,533	130,667	156,801	182,935	209,069	235,203	261,337	287,471	313,605	339,739	365,873	209,069
15	Intangible Costs	11100	16,749	16,925	17,101	17,277	17,453	17,629	17,805	17,981	18,157	18,333	18,509	18,685	18,861	17,805
16	Total		69,014	95,324	121,634	147,944	174,254	200,564	226,874	253,184	279,494	305,804	332,114	358,424	384,734	226,874
17	Total Depreciation and Amortization		96,896,824	97,463,750	98,031,234	98,598,629	99,166,124	99,718,155	100,284,846	100,854,296	101,431,871	101,995,714	102,575,163	103,154,437	103,724,692	100,299,672

Source: General Ledger

Mid-Kansas Electric Company, LLC
Summary of Working Capital

Test Year Ending May 31, 2008

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Line No.	Description	Method	Reference			Total As Recorded 5/31/2008	Adjust.	Pro Forma Test Year
			Sec.	Sch.	Page	(\$)	(\$)	(\$)
1								
2	Working Capital Requirements							
3	Fuel Stocks	13-month average	6	2	1	1,391	(107)	1,284
4	Materials & Supplies	13-month average	6	3	1	711,621	31,899	743,520
5	Prepayments	13-month average	6	4	1	23,518,824	1,279,329	24,798,153
6	Cash Working Capital (Other)	45 Days	6	5	1	3,349,126	(374,660)	2,974,466
7	Total Working Capital					<u>27,580,961</u>	<u>936,461</u>	<u>28,517,422</u>
8								

Mid-Kansas Electric Company, LLC
Fuel Stocks--Acct. 151.1

Test Year Ending May 31, 2008

(a) Line	(b) Description	(c) Actual	(d) Adjustment	(e) Pro Forma
No.		(\$)	(\$)	Test Year
		(\$)	(\$)	(\$)
1				
2	May-07	-	-	-
3	June-07	1,391	-	1,391
4	July-07	1,391	-	1,391
5	August-07	1,391	-	1,391
6	September-07	1,391	-	1,391
7	October-07	1,391	-	1,391
8	November-07	1,391	-	1,391
9	December-07	1,391	-	1,391
10	January-08	1,391	-	1,391
11	February-08	1,391	-	1,391
12	March-08	1,391	-	1,391
13	April-08	1,391	-	1,391
14	May-08	1,391	-	1,391
15	Total	16,688	-	16,688
16				
17	13-month average	1,284	-	1,284

Source: General Ledger

Mid-Kansas Electric Company, LLC
Materials and Supplies--Acct. 154

Test Year Ending May 31, 2008

(a) Line No.	(b) Description	(c) Actual (\$)	(d) Adjustment (\$)	(e) Pro Forma Test Year (\$)
1	May-07	826,203	-	826,203
2	June-07	836,540	-	836,540
3	July-07	813,234	-	813,234
4	August-07	801,993	-	801,993
5	September-07	709,614	-	709,614
6	October-07	710,697	-	710,697
7	November-07	703,373	-	703,373
8	December-07	707,418	-	707,418
9	January-08	714,549	-	714,549
10	February-08	710,427	-	710,427
11	March-08	700,881	-	700,881
12	April-08	719,206	-	719,206
13	May-08	711,621	-	711,621
14	Total	9,665,756	-	9,665,756
15				
16	13-month average	743,520	-	743,520

Source: General Ledger

Mid-Kansas Electric Company, LLC
Prepayments--Acct. 165

Test Year Ending May 31, 2008

(a) Line No.	(b) Description	(c) Actual (\$)	(d) Adjustment (\$)	(e) Pro Forma Test Year (\$)
1	May-07	24,618,351	-	24,618,351
2	June-07	25,836,929	-	25,836,929
3	July-07	25,581,785	-	25,581,785
4	August-07	25,462,653	-	25,462,653
5	September-07	25,206,172	-	25,206,172
6	October-07	24,949,690	-	24,949,690
7	November-07	24,693,661	-	24,693,661
8	December-07	26,856,597	-	26,856,597
9	January-08	24,101,515	-	24,101,515
10	February-08	23,845,034	-	23,845,034
11	March-08	23,963,607	-	23,963,607
12	April-08	23,741,165	-	23,741,165
13	May-08	23,518,824	-	23,518,824
14	Total	322,375,983	-	322,375,983
15				
16	13-month average	24,798,153	-	24,798,153

Source: General Ledger

Mid-Kansas Electric Company, LLC
Cash Working Capital

Test Year Ending May 31, 2008

(a) Line No.	(b) Description	(c) Actual (\$)	(d) Adjustments (\$)	(e) Pro Forma Test Year (\$)
1				
2	Production Expense			
3	Total Production Expense	148,654,036	(7,190,537)	141,463,499
4	Less: Fuel Expense	59,132,582	(7,496,107)	51,636,475
5	Less: Purchased Power Expense	85,480,926	-	85,480,926
6	Net Production Expense	4,040,528	305,570	4,346,098
7	Transmission Expense	13,615,720	(3,439,342)	10,176,378
8	Distribution Expense	-	-	-
9	Customer Accounting Expense	40,096	1,341	41,437
10	Customer Service & Information Exper	-	-	-
11	Sales Expense	-	-	-
12	Administrative & General Expense	8,581,535	121,175	8,702,710
13	General Plant Maintenance Expense	454,100	13,978	468,078
14	Taxes			
15	Total Taxes	4,951,656	-	4,951,656
16	Less: Property Taxes	4,890,630	-	4,890,630
17	Net Taxes	61,026	-	61,026
18	Total	26,793,005	(2,997,279)	23,795,726
19				
20	45 Day CWC Allowance @ 12.5%	3,349,126	(374,660)	2,974,466

Source: Section 9, Schedules 1 and 2, Section 11, Schedule 2

Mid-Kansas Electric Company, LLC
Debt Summary
Balances as of May 31, 2008

<u>Description</u>	<u>Total</u> (\$)
National Cooperative Services Corporation	121,997,068

Mid-Kansas Electric Company, LLC
Cost of Capital as of 5/31/2008

<u>Description</u>	<u>Note Designation</u>	<u>4/1/2007 Issue Balance</u> (\$)	<u>Bal @ 5/31/2008</u> (\$)	<u>Interest Rate</u> (%)	<u>Annualized Interest</u> (\$)	<u>Quarterly Payments</u> (\$)	<u>Annual Payments</u> (\$)
<u>Secured Debt</u>							
National Cooperative Services Corporation (NCSC)	KS4209000001	30,821,220	30,490,163.56	6.8500%	2,088,576	608,482	2,433,926
National Cooperative Services Corporation (NCSC)	KS4209000002	30,821,220	30,493,870	6.9100%	2,107,126	612,184	2,448,735
National Cooperative Services Corporation (NCSC)	KS4209000003	30,821,220	30,500,573	7.0200%	2,141,140	618,995	2,475,978
National Cooperative Services Corporation (NCSC)	KS4209000004	25,585,208	25,328,903	7.2200%	1,828,747	524,180	2,096,721
National Cooperative Services Corporation (NCSC)	KS4209000005	1,123,337	1,112,084	7.2200%	80,292	23,015	92,058
National Cooperative Services Corporation (NCSC)	KS4209000006	3,604,552	3,568,443	7.2200%	257,642	73,849	295,395
National Cooperative Services Corporation (NCSC)	KS4209000007	508,123	503,033	7.2200%	36,319	10,410	41,641
Total NSCS		123,284,880	121,997,068	7.00%	8,539,843	2,471,114	9,884,455

Mid-Kansas Electric Company, LLC
TIER and DSC Calculations
Year Ended 5/31/2008

<u>DESCRIPTION</u>	YE 5/31/2008	Pro-Forma Test Year	Test Year Proposed Rates
TIER:			
OPERATING MARGIN (DEFICIT)	\$ \$ 1,472,440	(5,761,698)	4,269,921
PLUS:			
INTEREST INCOME	373,337	373,337	373,337
NON-OPERATIGN INCOME (NET)	121,600	121,600	121,600
OTHER ITEMS	659,705	659,705	659,705
NET MARGIN (DEFICIT)	2,627,082	(4,607,056)	5,424,563
PLUS:			
INTEREST EXPENSE:			
NCSC	14,275,879	8,539,843	8,539,843
TIER Numerator	16,902,961	3,932,787	13,964,406
DIVIDED BY:			
INTEREST EXPENSE:			
NCSC	14,275,879	8,539,843	8,539,843
TIER Denominator	\$ \$ 14,275,879	8,539,843	8,539,843
TIER Ratio	1.18	0.46	1.64
DSC:			
NET MARGIN (DEFICIT)	\$ \$ 1,472,440	(5,761,698)	4,269,921
PLUS:			
INTEREST EXPENSE:			
NCSC	14,275,879	8,539,843	8,539,843
DEPRECIATION EXPENSE	11,638,477	7,352,047	7,352,047
DSC Numerator	27,386,796	10,130,192	20,161,811
DIVIDED BY:			
DEBT PAYMENTS:			
NCSC	9,884,455	9,884,455	9,884,455
DSC Denominator	\$ \$ 9,884,455	9,884,455	9,884,455
DSC Ratio	2.77	1.02	2.04

Mid-Kansas Electric Company, LLC
Balance Sheet
Assets and Other Debits

(a) Line	(b) Acct. No.	(c) Description	(d) YE 5/2008 (\$)
1			
2		Utility Plant	
3	101	Electric plant in service	163,681,517
4	101	Acquisition Costs	9,408,137
5	105	Electric plant held for future use	-
6	106	Completed construction not yet classified	-
7		Total electric plant in service	173,089,654
8	107	Construction work in progress	14,144,941
9		Total electric plant	187,234,595
10	108	Accum. Provision for depreciation	(103,339,957)
11	111	Amortizatin Cost	(384,735)
12		Net electric plant	83,509,903
13			
14		Other Property & Investments	
15	121	Non-utility property	-
16	123	Investment in associated companies	83,644
17	124	Other investments	11
18		Total other property & investments	83,655
19			
20		Current & Accrued Assets	
21	131	Cash	18,153,155
22	134	Special deposits	-
23	135	Working funds	400
24	141	Notes receivable	-
25	142	Customer accounts receivable	20,397,300
26	143	Other accounts receivable	2,636,127
27	151	Fuel stock	1,391
28	154	Plant materials and supplies	711,621
29	163	Stores expense undistributed	2,677
30	165	Prepayments	23,518,824
31	171	Interest and dividends receivable	(44,354)
	173	Accrued Unbilled Revenue	1,796,578
32		Total current & accrued assets	67,173,719
33			
34		Deferred Debits	
35	181	Unamortized Debt Expense	778,864
36	182	Other Regulatory Assets	5,826,425
37	183	Preliminary survey & investigation charges	(275,822)
38	184	Clearing accounts	-
39	186	Miscellaneous deferred debits	-
40		Total deferred debits	6,329,467
41			
42		Total Assets & Other Debits	157,096,744

Source: General Ledger

Sunflower Electric Power Corporation
Comparative Balance Sheets
Liabilities and Other Credits

(a)	(b)	(c)	(d)
Line	Acct.	Description	YE 5/2008
No.	No.	Description	(\$)
43			
44		<u>Proprietary Capital</u>	
45	200	Memberships	-
46	208	Donations from members	3,752,000
47	209	Accumulated Other Comprehensive Income	(264,258)
48	219	Margins	618,289
49		Total margins and equities	4,106,031
50			
51		<u>Long-Term Debt</u>	
52	224	Long term debt	121,997,068
53	227	Obligations under capital leases--non current	-
54	228	Accumulated operating provisions	7,809,139
55		Total long-term debt	129,806,207
56			
57		<u>Current & Accrued Liabilities</u>	
58	230	Asset Retirement Obligations	5,616,751
59	232	Accounts payable	12,835,909
60	235	Customer deposits	-
61	236	Taxes accrued	1,879,325
62	237	Interest accrued	-
63	241	Tax collections payable	711,654
64	242	Miscellaneous current & accrued liabilities	-
65	243	Obligations under capital leases--current	-
66		Total current & accrued liabilities	21,043,639
67			
68		<u>Deferred Credits</u>	
69	253	Other deferred credits	2,140,867
70		Total other deferred credits	2,140,867
71			
72		<u>Operating Reserves</u>	
73	261	Property insurance reserves	-
74	262	Injuries & damages reserves	-
75	263	Pensions and benefits reserves	-
76	265	Miscellaneous operating reserves	-
77		Total operating reserve	-
78			
79		<u>Total Liabilities & Other Credits</u>	<u>157,096,744</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Statement of Margins

(a)	(b)	(c)
Line		
No.	Description	YE 5/2008
1		(\$)
2	Operating Margins	
3	Balance beginning of year 6/1/07	(2,008,501)
4	Operating margins-current year	1,472,445
5	Non-operating margins	1,154,345
6	Accumulated Other Comprehensive Income	(264,258)
7	Donated Capital	3,752,000
8	Retired during the year	-
9	Balance end of year 5/31/08	<u>4,106,031</u>

Mid-Kanas Electric Company, LLC
Operating Income Statement

(a) Line No.	(c) Description	(d) <u>YE 5/2008</u> (\$)
1		
2	Operating Revenues	
3	Sales to Mid-Kansas Members	129,265,115
4	Wholesale Sales	<u>52,220,807</u>
5	Total electric sales	181,485,922
6	Other Operating Revenue	<u>22,413,830</u>
7	Total Operating Revenue	<u><u>203,899,752</u></u>
8		
9	Operating Expenses	
10	Power production:	
11	Operations--Other than Fuel	(496,866)
12	Operations--Fuel	59,132,582
13	Maintenance	3,703,972
14	Other	<u>86,314,348</u>
15	Subtotal--Power Supply	148,654,036
16	Transmission	
17	Operations	8,948,312
18	Maintenance	<u>4,667,408</u>
19	Subtotal--Transmission	13,615,720
20	Distribution	
21	Operations	-
22	Maintenance	<u>-</u>
23	Subtotal--Distribution	-
24	Customer accounts	40,096
25	Customer service & information	-
26	Sales	-
27	Administrative & general	
28	Operations	8,581,535
29	Maintenance--general plant	<u>454,100</u>
30	Subtotal--Admin. & General	9,035,635
31	Depreciation expense	10,420,909
32	Amortization Expense	1,174,327
33	Taxes	4,951,656
34	Interest charged to construction	-
35	Other interest expense	-
36	Other deductions	<u>215,813</u>
37	Total Cost of Electric Service	<u><u>188,108,192</u></u>
38		
39	Net Operating Margins	<u><u>15,791,560</u></u>
40		
41	Non-Operating Income and Expenses	
42	Interest income	373,040
43	Other non operating income (net)	121,600
44	Other patronage capital and dividends	<u>659,705</u>
45	Total non-operating income	<u><u>1,154,345</u></u>
46		
47	Net Patron. Capital and Margins	<u><u>16,945,905</u></u>
48		(43,241)
49	Source: General Ledger & MKEC Financials	

Mid-Kansas Electric Company, LLC
Operating Expenses

(a) Line	(b) Acct. No.	(c) Description	(d) <u>YE 5/2008</u> (\$)
1		Power Production Expenses	
2		Steam Power Generation	
3		Operation	
4	500	Operation supervision-engineering	367,776
5	501	Fuel	57,083,579
6	502	Steam expenses	1,361,014
7	505	Electric expenses	1,787,742
8	506	Misc. steam power expenses	872,046
9	507	Rents	(4,921,471)
10		Total operation	<u>56,550,686</u>
11			
12		Maintenance	
13	510	Maintenance supervision & eng.	444,415
14	511	Maintenance of structures	142,305
15	512	Maintenance of boiler plant	1,154,459
16	513	Maintenance of electric plant	439,799
17	514	Maintenance of Misc. steam plant	592,696
18		Total maintenance	<u>2,773,674</u>
19		Total power prod. expenses-steam	<u>59,324,360</u>
20			
21		Other Power Generation	
22		Operation	
23	546	Operation supervision-engineering	19,677
24	547	Fuel	2,049,003
25	548	Generation expenses	9,834
26	549	Misc other power generation	6,516
27	550	Rents	-
28		Total operation	<u>2,085,030</u>
29			
30		Maintenance	
31	551	Maintenance supervision & eng.	24,409
32	552	Maintenance of structures	6,226
33	553	Main. of generating & electric plant	822,511
34	554	Maint. of misc. other	77,152
35		Total maintenance	<u>930,298</u>
36		Total power prod. expenses-other	<u>3,015,328</u>
37			
38		Other Power Supply Expense	
39	555	Purchased power	85,480,926
40	556	System control & load dispatching	833,422
41	557	Other exp. & power for unbilled rev.	-
42		Total other power supply expenses	<u>86,314,348</u>
43		Total power production expenses	<u>148,654,036</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Operating Expenses
(continued)

(a) Line No.	(b) Acct. No.	(c) Description	(d) YE 5/2008 (\$)
44		Transmission Expenses	
45		Operation	
46	560	Operation supervision-engineering	151,590
47	561	Load dispatching	7,485
48	562	Station expense	395,817
49	563	Overhead line expense	102,165
50	565	Transmission by others	7,451,184
50	566	Misc. transmission expenses	840,071
51	567	Rents	-
52		Total operation	8,948,312
53			
54		Maintenance	
55	568	Maintenance supervision-engineering	182,176
56	569	Maintenance of structures	-
57	570	Maintenance of station equipment	986,017
58	571	Maintenance of overhead lines	1,806,013
59	573	Maintenance of transmission	1,693,202
59		Total maintenance	4,667,408
60		Total transmission expense	13,615,720
61			
62		Distribution Expenses	
63		Operation	
64	580	Operation supervision-engineering	-
65	581	Load dispatching	-
66	582	Station expense	-
67	583	Overhead line expenses	-
68	584	Underground line expenses	-
69	585	Street lighting expenses	-
70	586	Meter expenses	-
71	587	Customer installation expenses	-
72	588	Misc. distribution expenses	-
73	589	Rents	-
74		Total operation	-
75		Maintenance	
76	590	Maintenance supervision & eng.	-
77	592	Maintenance of station equipment	-
78	593	Maintenance of overhead lines	-
79	594	Maintenance of underground lines	-
80	595	Maintenance of line transformers	-
81	596	Maint. of street lighting	-
82	597	Maintenance of meters	-
83	598	Maintenance of misc. dist. plant	-
84		Total maintenance	-
85		Total distribution expense	-
86		Customer Accounts Expenses	
87	901	Supervision	-
88	902	Meter reading expenses	17,413
89	903	Customer records & collection	22,683
90	904	Uncollectible accounts	-
91	905	Misc. customer accounts	-
92		Total customer accounts	40,096

Source: General Ledger

Mid-Kansas Electric Company, LLC
Operating Expenses
(continued)

(a) Line	(b) Acct.	(c)	(d)
No.	No.		<u>YE 5/2008</u>
			(\$)
93		<u>Customer Service & Information Expenses</u>	
94	907	Supervision	-
95	908	Customer assistance expenses	-
96	909	Informational & instructional	-
97	910	Misc. customer service & info.	-
98		Total customer service & info.	-
99			
100		<u>Sales Expenses</u>	
101	911	Supervision	-
102	912	Demonstrating & selling expenses	-
103	913	Advertising expenses	-
104		Total sales expenses	-
105			
106		<u>Administrative & General Expenses</u>	
107		<u>Operation</u>	
108	920	Administration & general expenses	2,292,528
109	921	Office supplies & expenses	943,814
110	922	Administrative Expenses transferred	-
111	923	Outside services employed	987,247
112	924	Property insurance	425,034
113	925	Injuries & damages	130,655
114	926	Employee pensions & benefits	3,258,603
115	928	Regulatory commission expenses	359,354
116	929	Duplicate charges-credit	-
117	930.1	General advertising expenses	42,497
118	930.2	Misc. general expenses	141,803
119	930.4	Annual board meeting expense	-
120	931	Rents	-
121		Total operation	8,581,535
122			
123		<u>Maintenance</u>	
124	935	Maintenance of general plant	454,100
125		Total administrative & general	9,035,635
126			
127		<u>Total Electric Operation & Maintenance Expenses</u>	
128			<u>171,345,487</u>
129			
130	403	<u>Depreciation expense</u>	10,420,909
131	425	<u>Acquisition Cost Amortization</u>	1,174,327
132	408	<u>Taxes other than Income</u>	4,951,656
133		<u>Interest charged to construction</u>	-
134		<u>Other interest expense</u>	-
135		<u>Other deductions</u>	215,813
136			
137		<u>Total Cost of Electric Service</u>	<u>188,108,192</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Average Revenue per kWh

(a) Line No.	(b) Description	(c) <u>YE 5/2008</u> (kWh)
1	Sales	
2	Regular Sales to MKEC Members	
3	Lane-Scott	37,914,997
4	Southern Pioneer	560,260,767
5	Prairie Land	310,387,729
6	Victory	504,168,800
7	Western	202,345,945
8	Wheatland	289,614,400
9	Subtotal	<u>1,904,692,638</u>
10	Wholesale Sales	744,435,815
11	National Helium and Air Products	<u>166,537,735</u>
12	Total electric sales	<u>2,815,666,188</u>
13		
14	Revenues	(\$)
15	Regular Sales to MKEC Members	
16	Lane-Scott	2,742,500
17	Southern Pioneer	37,546,282
18	Prairie Land	21,518,579
19	Victory	34,118,374
20	Western	13,144,065
21	Wheatland	21,055,739
22	Subtotal	<u>130,125,539</u>
23	Wholesale Sales	45,040,172
24	National Helium and Air Products	<u>7,180,635</u>
25	Total electric sales	<u>182,346,346</u>
26	Other Operating Revenue	<u>22,413,830</u>
27	Total Operating Revenue	<u>204,760,176</u>
28		
29	Average Revenue	(mills/kWh)
30	Regular Sales to RUS Borrowers	
31	Lane-Scott	72.33
32	Pioneer	67.02
33	Prairie Land	69.33
34	Victory	67.67
35	Western	64.96
36	Wheatland	72.70
37	Subtotal	<u>68.32</u>
38	Wholesale Sales	60.50
39	National Helium and Air Products	<u>43.12</u>
40	Total electric sales	64.76
41	Other Operating Revenue	
42	Total Operating Revenue	<u>72.72</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Average Operation and Maintenance Expense per kWh

(a)	(b)	(c)
Line No.	Description	YE 5/2008
1		(kWh)
2	Total Sales - kWh	2,815,666,188
3		
4		(mills/kWh)
5	Operating Expense	
6	Power supply	51.48
7	Transmission	3.18
8	Distribution	0.00
9	Customer accounts	0.01
10	Customer information	0.00
11	Sales	0.00
12	Administrative and general	3.05
13	Total operating expense per kWh	<u>57.72</u>
14		
15	Maintenance Expense	
16	Power supply	1.32
17	Transmission	1.66
18	Distribution	0.00
19	General plant	0.16
20	Total maintenance expense per kWh	<u>3.13</u>
	Total O&M expense per kWh	60.85

Mid-Kansas Electric Company, LLC
Salaries and Wages

(a) Line No.	(b) Acct. No.	(c) Description	(d) YE 5/2008 (\$)
1		Power Production Expenses	
2		Steam Power Generation	
3		Operation	
4	500	Operation supervision-engineering	367,776
5	501	Fuel	-
6	502	Steam expenses	1,223,961
7	505	Electric expenses	1,147,859
8	506	Misc. steam power expenses	254,273
9	507	Rents	-
10		Sp Total operation	<u>2,993,869</u>
11			
12		Maintenance	
13	510	Maintenance supervision & eng.	444,415
14	511	Maintenance of structures	42,774
15	512	Maintenance of boiler plant	435,133
16	513	Maintenance of electric plant	187,125
17	514	Maintenance of Misc. steam plant	275,536
18		Total maintenance	<u>1,384,983</u>
19		Total power prod. expenses-steam	<u>4,378,852</u>
20			
21		Other Power Generation	
22		Operation	
23	546	Operation supervision-engineering	19,677
24	547	Fuel	-
25	548	Generation expenses	9,505
26	549	Misc other power generation	58
27	550	Rents	-
28		Total operation	<u>29,240</u>
29			
30		Maintenance	
31	551	Maintenance supervision & eng.	24,409
32	552	Maintenance of structures	954
33	553	Main. of generating & electric plant	24,580
34	554	Maint. of misc. other	62,073
35		Total maintenance	<u>112,015</u>
36		Total power prod. expenses-other	<u>141,255</u>
37			
38		Other Power Supply Expense	
39	555	Purchased power	-
40	556	System control & load dispatching	649,303
41	557	Other exp. & power for unbilled rev.	-
42		Total other power supply expenses	<u>649,303</u>
43		Total power production expenses	<u>5,169,410</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Salaries and Wages
(continued)

(a) Line No.	(b) Acct. No.	(c) Description	(d) YE 5/2008 (\$)
44		Transmission Expenses	
45		Operation	
46	560	Operation supervision-engineering	151,590
47	561	Load dispatching	6,697
48	562	Station expense	267,418
49	563	Overhead line expense	75,510
50	566	Misc. transmission expenses	299,793
51	567	Rents	-
52		Total operation	801,008
53			
54		Maintenance	
55	568	Maintenance supervision-engineering	182,176
56	569	Maintenance of structures	-
57	570	Maintenance of station equipment	320,917
58	571	Maintenance of overhead lines	78,790
59	573	Maintenance of transmission	-
60		Total maintenance	581,883
61		Total transmission expense	1,382,891
62			
63		Distribution Expenses	
64		Operation	
65	580	Operation supervision-engineering	-
66	581	Load dispatching	-
67	582	Station expense	-
68	583	Overhead line expenses	-
69	584	Underground line expenses	-
70	585	Street lighting expenses	-
71	586	Meter expenses	-
72	587	Customer installation expenses	-
73	588	Misc. distribution expenses	-
74	589	Rents	-
75		Total operation	-
76			
77		Maintenance	
78	590	Maintenance supervision & eng.	-
79	592	Maintenance of station equipment	-
80	593	Maintenance of overhead lines	-
81	594	Maintenance of underground lines	-
82	595	Maintenance of line transformers	-
83	596	Maint. of street lighting	-
84	597	Maintenance of meters	-
85	598	Maintenance of misc. dist. plant	-
86		Total maintenance	-
87		Total distribution expense	-

Source: General Ledger

Mid-Kansas Electric Company, LLC
Salaries and Wages
(continued)

(a) Line	(b) Acct. No.	(c) Description	(d) <u>YE 5/2008</u> (\$)
88		Customer Accounts Expenses	
89	901	Supervision	-
90	902	Meter reading expenses	-
91	903	Customer records & collection	22,683
92	904	Uncollectible accounts	-
93	905	Misc. customer accounts	-
94		Total customer accounts	<u>22,683</u>
95			
96		Customer Service & Information Expenses	
97	907	Supervision	-
98	908	Customer assistance expenses	-
99	909	Informational & instructional	-
100	910	Misc. customer service & info.	-
101		Total customer service & info.	<u>-</u>
102			
103		Sales Expenses	
104	911	Supervision	-
105	912	Demonstrating & selling expenses	-
106	913	Advertising expenses	-
107		Total sales expenses	<u>-</u>
108			
109		Administrative & General Expenses	
110		Operation	
111	920	Administration & general expenses	1,640,777
112	921	Office supplies & expenses	-
113	923	Outside services employed	-
114	924	Property insurance	-
115	925	Injuries & damages	-
116	926	Employee pensions & benefits	-
117	928	Regulatory commission expenses	-
118	929	Duplicate charges-credit	-
119	930.1	General advertising expenses	-
120	930.2	Misc. general expenses	-
121	930.4	Annual board meeting expense	-
122	931	Rents	-
123		Total operation	<u>1,640,777</u>
124			
125		Maintenance	
126	935	Maintenance of general plant	236,463
127		Total administrative & general	<u>1,877,240</u>
128			
129	107	Construction	<u>665,037</u>
130			
131	108	Plant Removal	<u>-</u>
132			
133	163&183	Other	<u>463,376</u>
134			
135		Total payroll expense	<u>9,580,637</u>

Source: General Ledger

Mid-Kansas Electric Company, LLC
Test Year and Pro Forma Income Statements

(a) Line No.	(b) Description	(c) YE 5/31/08 Actual	(d) Adjustments	(e) Pro Forma Test Year Present Rates	(f) Adjustments	(g) Pro Forma Test Year Proposed Rates
		(\$)	(\$)	(\$)	(\$)	(\$)
1						
2	Revenue					
3	Member System Revenue	129,265,115	642,101	129,907,216	6,860,776	136,767,991
4	Other Electric Sales	52,220,807	(18,370,898)	33,849,909		33,849,909
5	Other Operating Revenue	22,413,830	(10,021,192)	12,392,638	3,170,844	15,563,482
6	Total Operating Revenue	203,899,752	(27,749,989)	176,149,763	10,031,619	186,181,382
7						
8	Operating Expenses					
9	Production				-	
					3,170,844	
10	Fuel	59,132,582	(7,496,107)	51,636,475		51,636,475
11	Non-Fuel Operating	(496,866)	178,699	(318,167)		(318,167)
12	Maintenance Expense	3,703,972	88,489	3,792,461		3,792,461
13	Purchased Power	85,480,926		85,480,926		85,480,926
14	Other	833,422	38,381	871,803		871,803
15	Subtotal--Production	148,654,036	(7,190,537)	141,463,499	-	141,463,499
16	Transmission					
17	Operating	8,948,312	(741,279)	8,207,033		8,207,033
18	Maintenance	4,667,408	(2,698,063)	1,969,345		1,969,345
19	Subtotal--Transmission	13,615,720	(3,439,342)	10,176,378	-	10,176,378
20	Distribution					
21	Operating	-	-	-		-
22	Maintenance	-	-	-		-
23	Subtotal--Distribution	-	-	-	-	-
24	Customer Accounting	40,096	1,341	41,437		41,437
25	Customer Service & Info.	-		-		-
26	Sales	-		-		-
27	Administrative and General	8,581,535	121,175	8,702,710		8,702,710
28	General Plant Maintenance	454,100	13,978	468,078		468,078
29	Subtotal--O&M	171,345,487	(10,493,385)	160,852,102	-	160,852,102
30	Depreciation and Amor.	11,595,236	(4,243,189)	7,352,047		7,352,047
31	Taxes	4,951,656	-	4,951,656		4,951,656
32	Other Interest	-		-		-
33	Other Deductions	215,813		215,813		215,813
34	Total Expenses	188,108,192	(14,736,574)	173,371,618	-	173,371,618
35						
36	Net Operating Income	15,791,560	(13,013,415)	2,778,145	10,031,619	12,809,764

Source for Col. (c): Section 8, Schedules 3 & 4.

Source for Col. (d): Section 9, Schedule 2 through 8.

Mid-Kansas Electric Company, LLC
Member System Billing Adjustments

<u>Line No.</u>	<u>Description</u>	<u>Amount</u>	
1			
2		(\$)	
3	Remove Wheatland Attica and Kingman May 2007 Correction		
4	Credit booked in June 2007	282,080	Other Electric Sales
5			
6	Remove Southern Pioneer City of Ashland Payment		
7	Credit for May 2007	32,397	Other Electric Sales
8			
9	Remove Member Revenue Credits for April-May 2007		
10	billed dureing test year	<u>152,374</u>	Member Revenue
11			
12	Total Billing Adjustments	466,851	

Mid-Kansas Electric Company, LLC
Revenue Adjustments

Line No.			
1	Remove Local Access Revneues		
2	Member Revenue		4,739,766
3	Other Revneue		2,404,870
4			
5	Remove Revenue Related to Distribution Facilities		
6	Transferred to Mid-Kansas Members		4,047,186
7	Depreciation	3,866,349	
8	Acquistion Premium Amortization	858,299	
9	1.1 TIER Requirment	554,928	
10	Property Insurance	154,930	
11	Lease Payment Margin on Interest Expe	(1,387,320)	
12			
13	Remove Lease Payment Revenue Related to Distribution Facilities		
14	Transferred to Mid-Kansas Members		6,936,596
15			
16	Reclassify National Helium and Air Products Sales to Member Sales		
17	Member Revenue		7,180,635
18	Other Electric Sales		(7,180,635)
19			
20	Other Revenue Adjustment		(6,349,004)
21	Reclassify 447 Fuel Related Revenue to 501 Expense		
22			
23	Remove 447 April-May 2007 Revenue		2,306,044
24			
25	Remove KPP 447 Revenue		1,230,170
26			
27	Normalize KMEA Contract 447 Revenue		(1,619,522)
28			
29	Normalize 3-2-1 Credits		
30	National Helium - Southern Pioneer	184,636	
31	Air Products - Southern Pioneer	118,526	
32	Greensburg - Southern Pioneer	18,902	
33	Hollyrood - Western	9,685	
34	Lucas - Western	13,012	
35	Luray - Western	5,379	350,140
36			
37	Remove KMEA Installation Charge Revenue		(35,080)
38			
39	Remove SPP Expense Adjustment for SPP Revenue		644,646
40			
41	Remove ACA Credit from Member Revenue - Feb-May 2008		1,745,903
42			
43			
44			
45			

Mid-Kansas Electric Company, LLC
Adjustments to Operations

Line			
<u>No.</u>			
1	Remove Expenses Associated with Assets		
2	Transferred to Members in 2007		
3			
4	Property Insurance	154,930	
5	Acquisition Premium	858,299	
6			
7	Adjust Depreciation Expense to Annualized Depreciation		
8	Depreciation	3,384,890	
9			
10	Remove 34.5 kV expenses		
11	Acct. 561	789	
12	Acct. 562	114,710	
13	Acct. 563	26,654	
14	Acct. 566	1,830	
15	Acct. 570	131,449	
16	Acct. 571	927,045	
17	Acct. 573	1,673,965	2,876,441
18			
19	Adjust Benefit and Pension Expense	179,117	
20			
21	Adjust Payroll and FICA Expense		
22	Payroll	471,634	
23	FICA and Medicare	27,987	
24			
25	Reclassify 447 Fuel Related Revenue to 501 Fuel Expense		
26	Decrease 501 Fuel Expense	(6,349,004)	
27			
28	Remove Fuel Expense for KPP Related 447 Sales	1,147,103	
29			
30	Remove Expenses out of Test Year Expenses	644,646	
31	from Acct. 565		

**Mid-Kansas Electric Company, LLC
Salaries and Wages Adjustment**

(a) Line No.	(b) Acct. No.	(c) Description	(g) Year Ended December 31,			
			(d) YE 5/31/2008 (\$)	(e) % Increase	(f) Pro Forma (\$)	(g) Salary Adjustment (\$)
1		Power Production Expenses				
2		Steam Power Generation				
3		Operation				
4	500	Operation supervision-engineering	367,776	5.580%	388,298	20,522
5	501	Fuel	-	5.580%	-	-
6	502	Steam expenses	1,223,961	5.580%	1,292,258	68,297
7	505	Electric expenses	1,147,859	5.580%	1,211,909	64,051
8	506	Misc. steam power expenses	254,273	5.580%	268,461	14,188
9	507	Rents	-	5.580%	-	-
10		Total operation	2,993,869		3,160,926	167,058
11						
12		Maintenance				
13	510	Maintenance supervision & eng.	444,415	5.580%	469,213	24,798
14	511	Maintenance of structures	42,774	5.580%	45,161	2,387
15	512	Maintenance of boiler plant	435,133	5.580%	459,413	24,280
16	513	Maintenance of electric plant	187,125	5.580%	197,567	10,442
17	514	Maintenance of Misc. steam plant	275,536	5.580%	290,911	15,375
18		Total maintenance	1,384,983		1,462,265	77,282
19		Total power prod. expenses-steam	4,378,852		4,623,192	244,340
20						
21		Other Power Generation				
22		Operation				
23	546	Operation supervision-engineering	19,677	5.580%	20,775	1,098
24	547	Fuel	-	5.580%	-	-
25	548	Generation expenses	9,505	5.580%	10,035	530
26	549	Misc other power generation	58	5.580%	61	3
27	550	Rents	-	5.580%	-	-
28		Total operation	29,240		30,871	1,632
29						
30		Maintenance				
31	551	Maintenance supervision & eng.	24,409	5.580%	25,771	1,362
32	552	Maintenance of structures	954	5.580%	1,008	53
33	553	Main. of generating & electric plant	24,580	5.580%	25,952	1,372
34	554	Maint. of misc. other	62,073	5.580%	65,536	3,464
35		Total maintenance	112,015		118,266	6,250
36		Total power prod. expenses-other	141,255		149,137	7,882
37						
38		Other Power Supply Expense				
39	555	Purchased power	-	5.580%	-	-
40	556	System control & load dispatching	649,303	5.580%	685,534	36,231
41	557	Other exp. & power for unbilled rev.	-	5.580%	-	-
42		Total other power supply expenses	649,303		685,534	36,231
43		Total power production expenses	5,169,410		5,457,863	288,453

Source: General Ledger

Mid-Kansas Electric Company, LLC
Salaries and Wages Adjustment
(continued)

(a)	(b)	(c)	(g)	(e)	(f)	(g)
Line No.	Acct. No.	Description	2003	% Increase	Pro Forma	Salary Adjustment
			(\$)		(\$)	(\$)
44		Transmission Expenses				
45		Operation				
46	560	Operation supervision-engineering	151,590	5.580%	160,049	8,459
47	561	Load dispatching	6,697	5.580%	7,070	374
48	562	Station expense	267,418	5.580%	282,340	14,922
49	563	Overhead line expense	75,510	5.580%	79,724	4,213
50	566	Misc. transmission expenses	299,793	5.580%	316,521	16,728
51	567	Rents	-	5.580%	-	-
52		Total operation	801,008		845,704	44,696
53						
54		Maintenance				
55	568	Maintenance supervision-engineering	182,176	5.580%	192,341	10,165
56	569	Maintenance of structures	-	5.580%	-	-
57	570	Maintenance of station equipment	320,917	5.580%	338,825	17,907
58	571	Maintenance of overhead lines	78,790	5.580%	83,186	4,396
59	573	Maintenance of transmission	-	5.580%	-	-
60		Total maintenance	581,883		614,352	32,469
61		Total transmission expense	1,382,891		1,460,056	77,165
62						
63		Distribution Expenses				
64		Operation				
65	580	Operation supervision-engineering	-	5.580%	-	-
66	581	Load dispatching	-	5.580%	-	-
67	582	Station expense	-	5.580%	-	-
68	583	Overhead line expenses	-	5.580%	-	-
69	584	Underground line expenses	-	5.580%	-	-
70	585	Street lighting expenses	-	5.580%	-	-
71	586	Meter expenses	-	5.580%	-	-
72	587	Customer installation expenses	-	5.580%	-	-
73	588	Misc. distribution expenses	-	5.580%	-	-
74	589	Rents	-	5.580%	-	-
75		Total operation	-		-	-
76						
77		Maintenance				
78	590	Maintenance supervision & eng.	-	5.580%	-	-
79	592	Maintenance of station equipment	-	5.580%	-	-
80	593	Maintenance of overhead lines	-	5.580%	-	-
81	594	Maintenance of underground lines	-	5.580%	-	-
82	595	Maintenance of line transformers	-	5.580%	-	-
83	596	Maint. of street lighting	-	5.580%	-	-
84	597	Maintenance of meters	-	5.580%	-	-
85	598	Maintenance of misc. dist. plant	-	5.580%	-	-
86		Total maintenance	-		-	-
87		Total distribution expense	-		-	-

Source: General Ledger

Mid-Kansas Electric Company, LLC
Salaries and Wages Adjustment
(continued)

(a) Line	(b) Acct. No.	(c) Description	(g) 2003 (\$)	(e) % Increase	(f) Pro Forma (\$)	(g) Salary Adjustment (\$)
88		<u>Customer Accounts Expenses</u>				
89	901	Supervision	-	5.580%	-	-
90	902	Meter reading expenses	-	5.580%	-	-
91	903	Customer records & collection	22,683	5.580%	23,949	1,266
92	904	Uncollectible accounts	-	5.580%	-	-
93	905	Misc. customer accounts	-	5.580%	-	-
94		Total customer accounts	22,683		23,949	1,266
95						
96		<u>Customer Service & Information Expenses</u>				
97	907	Supervision	-	5.580%	-	-
98	908	Customer assistance expenses	-	5.580%	-	-
99	909	Informational & instructional	-	5.580%	-	-
100	910	Misc. customer service & info.	-	5.580%	-	-
101		Total customer service & info.	-		-	-
102						
103		<u>Sales Expenses</u>				
104	911	Supervision	-	5.580%	-	-
105	912	Demonstrating & selling expenses	-	5.580%	-	-
106	913	Advertising expenses	-	5.580%	-	-
107		Total sales expenses	-		-	-
108						
109		<u>Administrative & General Expenses</u>				
110		<u>Operation</u>				
111	920	Administration & general expenses	1,640,777	5.580%	1,732,333	91,555
112	921	Office supplies & expenses	-	5.580%	-	-
113	923	Outside services employed	-	5.580%	-	-
114	924	Property insurance	-	5.580%	-	-
115	925	Injuries & damages	-	5.580%	-	-
116	926	Employee pensions & benefits	-	5.580%	-	-
117	928	Regulatory commission expenses	-	5.580%	-	-
118	929	Duplicate charges-credit	-	5.580%	-	-
119	930.1	General advertising expenses	-	5.580%	-	-
120	930.2	Misc. general expenses	-	5.580%	-	-
121	930.4	Annual board meeting expense	-	5.580%	-	-
122	931	Rents	-	5.580%	-	-
123		Total operation	1,640,777		1,732,333	91,555
124						
125		<u>Maintenance</u>				
126	935	Maintenance of general plant	236,463	5.580%	249,657	13,195
127		Total administrative & general	1,877,240		1,981,990	104,750
128						
129		<u>Total payroll expense adjustment</u>	8,452,224		8,923,858	471,634

Source: General Ledger

**Mid-Kansas Electric Company, LLC
Payroll Tax (FICA) Adjustment**

(a) Line No.	(b) Acct. No.	(c) Description	(e) Year Ended December 31,			(g) Payroll Tax Adj.
			(d) Salary Adjustment (\$)	(e) Payroll Tax Proxy %	(f) Pro Forma (\$)	
1		Power Production Expenses				
2		Steam Power Generation				
3		Operation				
4	500	Operation supervision-engineering	20,522	5.9340%	21,740	1,218
5	501	Fuel	-	5.9340%	-	-
6	502	Steam expenses	68,297	5.9340%	72,350	4,053
7	505	Electric expenses	64,051	5.9340%	67,851	3,801
8	506	Misc. steam power expenses	14,188	5.9340%	15,030	842
9	507	Rents	-	5.9340%	-	-
10		Total operation	167,058		176,971	9,913
11						
12		Maintenance				
13	510	Maintenance supervision & eng.	24,798	5.9340%	26,270	1,472
14	511	Maintenance of structures	2,387	5.9340%	2,528	142
15	512	Maintenance of boiler plant	24,280	5.9340%	25,721	1,441
16	513	Maintenance of electric plant	10,442	5.9340%	11,061	620
17	514	Maintenance of Misc. steam plant	15,375	5.9340%	16,287	912
18		Total maintenance	77,282		81,868	4,586
19		Total power prod. expenses-steam	244,340		258,839	14,499
20						
21		Other Power Generation				
22		Operation				
23	546	Operation supervision-engineering	1,098	5.9340%	1,163	65
24	547	Fuel	-	5.9340%	-	-
25	548	Generation expenses	530	5.9340%	562	31
26	549	Misc other power generation	3	5.9340%	3	0
27	550	Rents	-	5.9340%	-	-
28		Total operation	1,632		1,728	97
29						
30		Maintenance				
31	551	Maintenance supervision & eng.	1,362	5.9340%	1,443	81
32	552	Maintenance of structures	53	5.9340%	56	3
33	553	Main. of generating & electric plant	1,372	5.9340%	1,453	81
34	554	Maint. of misc. other	3,464	5.9340%	3,669	206
35		Total maintenance	6,250		6,621	371
36		Total power prod. expenses-other	7,882		8,350	468
37						
38		Other Power Supply Expense				
39	555	Purchased power	-	5.9340%	-	-
40	556	System control & load dispatching	36,231	5.9340%	38,381	2,150
41	557	Other exp. & power for unbilled rev.	-	5.9340%	-	-
42		Total other power supply expenses	36,231		38,381	2,150
43		Total power production expenses	288,453		305,570	17,117

Source: General Ledger

Mid-Kansas Electric Company, LLC
Payroll Tax (FICA) Adjustment
(continued)

(a) Line	(b) Acct. No.	(c) Description	(g) 2003 (\$)	(e) % Increase	(f) Pro Forma (\$)	(g) Payroll Tax Adj. (\$)
44		Transmission Expenses				
45		Operation				
46	560	Operation supervision-engineering	8,459	5.9340%	8,961	502
47	561	Load dispatching	374	5.9340%	396	22
48	562	Station expense	14,922	5.9340%	15,807	885
49	563	Overhead line expense	4,213	5.9340%	4,464	250
50	566	Misc. transmission expenses	16,728	5.9340%	17,721	993
51	567	Rents	-	5.9340%	-	-
52		Total operation	44,696		47,349	2,652
53						
54		Maintenance				
55	568	Maintenance supervision-engineering	10,165	5.9340%	10,769	603
56	569	Maintenance of structures	-	5.9340%	-	-
57	570	Maintenance of station equipment	17,907	5.9340%	18,970	1,063
58	571	Maintenance of overhead lines	4,396	5.9340%	4,657	261
59	573	Maintenance of transmission	-	5.9340%	-	-
60		Total maintenance	32,469		34,396	1,927
61		Total transmission expense	77,165		81,744	4,579
62						
63		Distribution Expenses				
64		Operation				
65	580	Operation supervision-engineering	-	5.9340%	-	-
66	581	Load dispatching	-	5.9340%	-	-
67	582	Station expense	-	5.9340%	-	-
68	583	Overhead line expenses	-	5.9340%	-	-
69	584	Underground line expenses	-	5.9340%	-	-
70	585	Street lighting expenses	-	5.9340%	-	-
71	586	Meter expenses	-	5.9340%	-	-
72	587	Customer installation expenses	-	5.9340%	-	-
73	588	Misc. distribution expenses	-	5.9340%	-	-
74	589	Rents	-	5.9340%	-	-
75		Total operation	-		-	-
76						
77		Maintenance				
78	590	Maintenance supervision & eng.	-	5.9340%	-	-
79	592	Maintenance of station equipment	-	5.9340%	-	-
80	593	Maintenance of overhead lines	-	5.9340%	-	-
81	594	Maintenance of underground lines	-	5.9340%	-	-
82	595	Maintenance of line transformers	-	5.9340%	-	-
83	596	Maint. of street lighting	-	5.9340%	-	-
84	597	Maintenance of meters	-	5.9340%	-	-
85	598	Maintenance of misc. dist. plant	-	5.9340%	-	-
86		Total maintenance	-		-	-
87		Total distribution expense	-		-	-

Source: General Ledger

Mid-Kansas Electric Company, LLC
Payroll Tax (FICA) Adjustment
(continued)

(a) Line	(b) Acct. No.	(c) Description	(g) 2003 (\$)	(e) % Increase	(f) Pro Forma (\$)	(g) Payroll Tax Adj. (\$)
88		<u>Customer Accounts Expenses</u>				
89	901	Supervision	-	5.9340%	-	-
90	902	Meter reading expenses	-	5.9340%	-	-
91	903	Customer records & collection	1,266	5.9340%	1,341	75
92	904	Uncollectible accounts	-	5.9340%	-	-
93	905	Misc. customer accounts	-	5.9340%	-	-
94		Total customer accounts	1,266		1,341	75
95						
96		<u>Customer Service & Information Expenses</u>				
97	907	Supervision	-	5.9340%	-	-
98	908	Customer assistance expenses	-	5.9340%	-	-
99	909	Informational & instructional	-	5.9340%	-	-
100	910	Misc. customer service & info.	-	5.9340%	-	-
101		Total customer service & info.	-		-	-
102						
103		<u>Sales Expenses</u>				
104	911	Supervision	-	5.9340%	-	-
105	912	Demonstrating & selling expenses	-	5.9340%	-	-
106	913	Advertising expenses	-	5.9340%	-	-
107		Total sales expenses	-		-	-
108						
109		<u>Administrative & General Expenses</u>				
110		<u>Operation</u>				
111	920	Administration & general expenses	91,555	5.9340%	96,988	5,433
112	921	Office supplies & expenses	-	5.9340%	-	-
113	923	Outside services employed	-	5.9340%	-	-
114	924	Property insurance	-	5.9340%	-	-
115	925	Injuries & damages	-	5.9340%	-	-
116	926	Employee pensions & benefits	-	5.9340%	-	-
117	928	Regulatory commission expenses	-	5.9340%	-	-
118	929	Duplicate charges-credit	-	5.9340%	-	-
119	930.1	General advertising expenses	-	5.9340%	-	-
120	930.2	Misc. general expenses	-	5.9340%	-	-
121	930.4	Annual board meeting expense	-	5.9340%	-	-
122	931	Rents	-	5.9340%	-	-
123		Total operation	91,555		96,988	5,433
124						
125		<u>Maintenance</u>				
126	935	Maintenance of general plant	13,195	5.934%	13,978	783
127		Total administrative & general	104,750		110,966	6,216
128						
129		<u>Total payroll tax adjustment</u>	471,634		499,621	27,987
130						
131		Payroll (FICA) Tax Proxy				
132						
133		Sunflower 2008 Payroll (FICA) Tax	1,514,530			
134		Divided by:				
135		Total 2008 Payroll	25,522,847			
136						
137		Payroll (FICA) Tax Proxy	5.9340%			

Source: General Ledger

**Mid-Kansas Electric Company, LLC
Benefits and Pension Expense Adjustment**

(a) Line No.	(b) Acct. No.	(c) Description	(d) (e) Year Ended December 31,	
			YE 5/31/2008 \$	Allocated Benefits Adjustment \$
1		Power Production Expenses		
2		Steam Power Generation		
3		Operation		
4	500	Operation supervision-engineering	367,776	20,545
5	501	Fuel	-	-
6	502	Steam expenses	1,223,961	68,373
7	505	Electric expenses	1,147,859	64,122
8	506	Misc. steam power expenses	254,273	14,204
9	507	Rents	-	-
10		Total operation	2,993,869	167,244
11				
12		Maintenance		
13	510	Maintenance supervision & eng.	444,415	24,826
14	511	Maintenance of structures	42,774	2,389
15	512	Maintenance of boiler plant	435,133	24,308
16	513	Maintenance of electric plant	187,125	10,453
17	514	Maintenance of Misc. steam plant	275,536	15,392
18		Total maintenance	1,384,983	77,368
19		Total power prod. expenses-steam	4,378,852	244,613
20				
21		Other Power Generation		
22		Operation		
23	546	Operation supervision-engineering	19,677	1,099
24	547	Fuel	-	-
25	548	Generation expenses	9,505	531
26	549	Misc other power generation	58	3
27	550	Rents	-	-
28		Total operation	29,240	1,633
29				
30		Maintenance		
31	551	Maintenance supervision & eng.	24,409	1,364
32	552	Maintenance of structures	954	53
33	553	Main. of generating & electric plant	24,580	1,373
34	554	Maint. of misc. other	62,073	3,468
35		Total maintenance	112,015	6,257
36		Total power prod. expenses-other	141,255	7,891
37				
38		Other Power Supply Expense		
39	555	Purchased power	-	-
40	556	System control & load dispatching	649,303	36,272
41	557	Other exp. & power for unbilled rev.	-	-
42		Total other power supply expenses	649,303	36,272
43		Total power production expenses	5,169,410	288,775

Source: General Ledger

Mid-Kansas Electric Company, LLC
Benefits and Pension Expense Adjustment
(continued)

(a) Line	(b) Acct. No.	(c) Description	(g) 2003 Payroll \$	(g) Allocated Benefits Adjustment \$
44		Transmission Expenses		
45		Operation		
46	560	Operation supervision-engineering	151,590	8,468
47	561	Load dispatching	6,697	374
48	562	Station expense	267,418	14,939
49	563	Overhead line expense	75,510	4,218
50	566	Misc. transmission expenses	299,793	16,747
51	567	Rents	-	-
52		Total operation	801,008	44,746
53				
54		Maintenance		
55	568	Maintenance supervision-engineering	182,176	10,177
56	569	Maintenance of structures	-	-
57	570	Maintenance of station equipment	320,917	17,927
58	571	Maintenance of overhead lines	78,790	4,401
59	573	Maintenance of transmission	-	-
60		Total maintenance	581,883	32,505
61		Total transmission expense	1,382,891	77,252
62				
63		Distribution Expenses		
64		Operation		
65	580	Operation supervision-engineering	-	-
66	581	Load dispatching	-	-
67	582	Station expense	-	-
68	583	Overhead line expenses	-	-
69	584	Underground line expenses	-	-
70	585	Street lighting expenses	-	-
71	586	Meter expenses	-	-
72	587	Customer installation expenses	-	-
73	588	Misc. distribution expenses	-	-
74	589	Rents	-	-
75		Total operation	-	-
76				
77		Maintenance		
78	590	Maintenance supervision & eng.	-	-
79	592	Maintenance of station equipment	-	-
80	593	Maintenance of overhead lines	-	-
81	594	Maintenance of underground lines	-	-
82	595	Maintenance of line transformers	-	-
83	596	Maint. of street lighting	-	-
84	597	Maintenance of meters	-	-
85	598	Maintenance of misc. dist. plant	-	-
86		Total maintenance	-	-
87		Total distribution expense	-	-

Source: General Ledger

Mid-Kansas Electric Company, LLC
Benefits and Pension Expense Adjustment
(continued)

	2008 Actual Costs **	2009 Estimated Costs Adjustment	
1			
2	Medical/Dental	4,155,146	4,099,200
3	Pension	4,097,905	4,608,000
4	Life/LTD/Travel	336,779	354,791
5			
6	Total	8,589,830	9,061,991
7			472,161
8	Percent Increase		5.50%
9			
10	Mid-Kansas YE 5/31/09 Pension and Benefit	3,258,603	
11			
12	Pension and Benefits Expense Adjustment	179,117	
13			
14	** Reflects Sunflower Electric Total costs. Percent Increase is applied to allocated Mid-Kansas		
15	Pension and Benefit Expense		

**Mid-Kansas Electric Company, LLC
Depreciation Expense
Year Ended May 31, 2008**

(a)	(b)	(c)	(d)	(e)	(f)	(g)
Line No.	Description	Account Number	5/31/08 Plant Balance As Adjusted	Depreciation Rates	Annualized Depreciation Expense	Depreciation Expense as Recorded
			(\$)	(%)	(\$)	(\$)
1						
2	Intangible	301-303	51,666	4.09%	2,113	2,112
3						
4	Steam Production					
5	Land and land rights	310	143,444	0.00%	-	-
6	Structures and improvements	311	14,904,263	4.80%	715,405	446,779
7	Boiler plant equipment	312	26,252,026	7.02%	1,842,892	1,834,974
8	Boiler plant equipment - Pollution	312	1,622,551	8.55%	138,728	138,728
9	Engines and engine driven generators	313	-	0.00%	-	-
10	Turbogenerator units	314	22,950,830	6.92%	1,588,197	1,585,809
11	Accessory electric equipment	315	3,734,514	5.59%	208,759	208,759
12	Miscellaneous power plant equipment	316	911,686	6.58%	59,989	48,710
13	Asset Retirement Obligation	317	778,431	0.00%	-	-
14	Total steam production		71,297,745		4,553,971	4,263,759
15						
16	Other Production					
17	Land and land rights	340	36,398	0.00%	-	-
18	Structures and improvements	341	283,539	-1.42%	(4,026)	(4,026)
19	Fuel holders, producers and accessories	342	136,489	2.00%	2,730	2,730
20	Prime movers	343	8,039,074	1.52%	122,194	122,194
21	Generators	344	2,900,089	-0.12%	(3,480)	(3,480)
22	Accessory electric equipment	345	536,565	1.09%	5,849	5,849
23	Miscellaneous power plant equipment	346	15,948	2.63%	419	417
24	Asset Retirement Obligation	347	166	0.00%	-	-
25			11,948,268		123,685	123,684
26	Transmission					
27	Land and land rights	350	2,397,700	0.00%	-	-
28	Structures and improvements	352	2,284,108	2.11%	48,195	38,222
29	Station equipment	353	42,487,005	1.83%	777,512	727,800
30	Tower and fixtures	354	-	0.00%	-	-
31	Poles and fixtures	355	20,953,617	3.30%	691,469	659,214
32	Overhead conductor & devices	356	12,114,096	1.88%	227,745	227,705
33	Asset Retirement Obligation	359	388	0.00%	-	-
34	Total transmission plant		80,236,914		1,744,921	1,652,941
35						
36	Distribution					
37	Land and land rights	360	-	0.00%	-	-
38	Structures and improvements	361	-	1.73%	-	67
39	Station equipment	362	2,057,517	1.10%	22,633	25,786
40	Line transformers	368	67,015	1.97%	1,320	1,320
41	Total distribution plant		2,124,532		23,953	27,173
42						
43	General Plant					
44	Land and land rights	389	-	0.00%	-	-
45	Structures and improvements	390	325,473	3.16%	10,285	10,285
46	Office equipment	391	1,313,992	15.77%	207,217	202,516
47	Transportation equipment	392	2,143,052	11.23%	240,665	144,461
48	Stores equipment	393	3,167	4.75%	150	150
49	Tools, shop & garage equipment	394	166,604	4.90%	8,164	6,999
50	Laboratory equipment	395	610,586	4.87%	29,736	28,600
51	Power operated equipment	396	434,807	5.87%	25,523	25,537
52	Communication equipment	397	2,907,739	2.33%	67,750	67,503
53	Miscellaneous equipment	398	-	0.00%	-	-
54	Total general plant		7,905,420		589,489	486,051
55						
56	Acquisition Cost Amortization	399	9,426,875	3.33%	313,915	313,608
57						
58	Total		182,991,420		7,352,047	6,869,328

Mid-Kansas Electric Company, LLC

Income Taxes

(a)	(b)	(c)
Line No.	Description	Year Ended 5/31/2008
1		
2	Income Taxes-- Current	\$ -
3		
4	Provision for Taxes--Current	-
5		
6	Total	<u>\$ -</u>
7		

Mid-Kansas Electric Company, LLC

Taxes Other than Income Charged to Operations

(a) Line No.	(b) Description	(c) Year Ended 5/31/2008	(d) Adjustments	(e) As Adjusted
1				
2	Property taxes	\$ 4,890,630	\$ -	<u>4,890,630</u>
3				
4	Payroll taxes	-		<u>-</u>
5				
6	Sales/use taxes	<u>61,026</u>	<u>-</u>	<u>61,026</u>
7				
8	Total	<u>\$ 4,951,656</u>	<u>\$ -</u>	<u>\$ 4,951,656</u>
9				
10				
11	Source: General Ledger			

Mid-Kansas Electric Company, LLC

Allocation Factors

Mid-Kansas Electric Company, LLC (Mid-Kansas) does not apply any jurisdictional or operational allocation ratios since Mid-Kansas' entire operation is electrical, KCC jurisdictional, and Mid-Kansas' members constitute a single rate class. Allocation factors used to divide total revenue requirements into functional categories (i.e., Production--Capacity, Production--Energy and Transmission) may be found in Section 15.



MAKING | 2008

Connections

Mid-Kansas Electric Company, LLC

Annual Report

The vision for Mid-Kansas Electric Company, LLC, began in March 2005 when Aquila, Inc., announced it was selling its Kansas Electric Network properties. That vision became a reality when transactions were closed on April 1, 2007.

The six Members of Mid-Kansas, five of which also own and direct Sunflower Electric Power Corporation, added 21 counties to their service territory and now serve 400,000 people in central and western Kansas. The Mid-Kansas system consists of 612 megawatts (MW) of generation, 1,083 miles of transmission, and 46 substations, which brings the total assets of the combined systems to 1,273.4 MW of generation, 2,298 miles of transmission, and 76 substations. These assets enable Mid-Kansas and Sunflower to provide their Member cooperatives with reliable service at the lowest possible cost.

By most standards, Mid-Kansas is a fledgling company. However, while 2008 was the first full year of operation, Mid-Kansas was founded on business practices that have been developed and employed for more than 50 years. The Members that have managed Sunflower since 1957 and now own Mid-Kansas know that successful businesses share the same traits: sound financial decisions, integrity, and a vision for the future.

The most important trait, however, is **MAKING connections**: connections within our communities, and most importantly, connections with those we serve. Reaching out to others is the foundation for making our businesses, our communities, and our world a better place to be.

MAKING | 2008

Connections





Board of Directors



Allan Miller
Chairman
Prairie Land
Norton



Terry Janson
Vice Chairman
Victory
Dodge City



Dave Jesse
Director
Southern Pioneer
Ulysses



Neil Norman
Director
Wheatland
Scott City



Dave Schneider
Director
Western
WaKeeney



Paul Seib, Jr.
Director
Lane-Scott
Ness City

The business and affairs of Mid-Kansas Electric Company, LLC, are governed by a Board of Directors who are elected by the Members of the Company. Each Member is represented by one Director.

EXECUTIVE | 2008

L. Earl Watkins, Jr.
President & CEO



Watkins

Allan Miller
Chairman



Allan Miller

Report

How many times in your life, after making a difficult choice, have you asked yourself, "If I knew then what I know now, would I have made the same decision?"

Certainly, it is a question we could ask ourselves about the formation of Mid-Kansas Electric. When we ponder the challenges we have faced from the formation of Mid-Kansas Electric up to now, it would no doubt have been easier to say "no." But "easier" accomplishes little.

Mid-Kansas was formed because of the numerous ways it would benefit the people of central and western Kansas.

While we endured many challenges throughout the year to create this company, which is based on the cooperative principles in which we believe and value, we know that our endeavors are in the best interest of those we serve.

In 2008, our country suffered the fallout from a deep economic recession. Locally, Mid-Kansas experienced high natural gas prices and significant storm damage across the transmission system. Our efforts to build both a high-voltage transmission project were slowed, and the Holcomb Expansion Project has been delayed by project opponents.

The challenges we faced make us especially thankful for our accomplishments: the statewide support for our projects, the spin-down of Mid-Kansas' distribution assets, and, most importantly making connections to those we serve.

It was Thomas Edison who once said, "Be courageous. I have seen many depressions in business. Always America has emerged from these stronger and more prosperous. Be brave as your fathers before you. Have faith! Go forward!"

We will.

The Year in Review

2008 marked the first full year of operation for Mid-Kansas Electric Company, LLC, which was formed in August 2005. The focus during the past year was on transitioning the utility from an investor owned utility into a new company operated with the principles common to all electric cooperatives in the nation.

The owners of Mid-Kansas are Lane-Scott Electric Cooperative, Inc., Dighton; Prairie Land Electric Cooperative, Inc., Norton; Southern Pioneer Electric Company, Ulysses (a wholly-owned subsidiary of Pioneer Electric Cooperative, Inc.); The Victory Electric Cooperative Association, Inc., Dodge City; Western Cooperative Electric Association, Inc., WaKeeney; and Wheatland Electric Cooperative, Inc., Scott City.

The owners, five rural electric cooperatives and one wholly-owned subsidiary, had successfully established a limited liability company that included consumers, generation, transmission, and distribution assets and had welcomed 94 staff members from the former system, but their work had only begun. Many additional transactions needed to occur to transform the company into an organization that reflects the cooperative ideals that have served rural Kansans since the 1940s.

Spin Down

When the transaction closed, the Aquila assets were transferred to Mid-Kansas, which then contracted with Sunflower to operate and maintain the generation and transmission assets and provide the power supply to Mid-Kansas Members. The goal was to transfer all of the distribution assets from Mid-Kansas to each cooperative or wholly-owned subsidiary.

The "spin-down" or transfer of assets occurs in three stages: The first was the transfer of distribution assets, which occurred at the time of acquisition and was completed in 2008. The second will be establishing a wholesale rate for Mid-Kansas and the Members, and the third will be the transfer of the retail customers and certified territories to owners of the Mid-Kansas system.

Generation

Mid-Kansas experienced a system peak of 550 MW in August 2008. The total net electric production from Mid-Kansas' generation resources was 2,021,509 megawatt hours (MWh). The production associated with each generating resource included 1,205,097 MWh from Jeffrey Energy Center through a Participation Power Agreement with Westar Energy (Westar); 402,408 MWh from Fort Dodge Station; 135,451 MWh from Great Bend Station; 69,619 MWh from Cimarron River Station; 17,177 MWh from Clifton Station; and 184,751 MWh of renewable energy from the Gray County Wind Farm.

In January, Sunflower began receiving energy for delivery to Mid-Kansas from the Smoky Hills Wind



Fun in the sun. *The Tumbleweed Festival, Garden City, KS, and the Barton County fair, Great Bend, KS, were places Kansans took time to enjoy the weather and each other. Garden City and Great Bend are served by Wheatland Electric.*

MAKING



Project II, under a 20-year Renewable Energy Purchase Agreement. This project, which was developed by TradeWind Energy, provides 24 MW of renewable energy generation capability for Mid-Kansas. This was the second contract that Sunflower signed with TradeWind, having previously purchased 50.4 MW of output capability from Smoky Hills Wind Farm I for Sunflower's use. The Smoky Hills wind project is located in Lincoln and Ellsworth counties and consists of 155 turbines. This renewable energy purchase allows Mid-Kansas to offset higher cost natural gas generation with wind-generated energy. The Smoky Hills Wind Project II became commercially operational in December 2008 and generated 7,006 MWh in its first month of operation.

Since the 173 MW Participation Power Agreement with Jeffrey Energy Center will expire on January 3, 2019, efforts to construct the Holcomb Expansion Project continued. Construction of the new units will help keep electric rates at the lowest possible price since the Mid-Kansas generation portfolio is dependent on natural gas units, a problem that will escalate if new sources cannot be built.

During the 2008 legislative session, the Kansas Legislature passed three energy bills by wide margins, but all of them were vetoed by Governor Kathleen Sebelius. The Senate had as many as 33 of 40 votes supporting the bills, and the House had 83 of its 125 members voting for the comprehensive bills.

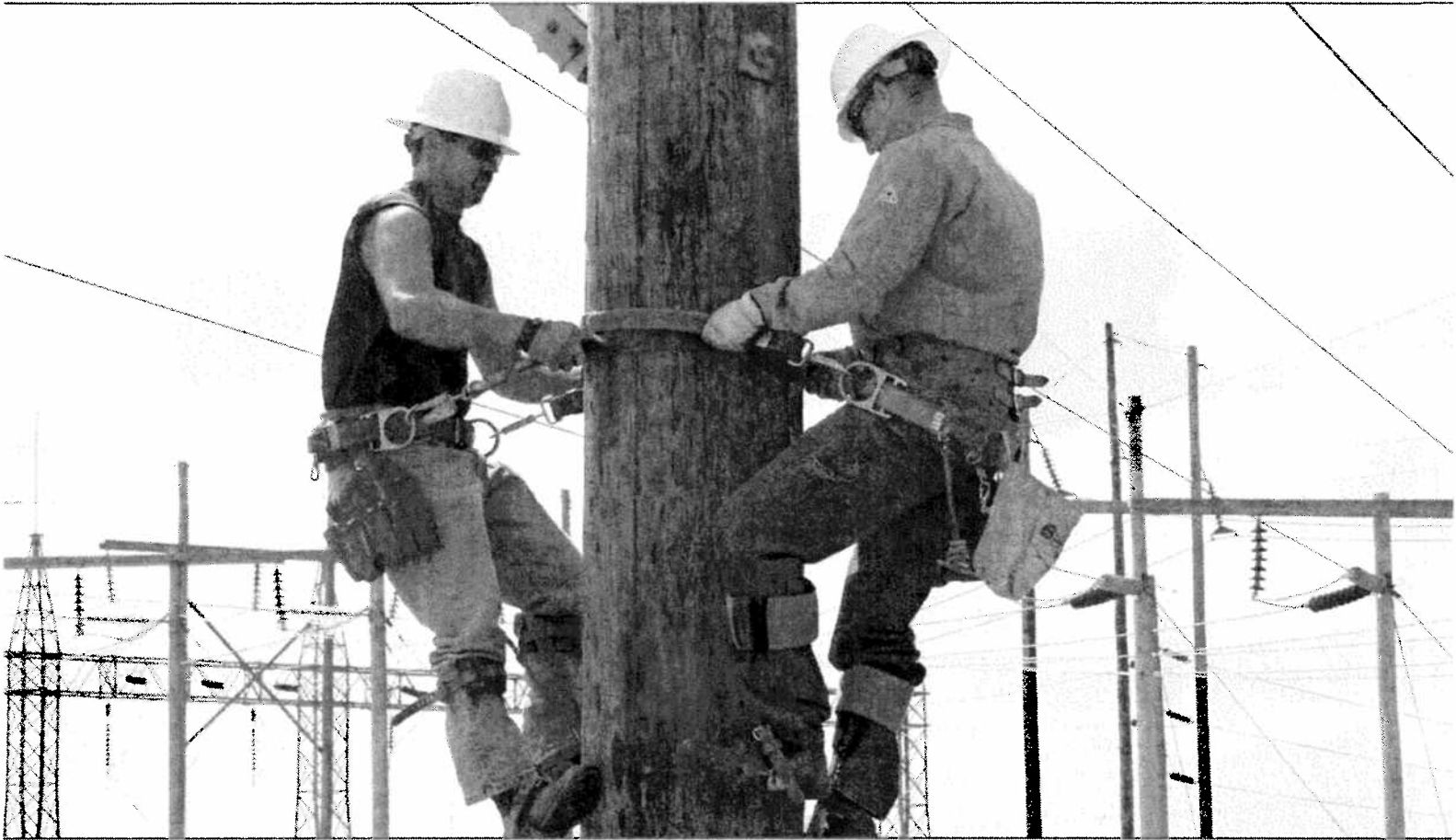
In November 2007, the month following KDHE Secretary Roderick Bremby's denial of the air permit, Sunflower and other entities filed a lawsuit with the Kansas Court of Appeals claiming that Secretary Bremby had overstepped his authority when denying the air permit; the case was later taken up by the Supreme Court. In July 2008, the cases in the Finney County District Court were dismissed with our consent based on lack of jurisdiction, and in September, the Office of Administrative Hearings set a schedule for hearings on Sunflower's appeal of Secretary Bremby's decision and later ruled that the hearing must focus solely on legal issues. By the end of the year, the Presiding Officer affirmed the KDHE decision but allowed for a further appeal of his order with Secretary Bremby.

On November 18, 2008, Sunflower, on behalf of Mid-Kansas, filed a lawsuit in the United States District Court, District of Kansas, against Governor Kathleen Sebelius, Lt. Governor Mark Parkinson, and KDHE Secretary Bremby, asserting that the defendants, acting in their official capacity, violated Sunflower's right to fair and equal treatment under the law and unlawfully prohibited interstate commerce.

Transmission

In September, Mid-Kansas and Sunflower reached an agreement with ITC Great Plains, LLC (ITC), designating ITC to build two of the three sections that comprise the 180-mile Kansas V-Plan transmission project. The agreement provides for designation of ITC as the entity responsible for construction of a section running from Spearville, KS, to Comanche County, KS, and a second section running from Comanche County to Medicine Lodge, KS.

The third section of the V-Plan running from Medicine Lodge to Wichita, KS, was offered to Westar.



All in the line of duty. Tom Harbaugh, line crew chief, instructs Ted King, line technician apprentice II, on the technique of climbing poles. The four-year training and apprenticeship program enables linemen to earn a journeyman certificate.

MAKING

Connections



However, Westar and its partners formed Prairie Wind Transmission, LLC, with the intent of building a similar project running from Wichita to Medicine Lodge, from Medicine Lodge to Spearville, and including a line from Medicine Lodge to the Oklahoma border.

Both plans include the construction of transmission lines with an operating voltage of 765-kV, which could carry up to six times as much electricity as the existing 345-kV transmission lines in the region. This infrastructure is considered crucial for building an electric grid that can accommodate the demands of the 21st-century. Because multiple entities have filed to construct similar projects, the final decision as to which plan will move forward now rests with the Kansas Corporation Commission (KCC), which oversees utilities. The KCC has urged all involved entities to work toward compromise and settlement of the issues.

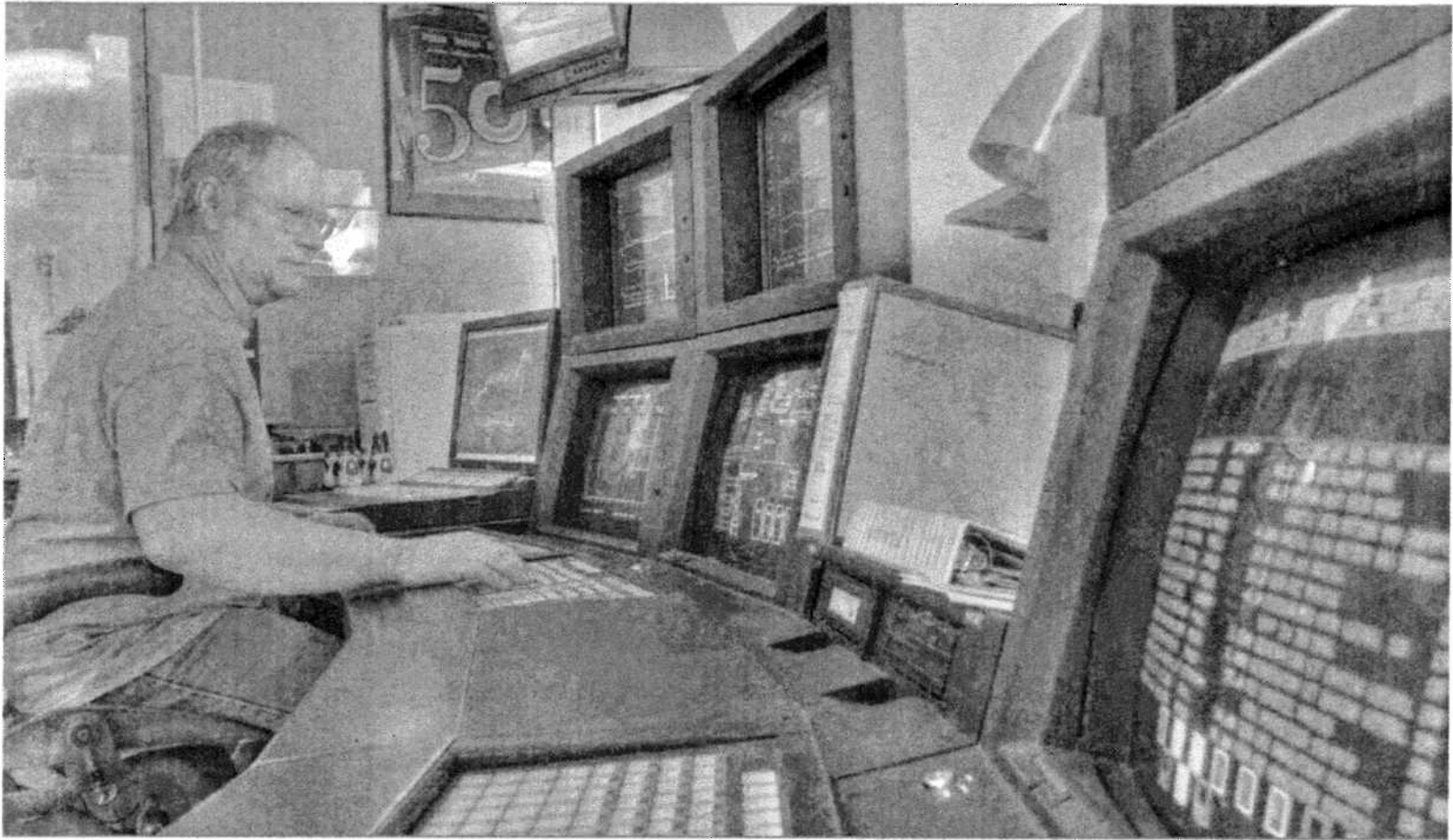
Mid-Kansas also completed the construction of two new substations to support the interconnection of 300 MW of renewable wind generation. These two interconnection substations are Elm Creek Substation, a 230-kV facility that integrates the Meridian Way wind project located near Concordia, KS; and the Flat Ridge Substation, a 138-kV facility that integrates the Flat Ridge wind project located near Medicine Lodge. To support ITC's development of transmission lines and owner status in the SPP region, Mid-Kansas agreed to sell both substations to ITC. That transaction is currently under regulatory review.

Mid-Kansas also experienced significant tornado damage during the spring (April and May) of 2008 with line damage across the entire system. Areas impacted by the storms included the Harper, Medicine Lodge, Plainville, Smith Center, Liberal, Beloit, Jewell, and Concordia areas. Transmission crews again showed their dedication and restored the system to normal condition by the middle of June.

Financial Performance

The 2008 financials reflect Mid-Kansas' first full year of operation. The Members operating revenue is calculated monthly in an amount that is sufficient to cover that month's operating expense net of non-member revenue and provide for a 1.1 Times Interest Earned Ratio (TIER) and Debt Service Coverage ratio (DSC). Total Operating Revenue for the year was \$206 million, with total operating expenses of \$198 million, resulting in an Electric Operating Margin of \$8.4 million. The Total Net Margin for the first year of operation was \$855,000.

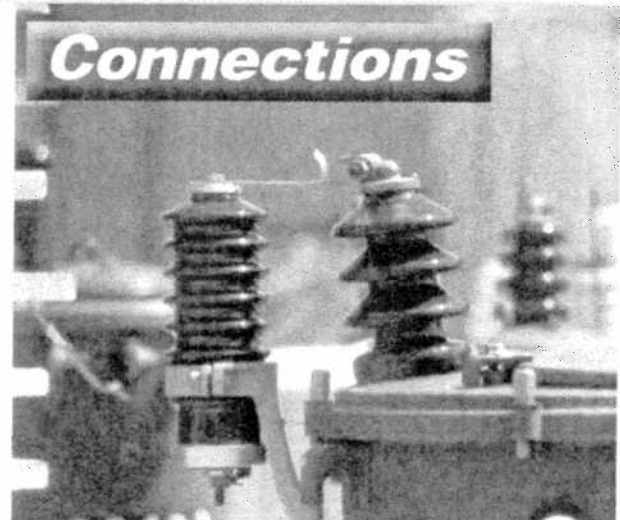
Approximately 23% of the Mid-Kansas energy requirements was served by the company's natural gas units; the remaining requirements were served by a combination of power purchase contracts, the market price of which is driven by gas prices. The average Member rate was 6.4 cents per kilowatt hour and was driven upward by the high reliance on natural gas generation to serve the Member load and by the Participation Power Agreement. Sunflower Electric, a generation and transmission cooperative, provides operations and management services for Mid-Kansas in addition to the scheduling and dispatching of the Mid-Kansas load. As such, Mid-Kansas does not have any employees.

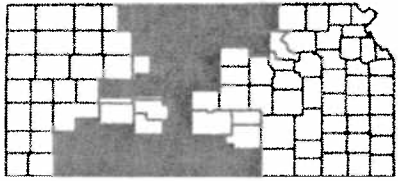


All systems go. Jim Spain, an operator and EIC technician, works the control system at Cimarron River Station. Ten operators work 12-hour shifts to keep the two natural gas units with a combined capacity of 77 MW running smoothly.

MAKING








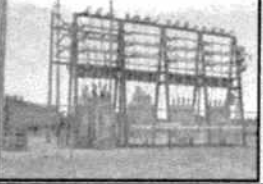
Connections





Mid-Kansas Electric Company, LLC

Neighbors Serving Neighbors

<p>Gray County Wind Farm PPA: 50 Megawatts Fuel: Wind Type: Intermittent Placed into service: 2001</p>	
<p>Jeffrey Energy Center PPA: 173 Megawatts Fuel: PRB Coal Type: Baseload Placed into service: 1978</p>	
<p>Fort Dodge 4 Capacity: 145 Megawatts Fuel: Natural Gas Type: Intermediate/LF Placed into service: 1968</p>	
<p>Great Bend 3 Capacity: 99 Megawatts Fuel: Natural Gas Type: Intermediate Placed into service: 1963</p>	
<p>Cimarron River 1 Capacity: 61 Megawatts Fuel: Natural Gas Type: Intermediate/Co-Gen Placed into service: 1963</p>	
<p>Cimarron River 2 Capacity: 16 Megawatts Fuel: Natural Gas Type: Peaking Placed into service: 1967</p>	
<p>Clifton Station Capacity: 68 Megawatts Fuel: Natural Gas Type: Peaking Placed into service: 1974</p>	
<p>Transmission 115-kV Line - 804 Miles 138-kV Line - 86 Miles 230-kV Line - 193 Miles 46 Substations</p>	

Independent Auditors' Report

The Board of Directors
Mid Kansas Electric Company, LLC:

We have audited the accompanying balance sheets of Mid Kansas Electric Company, LLC (Mid Kansas) as of December 31, 2008 and 2007, and the related statements of operations, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Mid Kansas' management. Our responsibility is to express an opinion on these financial statements based on our audits.

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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mid Kansas' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 Mid Kansas as of December 31, 2008 and 2007, and the results of its operations and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 1 to the financial statements, the Company adopted the provisions of Statement of Financial Accounting Standards No. 157, Fair Value Measurements, as of January 1, 2008, for fair value measurements of all financial assets and liabilities. Also, as discussed in note 1, the Company adopted the recognition, measurement date, and disclosure provisions of Statement of Financial Accounting Standards No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans, as of December 31, 2007.

KPMG LLP

Kansas City, Missouri
April 15, 2009

Balance Sheets

December 31, 2008 and 2007

Assets, Pledged	2008	2007
Utility plant, at cost:		
In service	\$ 72,208,987	76,927,291
Less accumulated depreciation	<u>(9,369,648)</u>	<u>(5,101,391)</u>
	62,839,339	71,825,900
Construction work in progress	<u>15,995,140</u>	<u>13,388,678</u>
Total utility plant, net	<u>78,834,479</u>	<u>85,214,578</u>
Investments and other assets:		
Investment in Federated Rural Electric Insurance Exchange	83,644	46,936
Other Investments	<u>2,388</u>	<u>—</u>
Total investments	<u>86,032</u>	<u>46,936</u>
Current assets:		
Cash and cash equivalents	23,032,568	24,926,495
Accounts receivable:		
Members	13,651,704	15,408,158
Nonmember	5,116,558	6,976,237
Affiliate	136,446	3,197,669
Other	<u>389</u>	<u>2,407</u>
	18,905,097	25,584,471
Material and supplies inventories	669,859	708,809
Prepayments	201,902	2,688,960
Regulatory assets, current	2,387,023	2,474,139
Deferred charges	<u>7,515,646</u>	<u>—</u>
Total current assets	<u>52,712,095</u>	<u>56,382,874</u>
Other long-term assets:		
Regulatory assets	25,647,264	27,686,196
Deferred charges	<u>763,107</u>	<u>1,029,681</u>
Total Assets	<u>\$ 158,042,977</u>	<u>\$170,360,264</u>

See accompanying notes to combined financial statements.

Balance Sheets

December 31, 2008 and 2007

Capitalization and Liabilities	2008	2007
Capitalization:		
Long-term obligations, less current maturities	\$ 119,889,870	\$ 121,318,882
Member and patron equity (deficit):		
Contributed capital	3,752,000	3,752,000
Accumulated earnings (deficit)	196,250	(658,751)
Accumulated other comprehensive income (loss)	<u>1,605,767</u>	<u>(264,258)</u>
Total member and patron deficit	<u>5,554,017</u>	<u>2,828,991</u>
Total capitalization	<u>125,443,887</u>	<u>124,147,873</u>
Current liabilities:		
Current maturities of long-term obligations	1,429,012	7,414,964
Accounts payable	8,507,913	10,801,921
Accounts payable — affiliates	6,956,997	4,274,045
Interest payable	1,415,399	2,201,237
Accrued taxes other than income taxes	2,189,963	2,982,655
Other current liabilities	<u>1,101,555</u>	<u>4,937,356</u>
Total current liabilities	<u>21,600,839</u>	<u>32,612,178</u>
Other long-term liabilities	<u>10,998,251</u>	<u>13,600,213</u>
Total Capitalization and liabilities	<u>\$ 158,042,977</u>	<u>\$ 170,360,264</u>

See accompanying notes to combined financial statements.

Statement of Members' Equity

Years ended December 31, 2008 and 2007

	Donated capital	Accumulated earnings (deficit)	Accumulated other comprehensive loss (income)	Total
Balance, December 31, 2006	\$ 3,452,000	(2,092,417)	—	1,359,583
Net margins	—	1,433,666	—	1,433,666
Capital contributions	300,000	—	—	300,000
SFAS No. 158	<u>—</u>	<u>—</u>	<u>(264,258)</u>	<u>(264,258)</u>
Balance, December 31, 2007	<u>3,752,000</u>	<u>(658,751)</u>	<u>(264,258)</u>	<u>2,828,991</u>
Comprehensive income				
Net margins	—	855,001	—	855,001
Other comprehensive income, net of tax	<u>—</u>	<u>—</u>	<u>1,870,025</u>	<u>1,870,025</u>
Postretirement benefit plan	<u>—</u>	<u>—</u>	<u>1,870,025</u>	<u>1,870,025</u>
Balance, December 31, 2008	<u>\$ 3,752,000</u>	<u>196,250</u>	<u>1,605,767</u>	<u>5,554,017</u>

See accompanying notes to financial statements.

Statements of Operations

Years ended December 31, 2008 and 2007

	2008	2007
Operating revenue:		
Member	\$ 148,730,151	\$ 95,497,070
Nonmember	27,794,889	32,434,310
Other	29,825,185	20,322,625
Total operating revenue	206,350,225	148,254,005
Operating expenses:		
Operations:		
Production and other power supply, net	161,476,012	108,336,531
Transmission	7,463,915	6,915,079
Maintenance:		
Production	3,734,269	2,383,435
Transmission	7,336,457	1,957,737
Administrative and general	6,523,709	7,846,288
Depreciation and amortization	6,958,821	11,195,436
Other taxes	4,427,280	3,916,191
Total operating expenses	197,920,463	142,550,697
Electric operating margin	8,429,762	5,703,308
Interest expense	(8,550,019)	(13,850,709)
Other income, net	522,663	307,541
Operating margins (loss)	402,406	(7,839,860)
Nonoperating margins:		
Investment income	411,538	236,427
Lease income	41,057	9,073,099
Total nonoperating margins	452,595	9,273,526
Net margins	\$ 855,001	1,433,666

See accompanying notes to combined financial statements.

Statements of Cash Flows

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Net margins	\$ 855,001	\$ 1,433,666
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	6,958,821	11,195,436
Amortization of regulatory assets	2,144,613	2,033,372
Postretirement benefit costs	—	345,391
Patronage credits earned from investments	(38,950)	(46,936)
Decrease (increase) in accounts receivable	7,326,323	(18,044,989)
Decrease in materials and supplies	38,950	165,763
Decrease (increase) in prepayments	2,487,058	(2,687,028)
Increase (decrease) in deferred charges	(6,723,460)	(239,561)
Increase (decrease) in accounts payable	(3,038,672)	14,774,008
Increase (decrease) in interest payable	(785,838)	2,201,237
Increase (decrease) in accrued taxes other than income taxes	(792,692)	1,524,061
Decrease in long-term liabilities	(4,567,739)	(317,133)
Increase in deferred credits	—	3,489,400
Increase (decrease) in due to/from affiliate	5,744,175	(2,738,743)
Net cash provided by operating activities	9,607,590	13,087,944
Cash flows from investing activities:		
Utility plant expenditures	(4,086,553)	(7,291,052)
Payment for acquisition of Aquila Inc. assets	—	(258,810,901)
Net cash used in investing activities	(4,086,553)	(266,101,953)
Cash flows from financing activities:		
Proceeds from long-term obligations	—	123,284,880
Proceeds from long-term obligations with Members	—	155,705,519
Principal payments on debt	(7,414,964)	(632,742)
Deferred financing costs	—	(810,379)
Capital contributions from members	—	300,000
Net cash provided by (used in) financing activities	(7,414,964)	277,847,276
Net increase (decrease) in cash and cash equivalents	(1,893,927)	24,833,269
Cash and cash equivalents, beginning of year	24,926,495	93,226
Cash and cash equivalents, end of year	\$ 23,032,568	\$ 24,926,495

Supplemental information:

Mid-Kansas paid \$9,335,857 and \$11,649,472 in cash for interest during 2008 and 2007, respectively.

See accompanying notes to combined financial statements.

Notes to Financial Statements

December 31, 2008 and 2007

(1) Nature of Operations and Summary of Significant Accounting Policies

(a) Nature of Operations

Mid Kansas Electric Company, LLC (Mid Kansas or the Company) is a limited liability company formed under the laws of the state of Kansas for the purpose of acquiring the assets of Aquila Inc.'s (Aquila) Kansas Electric Network (the Transaction), which includes generation, transmission, and distribution operations serving electric consumers throughout central Kansas. The acquisition was completed on April 1, 2007.

Mid Kansas is owned by five distribution cooperatives and one corporation operating cooperatively (collectively, Members), serving customers in western and central Kansas counties. The five distribution cooperatives and the parent company of the corporation operating cooperatively own Sunflower Electric Power Corporation (Sunflower), a generation and transmission service provider that provides management services to Mid Kansas. The six Members are: Lane Scott Electric Cooperative, Inc.; Southern Pioneer Electric Company; Prairie Land Electric Cooperative, Inc.; The Victory Electric Cooperative Association, Inc.; Western Cooperative Electric Association, Inc.; and Wheatland Electric Cooperative, Inc. Rates to Mid Kansas' members are subject to approval by the Kansas Corporation Commission (KCC). In accordance with this regulation, Mid Kansas has applied the provisions of Statement of Financial Accounting Standards (SFAS) No. 71, Accounting for the Effects of Certain Types of Regulation (SFAS 71). This application is discussed further in note 1(d).

Upon completion of the Transaction in April 2007, the Members of Mid Kansas entered into lease and service agreements to operate and manage the distribution assets and customers of Mid Kansas. The Members purchase all of their power requirements for the Mid Kansas customers from Mid Kansas in addition to paying a lease payment for the distribution plant facilities used in their operation. The distribution assets were transferred to the Members on December 31, 2007. The Mid Kansas retail customers continue to be served by the Members under the Electric Customer Service Agreement between Mid Kansas and each of the Members.

Upon completion of the Transaction, all employees of the acquired business became employees of the Members or Sunflower. Mid Kansas has entered into a service and operation agreement with Sunflower under which Sunflower operates and manages the generation and transmission assets. Mid Kansas reimburses Sunflower for the time spent operating the assets, including benefits and any other direct costs that relate to Mid Kansas operations and a portion of the administration and general operating costs of Sunflower. See further information in note 6.

(b) Basis of Presentation

The accompanying financial statements have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Notes to Financial Statements

December 31, 2008 and 2007

(c) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful lives of fixed assets, asset retirement obligations, and key inputs to actuarial calculations of postretirement obligations. Actual results could differ significantly from those estimates.

(d) Application of Accounting Standards

During 2007, Mid Kansas acquired Aquila Kansas Electric Network, which was regulated by the KCC, and thus, effective April 1, 2007, Mid Kansas applied the provisions of SFAS 71. Mid Kansas operates under the rate case that was approved for Aquila by the KCC. Under this rate plan, Mid Kansas meets the criteria requiring the application of SFAS 71.

The application of SFAS 71 primarily impacts Mid Kansas' method of accounting for the prepaid purchase power agreement with Westar Energy, Inc. (Westar) for power from Jeffrey Energy Center (JEC) and asset retirement obligations both purchased from Aquila. See note 4 for a discussion of the regulatory assets.

Effective December 31, 2007, the Company adopted the recognition, measurement date, and disclosure provisions of SFAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plan (SFAS 158). SFAS 158 requires companies to recognize the funded status of defined benefit pension and other postretirement plans as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income to the extent those changes are not included in the net periodic cost. The adoption of the recognition provisions of SFAS 158 did not impact the Company's compliance with debt covenants, results of operations, or its cash position.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157), which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The Company adopted SFAS 157 on January 1, 2008, for financial instruments, which had no material impact. In February 2008, FASB issued FSP SFAS 157 2, Effective Date of SFAS 157, which delays the effective date of SFAS 157 for all nonrecurring fair value measurements of nonfinancial assets and liabilities until January 1, 2009.

(e) Utility Plant

Utility plant is stated at cost and expenditures for replacement of property units are recorded as utility plant. The cost of units replaced or retired, including cost of removal, net of any salvage value, is charged to accumulated depreciation. The cost of maintenance and repairs, including renewals of minor items, is charged to operating expenses.

Notes to Financial Statements

December 31, 2008 and 2007

Depreciation is provided on the composite straight line method over the estimated useful lives of the assets. Depreciation rates are as follows:

Steam Production plant	6.32%
Other production plant	1.09
Transmission plant	2.28
Distribution plant	2.73
General plant	7.24

(f) Long Lived Assets

In accordance with FASB Statement No. 144, Accounting for the Impairment or Disposal of Long Lived Assets, long lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long lived asset or asset group be tested for possible impairment, Mid Kansas first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values, and third party independent appraisals, as considered necessary. For the years ended December 31, 2008 and 2007, management believes there has been no impairment of Mid Kansas' long lived assets.

(g) Investments

Investment in the Federated Rural Electric Insurance Exchange (Federated) is stated at cost plus Mid Kansas' share of patronage capital credits allocated and reduced by distributions received. Mid Kansas' ownership percentage in Federated is less than 20%.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash deposits in banks and short term investments with original maturities of three months or less. Included in short term investments are overnight repurchase agreements and commercial paper.

(i) Materials and Supplies Inventories

Inventories are valued at the lower of average cost or market (net realizable value) and are recognized on an average cost basis.

(j) Prepayments

Prepayments consist primarily of prepaid insurance, which is expensed ratably over the lives of the underlying policies.

Notes to Financial Statements

December 31, 2008 and 2007

(k) Regulatory Assets

Mid Kansas is subject to the provisions of SFAS 71; therefore, the Company recognizes the effects of rate regulation and, accordingly, has recorded assets to reflect the impact of regulatory orders. See note 4 for further discussion.

(l) Deferred Charges

Deferred charges mainly consist of the cost of transmission projects that are expected to be reimbursed by the Members but not yet billed and deferred financing costs, which are amortized over the life of the debt.

(m) Other Long Term Liabilities

Other long term liabilities consist of accrued postretirement benefit obligations recorded in accordance with the provisions of SFAS No. 106, Employers Accounting for Postretirement Benefit Other than Pensions (SFAS 106), and SFAS 158 and asset retirement obligations recorded in accordance with the provisions of SFAS No. 143, Accounting for Asset Retirement Obligations (SFAS 143), and FIN 47, Accounting for Conditional Asset Retirement Obligations (FIN 47).

(n) Income Taxes

Mid Kansas is a limited liability company and classified as a partnership for federal and state income tax purposes. The taxable income or loss of Mid Kansas is included in the taxable income of its members.

The Company has elected to defer the adoption of Financial Accounting Standards Board (FASB) Interpretation No. 48 (FIN 48), Accounting for Uncertainty in Income Taxes—an interpretation of FASB No. 109, under the guidance of FASB Staff Position No. 48 3 (FSP 48 3), Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises. The Company's policy is to evaluate uncertain tax positions under the guidance of FAS No. 5, Accounting for Contingencies, which requires recognition of loss contingencies when it is probable that a liability has been incurred, and the amount of loss is reasonably estimated.

(o) Revenue and Fuel Expense Recognition

Electric energy sales and the related fuel expenses are recorded at the time electric energy is generated and delivered.

(p) Postretirement Plans

Mid Kansas does not have any active employees however Mid Kansas did acquire obligations of providing various health insurance benefits to former Aquila retirees.

The Company records amounts relating to its postretirement plans based on calculations that incorporate various actuarial and other assumptions, including discount rates, mortality, turnover rates, and healthcare cost trend rates. The Company reviews its assumptions on an annual basis and

Notes to Financial Statements

December 31, 2008 and 2007

makes modifications to the assumptions based on current rates and trends when it is appropriate. The effect of modifications to those assumptions is recorded in accumulated other comprehensive income beginning in 2007 and amortized to net periodic cost over future periods using the corridor method. The net periodic costs are recognized over the average remaining life expectancy of the retirees. The Company believes that the assumptions utilized in recording its obligations under its plans are reasonable based on its experience and market conditions.

Effective December 31, 2007, the Company adopted the recognition, measurement date, and disclosure provisions of SFAS 158, which requires the Company to recognize the funded status of the postretirement plan as a net asset or liability and to recognize changes in that funded status in the year in which the changes occur through other comprehensive income to the extent those changes are not included in the net periodic cost. The adoption of the recognition provisions of SFAS 158 did not impact the Company's compliance with debt covenants or its cash position. The incremental effect of applying the recognition provisions of SFAS 158 on the Company's financial position as of December 31, 2007 was as follows:

	Before application of SFAS 158	Adjustments	After application of SFAS 158
Accumulated benefit obligation	\$ 8,169,107	(264,258)	7,904,849
Total liabilities	167,795,531	(264,258)	167,531,273
Accumulated other comprehensive income, net of tax	—	(264,258)	(264,258)
Total member and parton deficit	3,093,249	(264,258)	2,828,991

The recognition provisions of SFAS 158 had no affect on the statements of income for the periods presented. The Company has a measurement for benefit obligations of December 31 for each fiscal year.

(2) **Purchase Accounting**

On April 1, 2007, Mid Kansas acquired certain utility plant and working capital assets and liabilities from Aquila. Models and valuation reports were prepared by the Company with the assistance of outside professional services to estimate fair value. The Company concluded that the fair value of Aquila net assets was approximately \$259 million. The acquisition premium paid in excess of Aquila's net book value that remains with Mid Kansas is \$9,443,419. The combination of the net book value of utility plant assets and the acquisition premium represents the fair value of the utility plant assets purchased. The amount paid over the net book value of the utility plant assets is recorded in utility plant as an acquisition premium. The Company believes the fair value of assets other than the utility plant assets was equal to Aquila's net carrying value.

The transaction was financed by the National Cooperative Services Corporation (NCSC), a nonprofit cooperative association managed by National Rural Utilities Cooperative Finance Corporation (CFC),

Notes to Financial Statements

December 31, 2008 and 2007

and the Members of Mid Kansas. A secured term loan facility was obtained from NCSC in the amount of \$123 million at an average rate of 7% with a maturity date 30 years from the closing date. In addition to the NCSC loans, the Members loaned Mid Kansas approximately \$156 million at interest rates that each Member was able to secure for their respective financing of the transaction to purchase the distribution assets. As described in note 6, the distribution assets were distributed to the Members on December 31, 2007, which relieved the majority of this debt.

The net purchase price was allocated as follows (in thousands of dollars):

Assets:		
Utility plant, at cost (net)	\$	237,557
Regulatory assets		32,060
Accounts receivable		5,518
Inventory		870
Total assets		276,005
Liabilities:		
Accounts payable		101
Accrued taxes other than income taxes		1,459
Current deferred credits		502
Other long-term liabilities		15,132
Total liabilities		17,194
Purchase price	\$	258,811

(3) Utility Plant

Utility plant balances by major class of asset are as follows at December 31, 2008 and 2007:

	2008	2007
Steam production plant	\$ 19,388,265	19,369,498
Other production plant	299,638	299,638
Transmission plant	35,434,684	40,946,792
Distribution plant	1,374,468	1,739,824
General plant	5,507,887	5,128,130
Unclassified Plant	741,898	—
Acquisition premium	9,462,147	9,443,409
Total utility plant	72,208,987	76,927,291
Less accumulated depreciation and amortization	(9,369,648)	(5,101,391)
Net utility plant	62,839,339	71,825,900
Construction work in progress	15,995,140	13,388,678
Total utility plant, net	\$ 78,834,479	85,214,578

The acquisition premium relates to the premium paid in the Transaction. It is being depreciated over a 30 year life and recovered in Mid Kansas' electric rates.

Notes to Financial Statements

December 31, 2008 and 2007

(4) Regulatory Assets

The KCC regulates certain aspects of the Mid Kansas operations. The financial statements therefore include the effects of rate regulation in accordance with SFAS 71. The following table details the regulatory assets as of December 31, 2008 and 2007:

	2008	2007
Regulatory assets:		
JEC purchase power	\$ 21,970,487	24,167,536
Asset retirement obligations	5,826,332	5,478,138
Other	237,468	514,661
	28,034,287	30,160,335
Less current portion	2,387,023	2,474,139
	\$ 25,647,264	27,686,196

These regulatory assets have been recorded in the accompanying financial statements as a result of the Aquila acquisition and are expected to be collected through rates in a future period, as described below:

- JEC purchase power represents certain costs previously incurred by Aquila related to JEC. These costs are being amortized over the life of the purchase power agreement. Management believes these costs will be recovered in future rates.

- Asset retirement obligations represent the estimated recoverable costs for legally required removal obligations. The liability was initially measured at fair value and subsequently is adjusted for accretion expense and changes in the amount or timing of the estimated cash flows. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long lived asset and depreciated over the asset's remaining useful life. Management believes these costs will be recovered in future rates. The following table presents the activity for the asset retirement obligations for the years ended December 31, 2008 and 2007:

	2008	2007
Balance at beginning of year	\$ 5,478,138	—
Additional obligations incurred	—	5,234,556
Obligations settled in current period	—	(3,813)
Accretion and depreciation	348,194	247,395
Balance at end of year	\$ 5,826,332	5,478,138

- Other includes certain litigation and rate case costs for which Aquila received regulatory approval of recovery.

Notes to Financial Statements

December 31, 2008 and 2007

(5) Long Term Debt

On March 30, 2007, Mid Kansas entered into the Loan Agreement with NCSC. As part of the Mid Kansas purchase for the Aquila assets, NCSC loaned \$123 million at an average rate of 7.00% in loans to Mid Kansas for the purchase of the assets. The outstanding note balances are as follows as of December 31, 2008 and 2007:

	2008	2007
National Cooperative Services Corporation Advance bearing interest of 6.85%, principal and interest due quarterly through January 2037	\$ 30,316,010	30,658,502
National Cooperative Services Corporation Advance bearing interest of 6.91%, principal and interest due quarterly through January 2037	30,321,590	30,660,348
National Cooperative Services Corporation Advance bearing interest of 7.02%, principal and interest due quarterly through January 2037	30,331,685	30,663,686
National Cooperative Services Corporation Advance bearing interest of 7.22%, principal and interest due quarterly through January 2037	25,193,706	25,459,348
National Cooperative Services Corporation Advance bearing interest of 7.22%, principal and interest due quarterly through January 2037	1,106,148	1,117,811
National Cooperative Services Corporation Advance bearing interest of 7.22%, principal and interest due quarterly through January 2037	3,549,396	3,586,820
National Cooperative Services Corporation Advance bearing interest of 7.22%, principal and interest due quarterly through January 2037	500,347	505,623
Debt due to Members	—	6,081,708
	121,318,882	128,733,846
Less current maturities of long-term obligations	(1,429,012)	(7,414,964)
Long-term obligations, less current maturities	\$ 119,889,870	121,318,882

The NCSC levelized principal and interest payments of \$2,471,114 are due quarterly on January 31, April 30, July 31, and October 31 through January 31, 2037. In order to remain in compliance with the Loan Agreement, Mid Kansas must maintain a Debt Service Coverage ratio (DSC) of 1.1 and a Times Interest Earned Ratio (TIER) of 1.1 both calculated on a rolling four quarter basis commencing upon completion of the fourth calendar quarter of operations (March 31, 2008). In addition to these quarterly calculations, Mid Kansas must achieve a Minimum Borrower Equity Ratio of 2.5% for years ending 2012 through 2016; 5.0% for years ending 2017 through 2021; and 10.0% for years ending 2022 and thereafter.

Notes to Financial Statements

December 31, 2008 and 2007

At December 31, 2008, scheduled maturities of the long term debt are as follows:

Year ending December 31:	
2009	\$ 1,429,012
2010	1,531,649
2011	1,641,661
2012	1,759,578
2013	1,885,968
Thereafter	<u>113,071,014</u>
	\$ <u>121,318,882</u>

Mid Kansas has negotiated an agreement with NCSC for a \$15,000,000 secured operating line of credit, which will be used to cover seasonal cash flow needs, and for letters of credit necessary in the normal operation of the business. The letters of credit are necessary to secure the purchase of gas as a boiler fuel for the Mid Kansas generation fleet, and totaled \$8,059,000 and \$8,734,000 as of December 31, 2008 and 2007, respectively. No cash borrowings were outstanding on the facility as of December 31, 2007 and 2008,

In addition to the NCSC loans, the Members loaned Mid Kansas approximately \$156 million at interest rates that each member was able to secure for their respective financing of the transaction to purchase the distribution assets. As described in note 6, the distribution assets were distributed to the Members on December 31, 2007, which relieved the majority of this loan. The remainder of the debt due to Members of \$6,081,708 was paid in 2008. For the time that Mid Kansas owned the distribution assets (April 1, 2007 through December 31, 2007), the Mid Kansas Members had lease and service agreements with Mid Kansas to operate and maintain the distribution assets and serve the retail customers acquired through the acquisition. The Members provide retail service to the end user customers of Mid Kansas under rates established by the KCC in effect as of April 1, 2007. Generation and transmission costs are allocated to each of the Mid Kansas members based upon the generation needs necessary to serve the customers they are servicing for Mid Kansas. The Members have agreed as part of the loan agreements with NCSC, to cover the operating costs of Mid Kansas plus an amount necessary for Mid Kansas to achieve its financial covenants calculated on a rolling 12 month basis from the first date of operation (April 1, 2007).

(6) Related Party Transactions

Upon Mid Kansas completing the Transaction on April 1, 2007, Sunflower was contracted by Mid Kansas to operate the generation and transmission assets of Mid Kansas. The distribution assets of Mid Kansas are operated by the Members. Certain employees previously employed by Aquila were employed by Sunflower or the Members; Mid Kansas does not have any employees.

Mid Kansas is owned by the same Members that own Sunflower but in different ownership percentages. Sunflower has no ownership interest in Mid Kansas. In addition to the relationship between Mid Kansas's members and Sunflower's members, L. Earl Watkins serves as the Chief Executive Officer of both entities.

Sunflower bills to Mid Kansas all direct and indirect operating costs as well as a portion of Sunflower's administrative and general costs as agreed upon in the Service and Operation Agreement between

Notes to Financial Statements

December 31, 2008 and 2007

Mid Kansas and Sunflower. These allocation methodologies are reviewed annually and any changes are approved by the Sunflower and Mid Kansas boards. In addition to the expense allocation and reimbursement arrangement, Sunflower has been directed by the Mid Kansas and Sunflower boards to jointly dispatch the generation resources of Mid Kansas and Sunflower in the most efficient and cost effective manner. To do this, a joint dispatch model was developed by a third party and utilized on a monthly basis to allocate power costs between the two entities. This model is designed to prevent Sunflower from absorbing any additional costs from this dispatch arrangement yet recognizing that in most months, there are benefits that are allocated to each entity, thus lowering the cost of operating each entities' generation resources separately. In 2008 and 2007, Sunflower allocated indirect costs of approximately \$9 million to Mid Kansas. In 2008 and 2007, Mid Kansas sold approximately \$15 million and \$12 million of power to Sunflower and purchased approximately \$42 million and \$23 million of power from Sunflower, respectively.

Sunflower's financial interest in Mid Kansas's operations is limited solely to the items described above; Mid Kansas is a separate legal entity and Sunflower does not guarantee any debt of Mid Kansas'. Consequently, Sunflower does not consolidate Mid Kansas.

As of December 31, 2008 and 2007, Mid Kansas owed Sunflower \$6,956,997 and \$4,274,045, respectively. Additionally, Mid Kansas' accounts receivable from Sunflower was \$136,446 and \$3,197,669 as of December 31, 2008 and 2007, respectively.

The Members of Mid Kansas entered into Lease and Service Agreements with Mid Kansas for the operation and maintenance of the distribution facilities on April 1, 2007. Since the Members borrowed money from CFC and then lent those funds to Mid-Kansas for the purchase of the distribution assets in the acquisition, Mid-Kansas issued a guarantee to CFC, guaranteeing the loan between the Mid-Kansas Members and CFC. These guarantees remained in effect until each of the Members pay off these notes. As of December 31, 2008, Western Cooperative Electric Association, Inc., Lane-Scott Electric Cooperative, Inc., and Victory Electric Cooperative Association, Inc. have remaining balances on their notes in the amount of \$54 million.

On December 31, 2007, the Mid-Kansas Members exercised their option to purchase their related distribution assets and as a result, the distribution assets were distributed to the Members in exchange for the cancellation of the majority of the Note Payable Mid-Kansas owed to each Member. On December 31, 2008 additional distribution assets were distributed to the Members at their net book value. These assets were omitted in the initial 2007 distribution. The Lease and Service Agreement terminated upon the Members exercising their option to purchase the distribution assets in exchange for the cancellation of the majority of the Note Payable to the Members. The Lease and Service Agreement was replaced by the Electric Customer Service Agreement between Mid-Kansas and the Members.

(7) Postretirement Benefit Obligations

Mid Kansas does not have any active employees however, in connection with the Transaction, Mid Kansas acquired obligations to provide various health insurance benefits to former Aquila retirees.

Notes to Financial Statements

December 31, 2008 and 2007

Retirees may elect health insurance benefits upon payment of the required premiums. Mid Kansas has two classes of retirees covered in the health insurance program. The first class is individuals and spouses who receive health insurance benefits that have a varying period and subsidy based on the former Aquila plan they participated in. The period can range from five years to a lifetime and the subsidies can range from 5% to 100%. Subsidies not at 100% will decrease over time and reach zero in 2016. Also some retirees who received a premium reduction credit will terminate on April 1, 2012. The second class, Class Action Retirees, receives their benefit based upon a prior class action lawsuit against a predecessor to Aquila. Mid Kansas pays 100% of the actual health costs.

As discussed in note 1(p), the Company adopted the recognition and disclosure provisions and the measurement date provisions of SFAS 158 effective December 31, 2007. SFAS 158 requires companies to recognize the funded status of the postretirement plan as a net asset or liability on its balance sheet.

The Company measured its benefit obligations as of December 31 of each year. The following table sets forth the plan's benefit obligations recognized in the balance sheet at December 31, 2008 and 2007:

	Postretirement benefits	
	December 31, 2008	December 31, 2007
Current liabilities	\$ 875,000	1,038,066
Noncurrent liabilities	<u>4,932,342</u>	<u>6,866,783</u>
Total liability recognized	<u>\$ 5,807,342</u>	<u>7,904,849</u>

The accumulated postretirement benefit obligation was \$5,807,342 and \$7,904,849 at December 31, 2008 and 2007, respectively. The postretirement benefit obligation is unfunded. Net periodic postretirement benefit cost for 2008 and 2007 was \$480,078 and \$345,391, respectively, which represents interest cost. Amounts recognized in other comprehensive income consist of the actuarial gain of \$1,870,025. The net actuarial gain for the postretirement plan into net periodic benefit cost is \$1,606,307.

For measurement purposes at December 31, 2008, an 8.5% annual rate of increase in the per capita cost of covered healthcare benefits. The rate was assumed to decrease gradually to 5.0% for 2015 and remain at that level thereafter. If the annual rate changed by 1%, the effect would be insignificant. Weighted average discount rates used to determine benefit obligations and net periodic postretirement benefit cost for 2008 and 2007 were as follows:

	2008	2007
Benefit obligation	6.08%	6.50%
Benefit cost	6.50	6.00

Notes to Financial Statements

December 31, 2008 and 2007

The following table summarizes benefits paid during 2008 and 2007:

	2008	2007
Gross benefits paid	\$ 815,307	662,037
Retiree contributions	(107,747)	(73,562)
Net benefits paid	\$ 707,560	588,475

The benefits expected to be paid, net of retiree contributions from the postretirement benefit plan in each year 2009 – 2013 are \$875,000, \$860,000, \$828,000, \$748,000, and \$632,000, respectively. The aggregate benefits expected to be paid, net of retiree contributions in the five years from 2014 – 2018 are \$2,142,000. The expected benefits are based on the same assumptions used to measure the Company's benefit obligation at December 31.

Additionally, in connection with the Transaction, Mid Kansas acquired an obligation to continue providing life insurance to Aquila's former employees. At the time of the Transaction, Mid-Kansas entered into an insurance contract with a third party who assumed this obligation. Mid Kansas is obligated to pay the third party \$1.8 million over 10 years.

(8) Fair Value Measurements and the Fair Value Option

Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2008 and 2007. The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

	2008		2007	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Investments in FREIE	\$ 83,644	83,644	46,936	46,936
Other investments	2,388	2,388	—	—
Financial liabilities:				
Long-term debt	\$ 121,318,882	110,371,802	128,733,846	119,669,218

The carrying amounts shown in the table are included in the balance sheets under the indicated captions.

The fair values of the financial instruments shown in the above table as of December 31, 2008 and 2007 represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement

Notes to Financial Statements

December 31, 2008 and 2007

reflects the Company's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by the Company based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, accounts receivable, investments and accounts payable approximate the fair value as December 31, 2007 and 2008. The method used to estimate the fair value of the Company's long term debt is based on quoted market prices for the same or similar issues or on the current rates offered to the Cooperative for the debt of the same maturity.

(9) Commitments and Contingencies

Liabilities for loss contingencies, including environmental remediation costs not within the scope of SFAS 143, arising from claims, assessments, litigation, fines, and penalties and other sources, are recorded when it is probable that a liability has been incurred and the amount of the assessment and/or remediation can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred. Recoveries of environmental remediation costs from third parties, which are probable of realization, are separately recorded as assets, and are not offset against the related environmental liability, in accordance with FASB Interpretation No. 39, *Offsetting of Amounts Related to Certain Contracts*.

Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study. Such accruals are adjusted as further information develops or circumstances change. Costs of expected future expenditures for environment remediation obligations are not discounted to their present value.

Mid Kansas is a defendant in other litigation matters and a party to various claims arising from its normal activities. In management's opinion, based on advice from legal counsel, these actions will not result in a material adverse effect on the financial position, results of operations, or liquidity of Mid-Kansas.

Mid-Kansas Electric Company, LLC

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Mid-Kansas Electric Company, LLC
Calculation of Mid-Kansas Member ECA Factor

<u>Line No.</u>	<u>Description</u>		<u>Source</u>
1			
2	Mid-Kansas ECA Recoverable Cost	\$ 99,124,559	ECA Filings
3			
4	Mid-Kansas Member Wholesale Sales	2,557,547,369	ECA Filings
5			
6	Average ECA Factor (\$/kWh)	\$0.03876	
7		\$0.03876	

Mid-Kansas Electric Company, LLC
Classification of Plant in Service
Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production		(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
					Capacity (\$)				
1									
2		Intangible Plant							
3	301	Organization	A&E_PROD	51,666	22,119	29,547	-		
4	302	Franchises		-					
5	303	Misc. Intang. Plant		-					
6		Subtotal - Intangible Plant		51,666	22,119	29,547	-		
7									
8		Production Plant							
9		Steam							
10	310	Land & Land Rights	A&E_PROD	143,444	61,412	82,032	-		
11	311	Struct. & Improve.	A&E_PROD	14,904,263	6,380,881	8,523,382	-		
12	312	Boiler Plant Equip.	A&E_PROD	27,874,577	11,933,791	15,940,786	-		
13	313	Engines & Gen.	A&E_PROD	-	-	-	-		
14	314	Turbogenerator Units	A&E_PROD	22,950,830	9,825,814	13,125,016	-		
15	315	Access. Elec. Equip.	A&E_PROD	3,734,514	1,598,837	2,135,677	-		
16	316	Misc. Plant Equipment	A&E_PROD	911,686	390,315	521,371	-		
17	317	ARO - Steam Production	A&E_PROD	778,431	333,265	445,166	0		
18		Subtotal		71,297,745	30,524,315	40,773,430	-		Sum(L10 : L17)
19		Nuclear							
20	320	Land & Land Rights		-	-	-	-		
21	321	Struct. & Improve.		-	-	-	-		
22	322	Reactor Plant Equip.		-	-	-	-		
23	323	Turbogenerator Units		-	-	-	-		
24	324	Access. Elec. Equip.		-	-	-	-		
25	325	Misc. Plant Equipment		-	-	-	-		
26		Subtotal		-	-	-	-		
27		Hydraulic							
28	330	Land & Land Rights		-	-	-	-		
29	331	Struct. & Improve.		-	-	-	-		
30	332	Rsrvr Dams & Strwys		-	-	-	-		
31	333	Wheels Turb. & Gen.		-	-	-	-		
32	334	Accessory Electrical Equip.		-	-	-	-		
33	335	Misc. Plant Equipment		-	-	-	-		
34	336	Rds RR & Bridges		-	-	-	-		
35		Subtotal		-	-	-	-		
36		Other							
37	340	Land & Land Rights	A&E_PROD	36,398	15,583	20,815	-		
38	341	Struct. & Improve.	A&E_PROD	283,539	121,390	162,149	-		
39	342	Prod. & Access.	A&E_PROD	136,489	58,434	78,055	-		
40	343	Prime Movers	A&E_PROD	8,039,074	3,441,725	4,597,349	-		
41	344	Generators	A&E_PROD	2,900,089	1,241,599	1,658,490	-		
42	345	Access. Elec. Equip.	A&E_PROD	536,565	229,717	306,848	-		
	346	Misc. Plant Equip.	A&E_PROD	15,948	6,828	9,120	-		
43	347	Other Production - ARO	A&E_PROD	166	71	95	-		
44		Subtotal		11,948,268	5,115,347	6,832,921	-		Sum(L37 : L43)
45		Subtotal--Production		83,246,013	35,639,661	47,606,352	-		L18 + L44

Mid-Kansas Electric Company, LLC
Classification of Plant in Service
Ending May 31, 2008

(continued)

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) (f) (g)			(h) Transm. (\$)	(i) Notes
				Total (\$)	Capacity (\$)	Energy (\$)		
46								
47		Transmission						
48	350	Land & Land Rights	TRANS	2,397,700			2,397,700	
49	352	Struct. & Improve.	TRANS	2,284,108			2,284,108	
50	353	Station Equip.	Direct	42,487,005			42,487,005	
51	354	Towers & Fixtures	TRANS	-			-	
52	355	Poles & Fixtures	TRANS	20,953,617			20,953,617	
53	356	OH Cond. & Devices	TRANS	12,114,096			12,114,096	
54	357	UG Conduit	TRANS	-			-	
55	358	UG Cond. & Devices	TRANS	-			-	
56	359	ARO- Transmission Plant	TRANS	388			388	
57		Subtotal - Transmission		<u>80,236,914</u>	<u>-</u>	<u>-</u>	<u>80,236,914</u>	Sum(L48 : L56)
58								
59		Distribution						
60	360	Land & Land Rights	Direct	-	-			
61	361	Struct. & Improve.	Direct	-	-			
62	362	Station Equip.	Direct	2,057,517	2,057,517			
63	363	Stor. Battery Equip.		-				
64	364	Poles Tower & Fix.		-				
65	365	OH Cond. & Devices		-				
66	366	UG Conduit		-				
67	367	UG Cond. & Devices		-				
68	368	Line Transformers	Direct	67,015	67,015			
69	369	Services		-				
70	370	Meters		-				
71	371	Install on Cust. Ld		-				
72	372	Leased Ld from Cust.		-				
73	373	Street Light & Signal		-				
74		Subtotal - Distribution		<u>2,124,532</u>	<u>2,124,532</u>	<u>-</u>	<u>-</u>	Sum(L60 : L73)
75								
76		Subtotal - Gross Plant Less General and Distribu		<u>163,482,927</u>	<u>35,639,661</u>	<u>47,606,352</u>	<u>80,236,914</u>	L53+L65
77								
78								
79								
80								
81		General						
82	389	Land & Land Rights	LABOR	-	-	-	-	
83	390	Struct. & Improve.	LABOR	325,473	170,951	66,782	87,740	
84	391	Off. Furn. & Equip.	LABOR	1,313,992	690,159	269,609	354,224	
85	392	Transp. Equip.	LABOR	2,143,052	1,125,613	439,719	577,720	
86	393	Stores Equip.	LABOR	3,167	1,663	650	854	
87	394	Shop & Garage Equip.	LABOR	166,604	87,507	34,184	44,913	
88	395	Lab Equip.	LABOR	610,586	320,703	125,282	164,601	
89	396	Power Op. Equip.	LABOR	434,807	228,377	89,215	117,215	
90	397	Communication Equip.	LABOR	2,907,739	1,527,256	596,620	783,863	
91	398	Misc. Equip.	LABOR	-	-	-	-	
92	399	Acquisition Costs	LABOR	-	-	-	-	
93		Subtotal-General Plant		<u>7,905,420</u>	<u>4,152,230</u>	<u>1,622,061</u>	<u>2,131,129</u>	Sum(L82 : L92)
94								
95		Grand Total		<u>173,564,545</u>	<u>41,938,542</u>	<u>49,257,959</u>	<u>82,368,043</u>	L45 + L57 + L93
96								

Mid-Kansas Electric Company, LLC
Classification of Plant in Service
Ending May 31, 2008

(1) Line No.	(2) Acct. No.	(3) Description	(4) Allocation Factor	(5) Total	(6) Production Capacity	(7) Energy	(8) Transm.	(9) Notes
97								
98		Allocation Factors Based on Plant						
99								
100	301-373	Total Plant less General Plant		163,482,927	35,639,661	47,606,352	80,236,914	L84
101			GROSS_PLNT	1.000000	0.218002	0.291201	0.490797	
102								
103	301-346	Production Plant	PROD_PLNT	83,246,013	35,639,661	47,606,352	-	L45
104				1.000000	0.428125	0.571875	0.000000	
105								
106	350-359	Transmission		80,236,914	-	-	80,236,914	L57
107			TRANS_PLNT	1.000000	0.000000	0.000000	1.000000	
108								
109	353	Transmission Station		42,487,005	-	-	42,487,005	L50
110			TRANS_STA	1.000000	0.000000	0.000000	1.000000	
111								
112		Total Net Plant		73,676,448	12,903,958	12,752,275	48,020,214	RateBase L4
113			NET_PLNT	1.00000000	0.17514360	0.17308483	0.65177157	
114								
115		Average & Excess Prod. Plt.	A&E_PROD	100.000000%	42.812454%	57.187546%	0.000000%	2
116								
117		Labor Allocator		6,963,639	3,657,570	1,428,823	1,877,246	Labor L133
118			LABOR	1.00000000	0.52523835	0.20518338	0.26957827	Labor L 135

Commodity allocator based on system load factor:

$$\begin{aligned}
 \text{System Load Factor} &= \frac{\text{Total kWh Demand} \times 100\%}{\text{Annual Peak Demand (kW)} \times \text{Period Length (h)}} \\
 &= \frac{2,068,856,547 \text{ kWh} \times 100\%}{412,976 \text{ kW} \times 8760 \text{ h}} \\
 \text{System Load Factor} &= \underline{\underline{57.187546\%}}
 \end{aligned}$$

Mid-Kansas Electric Company, LLC
Classification of Accumulated Reserves for Depreciation
Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production		(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
					<u>Capacity</u>				
1									
2		Intangible Plant							
3		Organization		-					
4		Franchises		-					
5		Misc. Intang. Plant		-					
6		Subtotal - Intangible Plant		-					
7									
8		Production Plant							
9		Steam							
10	108	Land & Land Rights	A&E_PROD	102,410	43,844		58,566		
11	108	Struct. & Improve.	A&E_PROD	10,640,744	4,555,564		6,085,180		
12	108	Boiler Plant Equip.	A&E_PROD	19,900,766	8,520,006		11,380,759		
13	108	Engines & Gen.	A&E_PROD	-					
14	108	Turbogenerator Units	A&E_PROD	16,385,507	7,015,038		9,370,470		
15	108	Access. Elec. Equip.	A&E_PROD	2,666,218	1,141,473		1,524,744		
16	108	Misc. Plant Equipment	A&E_PROD	650,889	278,661		372,227		
17	108	Steam Asset ARO	A&E_PROD	636,220	272,381		363,839		
18		Subtotal		50,982,754	21,826,968		29,155,786		Sum(L10 : L17)
19		Nuclear							
20	108	Land & Land Rights		-					
21	108	Struct. & Improve.		-					
22	108	Reactor Plant Equip.		-					
23	108	Turbogenerator Units		-					
24	108	Access. Elec. Equip.		-					
25	108	Misc. Plant Equipment		-					
26		Subtotal		-					
27		Hydraulic							
28	108	Land & Land Rights		-					
29	108	Struct. & Improve.		-					
30	108	Rsvr Dams & Strwys		-					
31	108	Wheels Turb. & Gen.		-					
32	108	Accessory Electrical Equip.		-					
33	108	Misc. Plant Equipment		-					
34	108	Rds RR & Bridges		-					
35		Subtotal		-					
36		Other							
37	108	Land & Land Rights	A&E_PROD	35,925	15,380		20,545		
38	108	Struct. & Improve.	A&E_PROD	279,853	119,812		160,041		
39	108	Prod. & Access.	A&E_PROD	134,715	57,675		77,040		
40	108	Prime Movers	A&E_PROD	7,934,569	3,396,984		4,537,585		
41	108	Generators	A&E_PROD	2,862,389	1,225,459		1,636,930		
42	108	Access. Elec. Equip.	A&E_PROD	529,590	226,730		302,859		
43	108	Misc. Plant Equip.	A&E_PROD	15,741	6,739		9,002		
44	108	Other Productions - ARO	A&E_PROD	147	63		84		
45		Subtotal		11,792,928	5,048,842		6,744,086		Sum(L37 : L43)
46		Subtotal--Production		62,775,682	26,875,810		35,899,872		L18 + L45

Mid-Kansas Electric Company, LLC
Classification of Accumulated Reserves for Depreciation
Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production		(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
					Capacity (\$)				
47									
48		Transmission							
49	108	Land & Land Rights	TRANS	1,002,622	-	-	-	1,002,622	
50	108	Struct. & Improve.	TRANS	955,122	-	-	-	955,122	
51	108	Station Equip.	TRANS_STA	17,766,360	-	-	-	17,766,360	
52	108	Towers & Fixtures	TRANS	-	-	-	-	-	
53	108	Poles & Fixtures	TRANS	8,761,962	-	-	-	8,761,962	
54	108	OH Cond. & Devices	TRANS	5,065,629	-	-	-	5,065,629	
55	108	UG Conduit	TRANS	-	-	-	-	-	
56	108	UG Cond. & Devices	TRANS	-	-	-	-	-	
57	108	Transmission Plant - ARO	TRANS	194	-	-	-	194	
58		Subtotal - Transmission		33,551,889	-	-	-	33,551,889	Sum(L49 : L57)
59									
60		Distribution							
61	108	Land & Land Rights	Distribution	-	-	-	-	-	
62	108	Struct. & Improve.	Distribution	-	-	-	-	-	
63	108	Station Equip.	Distribution	588,809	588,809	-	-	-	
64	108	Stor. Battery Equip.	Distribution	-	-	-	-	-	
65	108	Poles Tower & Fix.	Distribution	-	-	-	-	-	
66	108	OH Cond. & Devices	Distribution	-	-	-	-	-	
67	108	UG Conduit	Distribution	-	-	-	-	-	
68	108	UG Cond. & Devices	Distribution	-	-	-	-	-	
69	108	Line Transformers	Distribution	19,178	19,178	-	-	-	
70	108	Services	Distribution	-	-	-	-	-	
71	108	Meters	Distribution	-	-	-	-	-	
72	108	Install on Cust. Ld	Distribution	-	-	-	-	-	
73	108	Leased Ld from Cust.	Distribution	-	-	-	-	-	
74	108	Street Light & Signal	Distribution	-	-	-	-	-	
75		Subtotal - Distribution		607,987	607,987	-	-	-	Sum(L61 : L73)
76									
77		General							
78	108	Land & Land Rights	LABOR	-	-	-	-	-	
79	108	Struct. & Improve.	LABOR	121,559	63,847	24,942	-	32,770	
80	108	Off. Furn. & Equip.	LABOR	490,754	257,763	100,694	-	132,296	
81	108	Transp. Equip.	LABOR	800,393	420,397	164,227	-	215,769	
82	108	Stores Equip.	LABOR	1,183	621	243	-	319	
83	108	Shop & Garage Equip.	LABOR	62,224	32,682	12,767	-	16,774	
84	108	Lab Equip.	LABOR	228,043	119,777	46,791	-	61,476	
85	108	Power Op. Equip.	LABOR	162,393	85,295	33,320	-	43,778	
86	108	Communication Equip.	LABOR	1,085,991	570,404	222,827	-	292,760	
87	108	Misc. Equip.	LABOR	-	-	-	-	-	
88	108	Subtotal-General Plant		2,952,539	1,550,787	605,812	-	795,940	Sum(L78 : L87)
89									
90		Grand Total		99,888,097	29,034,584	36,505,684	-	34,347,829	16 + L58 + L75 + L87
91									

Mid-Kansas Electric Company, LLC
Classification of Rate Base
Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total	(f) Production		(g) Energy	(h) Transm.	(i) Notes
					Capacity	Energy			
				(\$)	(\$)	(\$)	(\$)		
1		Plant in Service		173,564,545	41,938,542	49,257,959	82,368,043		Sect. 15, Sch. 1
2		Accum. Depr. Reserves		99,888,097	29,034,584	36,505,684	34,347,829		Sect. 15, Sch. 2
3		Net Plant		73,676,448	12,903,958	12,752,275	48,020,214		L2 - L3
4									
5									
6	107	Construction work in Progress	A&E_PROD	-					
7									
8	165	Prepayments	NET_PLNT	908,332	159,089	157,218	592,025		Sect. 6, Sch. 4, No
9			Direct	23,889,821	23,889,821				
10									
11	151	Fuel Stocks	A&E_PROD	1,284	550	734	-		Sect. 6, Sch. 2
12									
13		Materials and Supplies							
14	154	13 Month Average	NET_PLNT	743,520	130,223	128,692	484,605		Sect 6, Sch 3
15									
16		Cash Working Capital (1/8)							
17		Production Expense							
18		Total		17,682,937	2,804,824	14,812,728	65,385		Sect. 15, Sch. 4
19		Less: Fuel		6,454,559	-	6,454,559	-		Sect. 15, Sch. 4
20		Less: Purch. Power		10,685,116	2,633,253	8,051,863	-		Sect. 15, Sch. 4
21		Net Production		543,262	171,571	306,306	65,385		L18 - L19 - L20
22		Transmission O&M		1,272,047	-	-	1,272,047		Sect. 15, Sch. 4
23		Distribution O&M		-	-	-	-		Sect. 15, Sch. 4
24		Customer Accounts		5,180	-	5,180	-		Sect. 15, Sch. 4
25		Customer Service & Info.		-	-	-	-		Sect. 15, Sch. 4
26		Sales		-	-	-	-		Sect. 15, Sch. 4
27		Administrative & General		1,146,348	590,286	234,128	321,935		Sect. 15, Sch. 4
28		Taxes		618,957	147,408	179,290	292,259		Sect. 15, Sch. 4
29		Less: Property Taxes	GROSS_PLNT	(611,329)	(133,271)	(178,019)	(300,038)		Sect. 6, Sch. 5
30		Subtotal-CWC		2,974,466	775,994	546,884	1,651,588		Sum(L21 : L29)
31									
32		Total Rate Base		102,193,870	37,859,634	13,585,803	50,748,432		L4 + L6 + L8+L11- L14+L30
33									
34									

- 1 \$5,981,001 allocated based on average and excess allocation method with the balance \$11,201,999 allocated directly to transmission
- 2 \$23,889,821 Related to JEC Prepayment allocated to Capacity balance allocated on Net Plant

**Mid-Kansas Electric Company, LLC
Classification of Revenue Requirements
12 Months Ending May 31, 2008**

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production Capacity (\$)	(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
1								
2		Power Production						
3		Steam						
4	500	Oper. Super. & Eng.	PROD_CAP	389,516	389,516			1
5	501	Fuel	PROD_ENG	49,587,472		49,587,472		1
6	502	Steam	PROD_CAP	1,433,364	1,433,364			1
7	503	Steam-Other Sources	PROD_CAP	-	-			1
8	504	Steam Transferred	PROD_CAP	-	-			1
9	505	Electric	PROD_CAP	1,855,593	1,855,593			1
10	506	Misc. Steam Power	PROD_CAP	887,076	887,076			1
11	507	Rents	PROD_CAP	(4,921,471)	(4,921,471)			1
12	510	Main. Super. & Eng.	PROD_ENG	470,685		470,685		1
13	511	Main. Struct.	PROD_CAP	144,833	144,833			1
14	512	Main. Boiler Plant	PROD_ENG	1,180,180		1,180,180		1
15	513	Main. Electric Plant	PROD_ENG	450,860		450,860		1
16	514	Main. Misc. Plant	PROD_CAP	608,983	608,983			1
17								
18		Nuclear						
19	517	Oper. Super. & Eng.						
20	518	Nuclear Fuel						
21	519	Coolants & Water						
22	520	Steam Exp.						
23	521	Steam - Other Sources						
24	522	Steam Transferred						
25	523	Electric						
26	524	Misc. Nuclear Power						
27	525	Rents						
28	528	Main. Super. & Eng.						
29	529	Main. Struct.						
30	530	Main. Reactor Plant						
31	531	Main. Electric Plant						
32	532	Main. Misc. Plant						
33								
34		Hydraulic						
35	535	Oper. Super. & Eng.						
36	536	Water for Power						
37	537	Hydraulic						
38	538	Electric						
39	539	Misc. Hydr. Power						
40	540	Rents						
41	541	Main. Super. & Eng.						
42	542	Main. Struct.						
43	543	Main. Waterways						
44	544	Main. Electric Plant						
45	545	Main. Misc. Hydr. Plant						

1 Assign in accordance with FERC standard methodology.

Source for totals: Section 8, Schedule 4 and Section 9, Schedule 6 through 8

**Mid-Kansas Electric Company, LLC
Classification of Revenue Requirements
12 Months Ending May 31, 2008**

(a) <u>Line No.</u>	(b) <u>Acct. No.</u>	(c) <u>Description</u>	(d) <u>Allocation Factor</u>	(e) <u>Total (\$)</u>	(f) <u>Production Capacity (\$)</u>	(g) <u>Energy (\$)</u>	(h) <u>Transm. (\$)</u>	(i) <u>Notes</u>
46								
47		Power Production (Con't.)						
48		Other						
49	546	Oper. Super. & Eng.	PROD_CAP	20,840	20,840			1
50	547	Fuel	PROD_ENG	2,049,003		2,049,003		1
51	548	Generation	PROD_CAP	10,396	10,396			1
52	549	Misc. Other Power	PROD_CAP	6,519	6,519			1
53	550	Rents	PROD_CAP	-	-			1
54	551	Main. Super. & Eng.	PROD_CAP	25,852	25,852			1
55	552	Main. Struct.	PROD_CAP	6,282	6,282			1
56	553	Main. Gen. & Elec. Plant	PROD_CAP	823,964	823,964			1
57	554	Main. Misc. Other Power	PROD_CAP	80,821	80,821			1
58								
59		Other Power Supply						
60	555	Purchased Power	As Billed	85,480,926	21,066,026	64,414,900		
61	556	System Control & Dispatch		871,803		348,721	523,082	2
62	557	Other Expenses		-				
63								
64		Subtotal - Production		141,463,499	22,438,595	118,501,822	523,082	Sum(L4 : L62)
65								
66		Transmission						
67	560	Oper. Super. & Eng.	TRANS	160,551			160,551	
68	561	Load Dispatching	TRANS	7,092			7,092	
69	562	Oper. Station	TRANS	296,914	-	-	296,914	
70	563	Oper. OH Line	TRANS	79,974			79,974	
71	564	Oper. UG Line	TRANS	-			-	
72	565	Trans of Electricity - Others	TRANS	6,806,538			6,806,538	
73	566	Misc. Transmission Oper.	TRANS	855,963			855,963	
74	567	Rents	TRANS	-			-	
75	568	Main. Super. & Eng.	TRANS	192,945			192,945	
76	569	Main. Structures	TRANS	-			-	
77	570	Main. Station Equipment	TRANS	873,538			873,538	
78	571	Main. OH Lines	TRANS	883,626			883,626	
79	572	Main. UG Lines	TRANS	-			-	
80	573	Main. Misc. Trans. Plant	TRANS	19,237			19,237	
81								
82		Subtotal - Transmission		10,176,378	-	-	10,176,378	Sum(L67 : L80)

2 Estimated 60% of 556 balance assigned to Transmission

Mid-Kansas Electric Company, LLC
Classification of Revenue Requirements
12 Months Ending May 31, 2008

(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
<u>Line</u>	<u>Acct.</u>	<u>Description</u>	<u>Allocation</u>	<u>Total</u>	<u>Production</u>		<u>Transm.</u>	<u>Notes</u>
No.	No.		Factor	(\$)	Capacity	Energy	(\$)	
83								
84		<u>Distribution</u>						
85	580	Oper. Super. & Eng.		-				
86	581	Load Dispatching		-				
87	582	Station		-				
88	583	OH Line		-				
89	584	UG Line		-				
90	585	Street Light & Signal System		-				
91	586	Meters		-				
92	587	Customer Installation		-				
93	588	Misc. Operations		-				
94	589	Rents		-				
95	590	Main. Super. & Eng.		-				
96	591	Main. Struct.		-				
97	592	Main. Station Equipment		-				
98	593	Main. OH Lines		-				
99	594	Main. UG Lines		-				
100	595	Main. Line Transf.		-				
101	596	Main. Street Light & Signal		-				
102	597	Main. Meters		-				
103	598	Misc. Maintenance		-				
104								
105		Subtotal - Distribution		-	-	-	-	Sum(L85 : L103)
106								
107		<u>Customer Accounts</u>						
108	901	Supervision	PROD_ENG	-		-		
109	902	Meter Reading	PROD_ENG	17,413		17,413		
110	903	Cust. Rec. & Coll.	PROD_ENG	24,024		24,024		
111	904	Uncollectible Accts.	PROD_ENG	-		-		
112	905	Misc. Cust. Accts.	PROD_ENG	-		-		
113								
114		Subtotal - Cust. Accts.		41,437	-	41,437	-	Sum(L108 : L112)
115								
116		<u>Customer Service & Info.</u>						
117	907	Supervision	PROD_ENG	-		-		
118	908	Cust. Assistance	PROD_ENG	-		-		
119	909	Advertising	PROD_ENG	-		-		
120	910	Misc. Serv. & Info.	PROD_ENG	-		-		
121								
122		Subtotal - Cust. Serv. & Info.		-	-	-	-	Sum(L107 : L121)

Mid-Kansas Electric Company, LLC
Classification of Revenue Requirements
12 Months Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production Capacity (\$)	(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
123								
124		Sales						
125	911	Supervision	PROD_ENG	-	-	-	-	
126	912	Demo. & Selling	PROD_ENG	-	-	-	-	
127	913	Advertising	PROD_ENG	-	-	-	-	
128	916	Misc. Sales	PROD_ENG	-	-	-	-	
129								
130		Subtotal - Sales		-	-	-	-	Sum(L125 : L128)
131								
132		Administrative & General						
133	920	Salaries	LABOR	2,389,516	1,255,066	490,289	644,162	
134	921	Off. Supplies & Exp.	LABOR	943,814	495,727	193,655	254,432	
135	922	Admin. Transferred	LABOR	-	-	-	-	
136	923	Outside Services	LABOR	987,247	518,540	202,567	266,140	
137	924	Property Insurance	NET_PLNT	270,104	47,307	46,751	176,046	
138	925	Injuries & Damages	LABOR	130,655	68,625	26,808	35,222	
139	926	Pensions & Benefits	LABOR	3,437,720	1,805,622	705,363	926,735	
140	927	Franchise Req.	NET_PLNT	-	-	-	-	
141	928	Reg. Commission	LABOR	359,354	188,747	73,733	96,874	
142	929	Duplicate Charges	LABOR	-	-	-	-	
143	930	Misc. General Expense	LABOR	42,497	22,321	8,720	11,456	
144	931	Rents	LABOR	141,803	74,480	29,096	38,227	
145	935	Main. Gen. Plant	LABOR	468,078	245,852	96,042	126,184	
146								
147		Subtotal - Administration & General		9,170,788	4,722,287	1,873,023	2,575,477	Sum(L133 : L145)
148								
149		Subtotal - Operating Expense		160,852,102	27,160,883	120,416,282	13,274,937	L64+L82 + L105 + L114 + L122 + L130 + L147
150								
151		Depreciation and Amortization						
152	403	Production	PROD_PLNT	4,677,656	2,002,619	2,675,037	-	4
153	403	Transmission	TRANS_PLNT	1,744,921	-	-	1,744,921	4
154	403	Distribution	DIST_PLNT	23,953	23,953	-	-	4
155	403	General	LABOR	589,489	309,622	120,953	158,914	4
156	425	Amortization Expense	GROSS_PLNT	316,028	55,350	54,700	205,978	5
157		Subtotal - Depreciation & Amort.		7,352,047	2,391,545	2,850,690	2,109,813	Sum(L152 : L155)
158								
159		Taxes						
160	408	Property--Production	NET_PLNT	2,346,370	1,004,539	1,341,832	-	3
161	408	Property--Transmission	NET_PLNT	2,261,556	-	-	2,261,556	3
162	408	Property--Distribution	NET_PLNT	59,882	25,637	34,245	-	3
163	408	Property--General Plant	LABOR	222,822	117,035	45,719	60,068	3
164	408	Sales/use taxes	LABOR	61,026	32,053	12,522	16,451	3
165								
166		Subtotal - Taxes		4,951,656	1,179,264	1,434,318	2,338,075	Sum(L160 : L164)
167								

3 Payroll taxes are included in salaries and wages allocated to Mid-Kansas from Sunflower.
4 Source: General Ledger
5 Includes Amortization of Acquisition Cost and Intangible Property

Mid-Kansas Electric Company, LLC
Classification of Revenue Requirements
12 Months Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production		(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
168									
169	431	<u>Interest - Other</u>	NET_PLNT	-	-	-	-	-	
170									
171	426	<u>Other Deductions</u>	NET_PLNT	215,813	37,798	37,354		140,661	
172									
173		Total Expenses		173,371,619	30,769,490	124,738,643		17,863,486	L149+L157 + L166 + L169 + L171
174									
175		Return Requirements							
176		Rate Base		102,193,870	37,859,634	13,585,803		50,748,432	Sect. 15, Sch. 3
177		Rate of Return		12.5348%	12.5348%	12.5348%		12.5348%	Sect. 3, Sch. 1
178		Return Requirements		12,809,764	4,745,617	1,702,949		6,361,198	L176 * L177
179									
180		Total Gross Revenue Requirements		186,181,382	35,515,107	126,441,592		24,224,684	L173 + L178
181									
182		Revenue Credits							
183	447	Sales for Resale--Non-Mem.	As Billed	33,849,909	11,637,286	22,212,623		-	1
184	454	Rent from Elect. Property	TRANS	-	-	-		-	
185	456	Other Electric Revenue		9,755,987	1,216,169	1,624,521		6,915,297	2
186									
187		Subtotal - Rev. Credits		43,605,896	12,853,455	23,837,144		6,915,297	Sum(L182 : L185)
188									
189		Net Control Area Revenue Requirements		142,575,487	22,661,652	102,604,449		17,309,387	L180 - L187
190									
191									
192		Average Cost Base Rate							
193		Total Revenue Requirements							
194		Billing Units							
195		Demand (kW-mo)			3,732,507			5,848,302	3
196		Energy (kWh)				2,068,856,547			
197		Average Cost Base Rate							
198		Demand (\$/kW/mo)			6.0714			2.9597	
199		Energy (\$/kWh)				0.049595			
200									
201									

1 Capacity amount from billing records and normalized billing adjustments - Balance assigned to energy

2 Capacity and Energy allocation for Air Product and National Helium Steam Revenue and Gray County Wind Farm O&M revenue allocated by Revenue Credits for Transmission include Point-To-Point revenues and Mid-Kansas NITS revenue included as expense in Acct .565.

3 Production billing units based on Member demand and energy. Transmission Demand based on 2008 transmission demand units reported to SI

Mid-Kansas Electric Company, LLC
Classification of Payroll Expense
12 Months Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production Capacity (\$)	(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
1								
2		Power Production						
3		Steam						
4	500	Oper. Super. & Eng.	PROD_CAP	389,516	389,516	-	-	
5	501	Fuel	PROD_ENG	-	-	-	-	
6	502	Steam	PROD_CAP	1,296,311	1,296,311	-	-	
7	503	Steam-Other Sources	PROD_CAP	-	-	-	-	
8	504	Steam Transferred	PROD_CAP	-	-	-	-	
9	505	Electric	PROD_CAP	1,215,710	1,215,710	-	-	
10	506	Misc. Steam Power	PROD_CAP	269,303	269,303	-	-	
11	507	Rents	PROD_CAP	-	-	-	-	
12	510	Main. Super. & Eng.	PROD_ENG	470,685	-	470,685	-	
13	511	Main. Struct.	PROD_CAP	45,302	45,302	-	-	
14	512	Main. Boiler Plant	PROD_ENG	460,854	-	460,854	-	
15	513	Main. Electric Plant	PROD_ENG	198,186	-	198,186	-	
16	514	Main. Misc. Plant	PROD_CAP	291,824	291,824	-	-	
17								
18		Nuclear						
19	517	Oper. Super. & Eng.						
20	518	Nuclear Fuel						
21	519	Coolants & Water						
22	520	Steam Exp.						
23	521	Steam - Other Sources						
24	522	Steam Transferred						
25	523	Electric						
26	524	Misc. Nuclear Power						
27	525	Rents						
28	528	Main. Super. & Eng.						
29	529	Main. Struct.						
30	530	Main. Reactor Plant						
31	531	Main. Electric Plant						
32	532	Main. Misc. Plant						
33								
34		Hydraulic						
35	535	Oper. Super. & Eng.						
36	536	Water for Power						
37	537	Hydraulic						
38	538	Electric						
39	539	Misc. Hydr. Power						
40	540	Rents						
41	541	Main. Super. & Eng.						
42	542	Main. Struct.						
43	543	Main. Waterways						
44	544	Main. Electric Plant						
45	545	Main. Misc. Hydr. Plant						

Source for Totals: Section 8, Schedule 7, Section 9, Schedule 6.

Mid-Kansas Electric Company, LLC
Classification of Payroll Expense
12 Months Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production Capacity (\$)	(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
46								
47		Power Production (Con't.)						
48		Other						
49	546	Oper. Super. & Eng.	PROD_CAP	20,840	20,840	-	-	
50	547	Fuel	PROD_ENG	-	-	-	-	
51	548	Generation	PROD_CAP	10,066	10,066	-	-	
52	549	Misc. Other Power	PROD_CAP	61	61	-	-	
53	550	Rents	PROD_CAP	-	-	-	-	
54	551	Main. Super. & Eng.	PROD_CAP	25,851	25,851	-	-	
55	552	Main. Struct.	PROD_CAP	1,011	1,011	-	-	
56	553	Main. Gen. & Elec. Plant	PROD_CAP	26,033	26,033	-	-	
57	554	Main. Misc. Other Power	PROD_CAP	65,742	65,742	-	-	
58								
59		Other Power Supply						
60	555	Purchased Power (Net)	As Billed	-	-	-	-	
61	556	System Control & Dispatch		687,684	-	275,074	412,611	
62	557	Other Expenses		-	-	-	-	
63								
64		Subtotal - Production		5,474,980	3,657,570	1,404,799	412,611	Sum(L4 : L62)
65								
66		Transmission						
67	560	Oper. Super. & Eng.	TRANS	160,550	-	-	160,550	
68	561	Load Dispatching	TRANS	7,093	-	-	7,093	
69	562	Oper. Station	TRANS	283,226	-	-	283,226	
70	563	Oper. OH Line	TRANS	79,974	-	-	79,974	
71	564	Oper. UG Line	TRANS	-	-	-	-	
72	565	Trans of Electricity - Others	TRANS	-	-	-	-	
73	566	Misc. Transmission Oper.	TRANS	317,514	-	-	317,514	
74	567	Rents	TRANS	-	-	-	-	
75	568	Main. Super. & Eng.	TRANS	192,945	-	-	192,945	
76	569	Main. Struct.	TRANS	-	-	-	-	
77	570	Main. Station Equip.	TRANS	339,887	-	-	339,887	
78	571	Main. OH Lines	TRANS	83,447	-	-	83,447	
79	572	Main. UG Lines	TRANS	-	-	-	-	
80	573	Main. Misc. Trans. Plant	TRANS	-	-	-	-	
81								
82		Subtotal - Transmission		1,464,635	-	-	1,464,635	Sum(L67 : L80)

Mid-Kansas Electric Company, LLC
Classification of Payroll Expense
12 Months Ending May 31, 2008

(a) Line	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production		(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
No.	No.				Capacity (\$)				
83									
84		Distribution							
85	580	Oper. Super. & Eng.		-					
86	581	Load Dispatching		-					
87	582	Station		-					
88	583	OH Line		-					
89	584	UG Line		-					
90	585	Street Light & Signal Sys.		-					
91	586	Meters		-					
92	587	Customer Installation		-					
93	588	Misc. Distribution		-					
94	589	Rents		-					
95	590	Main. Super. & Eng.		-					
96	591	Main. Struct.		-					
97	592	Main. Station Equipment		-					
98	593	Main. OH Lines		-					
99	594	Main. UG Lines		-					
100	595	Main. Line Transf.		-					
101	596	Main. Street Light & Sig.		-					
102	597	Main. Meters		-					
103	598	Main. Misc.		-					
104									
105		Subtotal - Distribution		-	-	-	-	-	
106									
107		Customer Accounts							
108	901	Supervision	PROD_ENG	-					
109	902	Meter Reading	PROD_ENG	-	-	-	-	-	
110	903	Cust. Rec. & Coll.	PROD_ENG	24,024	-	24,024	-	-	
111	904	Uncollectible Accts.	PROD_ENG	-					
112	905	Misc. Cust. Accts.	PROD_ENG	-					
113									
114		Subtotal - Cust. Accts.		24,024	-	24,024	-	-	Sum(L108 : L112)
115									
116		Customer Service & Info.							
117	907	Supervision	PROD_ENG	-					
118	908	Cust. Assistance	PROD_ENG	-					
119	909	Advertising	PROD_ENG	-					
120	910	Misc. Serv. & Info.	PROD_ENG	-					
121									
122		Subtotal - Cust. Service		-	-	-	-	-	Sum(L107 : L121)

Mid-Kansas Electric Company, LLC
Classification of Payroll Expense
12 Months Ending May 31, 2008

(a) Line No.	(b) Acct. No.	(c) Description	(d) Allocation Factor	(e) Total (\$)	(f) Production Capacity (\$)	(g) Energy (\$)	(h) Transm. (\$)	(i) Notes
123								
124		Sales						
125	911	Supervision	PROD_ENG	-				
126	912	Demo. & Selling	PROD_ENG	-				
127	913	Advertising	PROD_ENG	-				
128	916	Misc. Sales	PROD_ENG	-				
129								
130		Subtotal - Sales		-	-	-	-	Sum(L125 : L128)
131								
132		Summary						
133		Total Labor (Excluding A&G)		6,963,639	3,657,570	1,428,823	1,877,246	L48+L66 + L89
134								+ L98+L106+L130
135		Labor Allocator	LABOR	1.000000	0.525238	0.205183	0.269578	
136								

Mid-Kansas Electric Company, LLC
Transmission Rates
12 Months Ending May 31, 2008

Network Transmission Revenue Requirements	\$	17,309,387
Network Transmission System Load (Avg. 12 CP) ¹		487,359 kW-mo
Average Rates		
Annual	\$	35.5167 /kW/yr.
Monthly	\$	2.9597 /kW/mo.
Weekly	\$	0.6830 kW/wk.
Daily	\$	0.0973 /kW/day

Mid-Kansas Electric Company, LLC
Cost of Service: Scheduling, System Control and Load Dispatch

(a)	(b)	(c)	(d)
Line			
<u>No.</u>	<u>Description</u>	<u>Amount</u>	<u>Notes</u>
1	Transmission System Control Operating Expenses	\$523,082	Sect. 15, Sch.4
2			
3	Scheduling Requirement	487.4 MW	
4	Avg. Load 12CP	487.4 MW	
5	Purchase Obligation	100.00%	
6			
7	Scheduling, System Control & Load Dispatch Rate		
	NITS Revenue Requirement	\$523,082	
	Annual Rate	\$1.0733 /kW/yr	
8	Monthly Rate	\$0.0939 /kW/mo	
9	Weekly Rate	\$0.0206 /kW/week	
10	Daily Rate	\$0.0029 /kW/day	
11			

Mid-Kansas Electric Company, LLC
Cost of Service: Reactive Supply & Voltage Control Service Rate Calculations

<u>Line No.</u>	<u>Description</u>		<u>Source</u>
1	<u>Production Plant - Accessory Electrical Equipment - Account 315</u>		
2	Steam Plant	3,734,514	
3	Other	536,565	
4	Total Accessory Electrical Equipment	<u>4,271,079</u>	L2 + L3
5	Total Production Plant	/ 83,246,013	
6	Portion of Total	5.1307%	L4 - L5
7	<u>Depreciation Reserve Attributed to Accessory Electrical Equipment</u>		
8	Accumulated Reserve for Demand-Related Production	\$ 62,775,682	
9	Portion of Total Demand-Related Production Plant associated with Accessory Electrical Equipment	x 5.1307%	L6
10	Accumulated Reserve for Accessory Electrical Equipment	\$ 3,220,814	L8 x L9
11	<u>Net Plant - Accessory Electrical Equipment</u>		
12	Total Accessory Electrical Equipment	4,271,079	L4
13	Accumulated Reserve for Accessory Electrical Equipment	- 3,220,814	L10
14	Net Accessory Electrical Equipment	<u>1,050,265</u>	L12 - L13
15	<u>Depreciation Expense for Accessory Electrical Equipment</u>		
16	Depreciation Expense, Demand-Related Production	4,677,656	
17	Portion of Total Demand-Related Production Plant associated with Accessory Electrical Equipment	x 5.1307%	L6
18	Depreciation Expense	<u>239,995</u>	L16 x L17
19	<u>Total Accessory Electrical Equipment Revenue Requirement</u>		
20	Net Plant - Accessory Electrical Equipment	1,050,265	L14
21	Rate of Return	x 12.5348%	
22	Return on Accessory Electrical Equipment	<u>131,648</u>	L20 x L21
23	Depreciation Expense on Accessory Electrical Equipment	+ 239,995	L18
24	Revenue Requirement - Accessory Elect. Equip.	<u>371,643</u>	L22 + L23
25	<u>Incremental Cost for VAR Support</u>		
26	Revenue Requirement - Accessory Elect. Equip.	371,643	L24
27	System Reactive Power Ratio	x 26.19%	52
28	Total System Cost for VAR Support	<u>97,323</u>	L26 x L27
29	<u>Per Unit Cost</u>		
30	Total System Cost for VAR Support	97,323	L28
31	Average Monthly Demand, 12-CP (MW)	/ 487.4	
32	Reactive Power & Voltage Control Cost (\$/kW-yr)	\$ 0.1997	L30 / L31
33	<u>Reactive Supply & Voltage Control Service Rates</u>		
34	Annual (\$/kW-yr)	\$ 0.1997	L32
35	Monthly (\$/kW-mo)	\$ 0.0166	L34 / 12
36	Weekly (\$/kW-week)	\$ 0.0038	L34 / 52
37	Daily (\$/kW-day)	\$ 0.0005	L34 / 365
38			
39	<u>Network Revenue</u>		
40	Average Monthly Demand, 12-CP (MW)	487.4	L31
41	Annual (\$/kW-yr)	x \$ 0.1997	L34
42	Annual Reactive Supply & Voltage Control Service Revenue	\$ 97,323	L40 x L41

Mid-Kansas Electric Company, LLC
Cost of Service: Reactive Supply & Voltage Control Service Rate Calculations

Line No.	(a) Unit	(b) (c) (d) (e) (f) Unit Capacity Ratings					(g) Reactive Power Ratio
		Nameplate Power Factor	Phase Angle	Rated Real Power	Rated Reactive Power	Rated Apparent Power	MVA _r 2 / MVA ₂
		(%)	(Degrees)	(MW)	(MVA _r)	(MVA)	
		1	2	3	4	5	
43	Fort Dodge Station	85	31.8	144.6	89.6	170.1	0.2777
44	Great Bend Station	85	31.8	98.7	61.2	116.1	0.2777
45	Cimmaron River Station	85	31.8	61.3	38.0	72.1	0.2777
46	Clifton Station	90	25.8	66.1	32.0	73.4	0.1894
47	System Total			370.7	220.8		
48							
49	(System Rated Apparent Power, MVA) ²	=	(Rated MW) ² + (Rated MVA _r) ²				(d) ² + (e) ²
50	System Rated Apparent Power, MVA	=	431.5				SQRT(L49)
51							
52	System Reactive Power Ratio	=	<u>26.1873%</u>				6

Notes

- 1 Phase angle, by definition, is equal to the inverse cosine of the power factor.
- 2 Rated real power is the unit capability, provided in Application, sec. 15, p. 18, col. (m).
- 3 Rated reactive power is the sine of the phase angle multiplied by the rated apparent power (i.e., (e) = (f) x sin(c)).
- 4 Rated apparent power is the rated real power divided by the power factor (i.e., (f) = (d) / (b)).
- 5 Reactive power ratio is the square of the rated reactive power divided by the square of the rated apparent power (i.e., (g) = (e)² / (f)²).
- 6 System reactive power ratio equals the square of system total reactive power divided by the square of system rated apparent power (i.e., SQUARE(L47, col. (e)) / SQUARE(L50)).

Mid-Kansas Electric Company, LLC
Cost of Service: Regulation & Frequency Response Service Rate Calculations

<u>Line No.</u>	<u>Description</u>		<u>Source</u>
1	Production Demand-Related Revenue Requirement ¹	\$ 14,449,081	
2	Production Energy-Related Revenue Requirement ¹	10,390,217	
3	Total Production-Related Revenue Requirement	\$ 24,839,298	L1 + L2
4	Percent Plant in Service Equipped with AGC	x 91.98%	L33
5	Production-Related Plant Equipped with AGC	\$ 22,846,195	L3 x L4
6	Unit Capability Equipped with AGC (MW)	/ 370.7	L29
7	Unit Cost, Equipped with AGC (\$/kW-yr)	\$61.63	L5 / L6
8	SPP Frequency Response Requirement (MW)	14.0	
9	Average Monthly Demand, 12-CP (MW)	/ 487.4	
10	Purchase Obligation	2.87%	L8 / L9
11	Unit Cost, Equipped with AGC (\$/kW-yr)	\$61.63	L7
12	Purchase Obligation	x 2.87%	L10
13	Cost for Regulation & Frequency Service (\$/kW-yr)	\$1.770	L11 x L12
14	<u>Regulation & Frequency Response Service Rates</u>		
15	Annual (\$/kW-yr)	\$ 1.7704	L13
16	Monthly (\$/kW-mo)	\$ 0.1475	L15 / 12
17	Weekly (\$/kW-week)	\$ 0.0340	L15 / 52
18	Daily (\$/kW-day)	\$ 0.0049	L15 / 365
19	<u>Network Revenue</u>		
20	Average Monthly Demand, 12-CP (MW)	487.4	L9
21	Annual (\$/kW-yr)	x \$ 1,770.40	L15
22	Annual Regulation & Frequency Response Service Rev Req.	\$ 862,819	L20 x L21

¹ Excludes fuel and purchased power expense

Mid-Kansas Electric Company, LLC
Cost of Service: Regulation & Frequency Response Service Rate Calculations

<u>Line No.</u>	<u>Description</u>	<u>Plant In Service</u>	<u>Unit Capability</u>	<u>Source</u>
			(MW)	
23	Total Production Plant In Service	\$ 83,246,013	370.7	
24	<u>Production Plants Equipped with Automatic Generation Control (AGC)</u>			
25	Fort Dodge Station	\$ 32,938,455	144.6	Accounting Records
26	Cimarron River Station	16,249,928	98.7	Accounting Records
27	Great Bend Station	17,395,060	61.3	Accounting Records
28	Clifton Station	9,982,920	66.1	Accounting Records
29	Total Production Plant Equipped with AGC	<u>\$ 76,566,363</u>	<u>370.7</u>	Sum(L25:L28)
30	<u>Production Plant Equipped with AGC as a Percent of Total Plant</u>			
31	Total Production Plant Equipped with AGC	\$ 76,566,363	370.7	L29
32	Total Production Plant In Service	/ 83,246,013	370.7	L23
33	Percent Equipped with AGC	<u>91.9760%</u>	<u>100.0000%</u>	L31 / L32

Mid-Kansas Electric Company, LLC
Cost Service: Spinning Reserves Service Rate Calculations

<u>Line No.</u>	<u>Description</u>		<u>Source</u>
1	Production Demand-Related Revenue Requirement ¹	\$ 14,449,081	
2	Production Energy-Related Revenue Requirement ¹	10,390,217	
3	Total Production-Related Revenue Requirement	<u>\$ 24,839,298</u>	L1 + L2
4	Unit Capability (MW)	/ 370.7	
5	Unit Cost (\$/kW-yr)	<u>\$67.01</u>	L3 / L4
6	SPP Spinning Reserve Requirement (MW)	7.0	
7	Average Monthly Demand, 12-CP (MW)	/ 487.4	
8	Purchase Obligation	1.44%	L6 / L7
9	Unit Cost (\$/kW-yr)	\$67.01	L5
10	Purchase Obligation	x 1.44%	L8
11	Cost for Spinning Reserves Service (\$/kW-yr)	<u>\$0.962</u>	L9 x L10
12	<u>Spinning Reserve Service Rates</u>		
13	Annual (\$/kW-yr)	\$ 0.9624	L11
14	Monthly (\$/kW-mo)	\$ 0.0802	L13 / 12
15	Weekly (\$/kW-week)	\$ 0.0185	L13 / 52
16	Daily (\$/kW-day)	\$ 0.0026	L13 / 365
17	<u>Network Revenue</u>		
18	Average Monthly Demand, 12-CP (MW)	487.4	L7
19	Annual (\$/kW-yr)	x \$ 0.96240	L13
20	Annual Spinning Reserve Service Rev. Req.	<u>\$ 469,034</u>	L18 x L19

¹ Excludes fuel and purchased power expense

Mid-Kansas Electric Company, LLC
Cost of Service: Supplemental Reserves Service Rate Calculations

<u>Line No.</u>	<u>Description</u>		<u>Source</u>
1	Production Demand-Related Revenue Requirement ¹	\$ 14,449,081	
2	Production Energy-Related Revenue Requirement ¹	<u>10,390,217</u>	
3	Total Production-Related Revenue Requirement	\$ 24,839,298	L1 + L2
4	Unit Capability (MW)	/ 370.7	
5	Unit Cost (\$/kW-yr)	<u>\$67.02</u>	L3 / L4
6	SPP Other Reserve Requirement (MW)	7.0	
7	Average Monthly Demand, 12-CP (MW)	/ 487.4	
8	Purchase Obligation	1.44%	L6 / L7
9	Unit Cost (\$/kW-yr)	\$67.02	L5
10	Purchase Obligation	x 1.44%	L8
11	Cost for Other Operating Reserves Service (\$/kW-yr)	<u>\$0.963</u>	L9 x L10
12	<u>Other Operating Reserve Service Rates</u>		
13	Annual (\$/kW-yr)	\$ 0.9626	L11
14	Monthly (\$/kW-mo)	\$ 0.0802	L13 / 12
15	Weekly (\$/kW-week)	\$ 0.0185	L13 / 52
16	Daily (\$/kW-day)	\$ 0.0026	L13 / 365
17	<u>Network Revenue</u>		
18	Average Monthly Demand, 12-CP (MW)	487.4	L7
19	Annual (\$/kW-yr)	x \$ 0.96260	L13
20	Annual Supplemental Reserves Service Rev Req.	<u>\$ 469,131</u>	L18 x L19

¹ Excludes fuel and purchased power expense

Mid-Kansas Electric Company, LLC
Cost of Service: Control Area Service Rate Calculations

<u>Line No.</u>	<u>Description</u>	<u>Revenue Requirement</u>	<u>Source</u>
1	Scheduling System Control & Dispatch Service (Schedule 1)	\$ 523,082	
2	Reactive Supply & Voltage Control Service (Schedule 2)	97,323	
3	Regulation & Frequency Response Service (Schedule 3)	862,819	
4	Spinning Reserve Service (Schedule 5)	469,034	
5	Supplemental Reserve Service (Schedule 6)	469,131	
6	Total	<u>\$ 2,421,390</u>	Sum(L1-L5)
7			
8	Average Monthly Demand, 12-CP (MW)	/ 487.4	
9	Annual Rate (\$/kW-yr)	<u>4.9684</u>	L6 / L8
10			
11	<u>Other Operating Reserve Service Rates</u>		
12	Annual (\$/kW-yr)	\$ 4.9684	L9
13	Monthly (\$/kW-mo)	\$ 0.4140	L12 / 12
14	Weekly (\$/kW-week)	\$ 0.0955	L12 / 52
15	Daily (\$/kW-day)	\$ 0.0136	L12 / 365

Mid-Kansas Electric Company, LLC

Financial Statements

Mid-Kansas' audited financial statements are contained in the 2007 Annual Report found in Section 13 of this application.

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

	YE 5/08 Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
TOTAL ALL MEMBERS													
Billing Determinants													
Wholesale Energy	1,902,318,812	151,381,296	186,436,448	201,799,311	154,567,108	143,512,206	131,546,802	140,300,964	169,015,088	154,644,093	155,056,972	150,919,046	163,139,448
CP kW	3,463,450	308,982	354,161	378,203	342,501	315,464	201,753	235,290	272,365	265,251	248,796	240,606	300,078
Revenue													
Energy Charge	70,731,836	6,378,782	7,871,041	8,782,443	3,963,873	5,105,154	3,767,779	4,884,545	5,463,595	4,462,671	5,998,388	6,571,485	7,481,077
G&T Demand Revenue Requirement	42,726,555	1,683,080	2,623,567	3,078,096	3,059,289	4,441,121	4,265,057	3,389,970	2,768,867	3,657,361	4,326,288	4,518,581	4,915,278
Distribution Demand Revenue Requirement	5,870,876	810,971	801,582	808,496	806,323	802,274	819,319	1,021,911	0	0	0	0	0
Transmission Charges	12,161,115	1,104,940	1,221,085	1,199,257	1,100,400	1,039,312	820,260	893,918	984,942	955,819	924,102	902,990	1,013,991
Total 3-2-1 Member Credits	(1,212,467)	(125,102)	(147,585)	(149,271)	(120,209)	(124,852)	(116,548)	(124,222)	(78,941)	(71,248)	(57,955)	(44,378)	(52,146)
Total Member Revenue	130,277,916	9,852,672	12,389,681	13,719,022	8,809,676	11,263,010	9,555,867	10,066,121	9,138,463	9,004,703	11,191,823	11,948,677	13,358,200
Misc/W/h	68.48	65.09	66.35	67.98	67.00	78.48	72.64	71.75	54.07	58.23	72.18	79.17	81.88
Local Access Charges included in Transmission Charges	\$ 4,739,766	\$ 420,368	\$ 485,316	\$ 517,553	\$ 473,124	\$ 430,968	\$ 262,678	\$ 319,901	\$ 375,196	\$ 367,200	\$ 342,777	\$ 330,758	\$ 413,927

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

LANE SCOTT ELECTRIC COOPERATIVE, INC.

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	3,115,944	4,065,270	4,318,186	3,213,169	2,950,966	2,920,613	3,203,859	3,137,096	2,885,974	2,825,468	2,619,530	2,658,932
CP kW	7,543	8,166	8,296	7,673	6,909	4,491	5,221	5,104	4,978	4,613	4,309	5,072
Energy Charge	131,297	171,629	187,930	82,402	104,974	83,653	111,542	101,410	83,283	109,322	114,062	121,931
G&T Demand Revenue Requirement	41,090	60,491	67,519	68,540	97,265	94,936	75,217	51,888	68,639	80,209	80,923	83,079
Distribution Demand Revenue Requirement	26,121	26,001	26,284	26,092	26,028	26,289	31,996	20,130	19,459	18,599	17,775	18,971
Transmission Charges	26,184	28,545	27,346	25,208	23,556	19,119	20,643	20,130	19,459	18,599	17,775	18,971
3-2-1 Member Credits												
Total	37,914,997	40,665,270	43,181,186	32,131,169	29,509,966	29,206,613	32,038,859	31,370,996	28,859,974	28,254,468	26,195,530	26,589,932
	72,375	8,166	8,296	7,673	6,909	4,491	5,221	5,104	4,978	4,613	4,309	5,072
	1,403,434	171,629	187,930	82,402	104,974	83,653	111,542	101,410	83,283	109,322	114,062	121,931
	869,798	60,491	67,519	68,540	97,265	94,936	75,217	51,888	68,639	80,209	80,923	83,079
	188,811	26,121	26,284	26,092	26,028	26,289	31,996	20,130	19,459	18,599	17,775	18,971
	265,535	28,545	27,346	25,208	23,556	19,119	20,643	20,130	19,459	18,599	17,775	18,971
Total Member Revenue	\$ 2,727,578	\$ 286,666	\$ 309,080	\$ 202,241	\$ 251,823	\$ 223,996	\$ 239,398	\$ 173,428	\$ 171,381	\$ 208,130	\$ 212,761	\$ 223,981
Milis/kWh	71.94	70.52	71.58	62.94	85.34	76.70	74.72	55.28	59.38	73.66	81.22	84.24
Local Access Charges included in Transmission Charges	\$ 107,114	\$ 12,085	\$ 12,278	\$ 11,357	\$ 10,225	\$ 6,646	\$ 7,726	\$ 7,554	\$ 7,368	\$ 6,827	\$ 6,378	\$ 7,506

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 6/31/2008

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	303,274,745	24,042,532	33,262,419	34,975,453	25,433,047	24,015,270	22,469,988	25,034,182	25,797,933	23,212,005	22,801,462	20,799,411	21,031,043
CP RW	547,532	47,399	64,921	63,123	53,386	49,614	33,892	40,995	42,049	40,102	38,279	34,219	39,553
Energy Charge	11,234,845	1,038,367	1,404,285	1,522,155	652,230	854,294	643,588	871,559	833,946	669,845	874,485	905,671	964,419
G&T Demand Revenue Requirement	6,671,845	258,190	480,927	513,739	476,852	688,475	716,470	590,645	427,471	552,940	665,626	642,633	647,878
Distribution Demand Revenue Requirement	1,232,848	169,297	168,360	169,845	169,190	168,504	171,387	216,264	158,453	151,373	146,851	137,313	146,246
Transmission Charges	1,968,888	174,054	218,292	206,474	179,839	171,586	141,548	156,854	158,453	151,373	146,851	137,313	146,246
3-2-1 Member Credits	(227,395)	(22,089)	(28,550)	(33,346)	(22,252)	(14,932)	(14,404)	(17,160)	(17,667)	(16,172)	(14,719)	(12,062)	(14,034)
Total Member Revenue	\$ 20,901,031	\$ 1,617,808	\$ 2,243,314	\$ 2,378,868	\$ 1,455,859	\$ 1,877,930	\$ 1,858,589	\$ 1,818,161	\$ 1,402,204	\$ 1,357,986	\$ 1,672,243	\$ 1,673,555	\$ 1,744,511
Misc/Wh	68 92	65 65	67 44	68 02	57 24	78 20	73 81	72 63	54 35	56 50	73 99	80 46	82 95
Local Access Charges included in Transmission Charges	\$ 810,348	\$ 70,151	\$ 96,084	\$ 93,422	\$ 79,011	\$ 73,429	\$ 50,160	\$ 60,673	\$ 62,233	\$ 59,351	\$ 56,652	\$ 50,644	\$ 58,539

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
SOUTHERN PIONEER ELECTRIC COOPERATIVE, INC.												
Wholesale Energy	37,686,404	45,748,736	49,645,368	39,404,358	36,329,675	32,427,965	33,918,269	59,903,584	55,393,650	56,214,165	56,249,391	62,078,360
CP kW	78,832	88,294	95,279	90,069	81,512	47,740	58,543	93,911	89,980	85,078	85,359	105,318
Energy Charge	1,587,999	1,931,437	2,160,600	1,010,525	1,292,354	928,806	1,180,856	1,936,448	1,598,533	2,175,011	2,449,273	2,846,724
G&T Demand Revenue Requirement	429,412	654,066	775,452	804,515	1,147,525	1,009,224	843,464	954,698	1,240,669	1,479,415	1,603,042	1,725,109
Distribution Demand Revenue Requirement	1,280,374	172,674	173,982	173,873	172,801	177,353	235,757	-	-	-	-	-
Transmission Charges	294,656	321,862	316,573	297,489	278,927	212,849	232,481	323,780	313,167	306,249	308,223	351,252
3-2-1 Member Credits	(57,451)	(67,736)	(60,132)	(54,368)	(63,839)	(61,124)	(62,550)	(17,118)	(15,568)	(14,592)	(11,915)	(14,412)
Total Member Revenue	\$ 2,428,549	\$ 3,012,301	\$ 3,366,476	\$ 2,232,033	\$ 2,827,768	\$ 2,267,108	\$ 2,430,010	\$ 3,197,808	\$ 3,136,801	\$ 3,946,082	\$ 4,348,624	\$ 4,908,673
Revenue less Distribution Demand	\$ 2,254,615	\$ 2,839,628	\$ 3,192,494	\$ 2,058,160	\$ 2,654,967	\$ 2,069,755	\$ 2,194,252	\$ 3,197,808	\$ 3,136,801	\$ 3,946,082	\$ 4,348,624	\$ 4,908,673
Less												
Local Access Charges	\$ 116,672	\$ 130,675	\$ 141,013	\$ 133,302	\$ 120,637	\$ 70,655	\$ 86,643	\$ 138,989	\$ 133,170	\$ 125,915	\$ 126,332	\$ 155,870
Net G&T Revenue	\$ 2,137,944	\$ 2,708,953	\$ 3,051,481	\$ 1,924,857	\$ 2,534,330	\$ 2,019,100	\$ 2,107,609	\$ 3,058,819	\$ 3,003,631	\$ 3,820,167	\$ 4,222,292	\$ 4,752,802
MilliskWh	56.73	59.21	61.47	48.85	69.76	62.26	62.14	51.06	54.22	67.96	75.06	76.96

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	504,168,800	44,713,414	52,190,164	56,809,949	44,161,567	41,644,396	37,544,116	38,655,122	39,232,899	35,550,587	36,852,094	36,410,151	40,404,341
CP&W	931,003	90,358	97,758	105,691	95,125	90,684	59,479	66,096	63,517	63,462	60,438	61,151	77,244
Energy Charge	18,753,186	1,884,098	2,203,383	2,472,408	1,132,523	1,481,414	1,075,343	1,345,769	1,266,246	1,025,908	1,425,863	1,585,411	1,852,820
G&T Demand Revenue Requirement	11,397,937	492,197	724,178	860,195	849,670	1,276,651	1,257,385	952,286	645,714	875,029	1,050,960	1,148,416	1,265,257
Distribution Demand Revenue Requirement	1,253,522	176,363	170,890	172,425	172,150	171,039	175,746	214,909	225,248	221,464	215,656	215,087	241,578
Transmission Charges	3,040,752	295,619	314,411	308,242	285,694	273,249	212,473	232,030	(5,877)	(5,627)	(5,263)	(5,404)	(5,934)
3-2-1 Member Credits	(86,714)	(7,092)	(9,565)	(10,468)	(9,306)	(9,415)	(6,585)	(6,177)	(5,877)	(5,627)	(5,263)	(5,404)	(5,934)
Total Member Revenue	\$ 34,358,663	\$ 2,841,185	\$ 3,403,297	\$ 3,802,802	\$ 2,430,731	\$ 3,192,939	\$ 2,714,962	\$ 2,738,816	\$ 2,133,330	\$ 2,116,774	\$ 2,687,217	\$ 2,843,510	\$ 3,353,721
Misc&Wh	68 15	63 54	65 21	66 94	55 04	76 67	72 30	70 85	54 38	59 54	72 92	80 84	83 00
Local Access Charges included in Transmission Charges	\$ 991,746	\$ 96,803	\$ 105,840	\$ 114,236	\$ 107,006	\$ 98,294	\$ 52,111	\$ 68,495	\$ 66,099	\$ 68,552	\$ 64,010	\$ 65,165	\$ 84,134

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
WESTERN COOPERATIVE ELECTRIC ASSN., INC.												
Wholesale Energy	16,418,803	19,774,480	20,707,898	16,722,088	16,487,983	15,713,517	16,268,720	17,107,594	15,959,119	15,921,782	15,633,771	15,630,190
CP KW	30,442	33,015	34,921	32,420	30,455	23,481	25,102	26,249	27,159	24,528	24,259	25,907
Energy Charge	691,842	834,846	901,222	429,838	586,526	450,068	566,392	553,021	460,543	616,038	680,743	716,753
G&T Demand Revenue Requirement	165,821	244,571	284,213	289,585	428,745	496,390	361,658	266,849	374,477	426,517	455,584	424,357
Distribution Demand Revenue Requirement	72,828	72,336	73,046	72,756	72,426	73,815	91,793	99,981	100,045	94,985	93,694	95,883
Transmission Charges Charges	116,623	123,686	119,717	111,311	107,474	94,334	97,740	99,981	100,045	94,985	93,694	95,883
3-2-1 Member Credits	(25,151)	(25,239)	(28,093)	(20,043)	(24,499)	(22,766)	(26,191)	(25,163)	(22,311)	(23,381)	(14,986)	(17,766)
Total Member Revenue	\$ 1,021,963	\$ 1,250,199	\$ 1,350,104	\$ 882,447	\$ 1,170,672	\$ 1,091,842	\$ 1,091,391	\$ 894,689	\$ 912,754	\$ 1,114,159	\$ 1,215,023	\$ 1,219,227
Mills/kWh	65.31	63.22	65.20	52.77	71.00	69.48	67.09	52.30	57.19	69.98	77.72	78.00
Local Access Charges	\$ 500,148	\$ 48,862	\$ 51,683	\$ 47,982	\$ 45,073	\$ 34,752	\$ 37,151	\$ 38,849	\$ 40,195	\$ 36,301	\$ 35,903	\$ 38,342

Mid-Kansas Electric Company, LLC
Mid-Kansas Member Wholesale Sales
As Billed for YE 5/31/2008

WHEATLAND ELECTRIC COOPERATIVE, INC.

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	289,614,400	24,804,199	31,395,379	35,342,457	25,632,879	22,083,926	20,470,603	23,220,842	23,835,982	21,642,758	20,642,001	19,206,792	21,336,582
CP kW	574,687	54,408	62,007	70,893	63,828	56,290	32,670	39,333	41,535	39,570	35,860	31,309	46,984
Energy Charge	10,754,972	\$ 1,045,179.22	\$ 1,325,461.41	\$ 1,538,127.78	\$ 657,355.18	\$ 785,590.62	\$ 586,321.47	\$ 808,428.04	\$ 770,523.87	\$ 624,560.00	\$ 798,670.18	\$ 836,323.46	\$ 978,430.57
G&T Demand Revenue Requirement	6,901,617	296,370.53	459,334.43	576,977.54	570,126.97	792,460.53	690,651.23	566,689.60	422,247.26	545,606.67	623,561.61	587,983.02	769,597.92
Distribution Demand Revenue Requirement	1,386,322	192,428.54	191,321.57	192,914.04	192,261.68	191,476.09	194,728.82	231,191.47	157,348.65	150,410.73	141,760.74	130,897.78	160,058.65
Transmission Charges	2,052,959	197,804.53	214,289.08	220,903.98	200,860.07	184,518.11	139,936.63	154,169.66	157,348.65	150,410.73	141,760.74	130,897.78	160,058.65
3-2-1 Member Credits	(121,949)	(13,308.49)	(16,503.93)	(17,231.22)	(14,239.27)	(12,167.24)	(11,668.63)	(12,143.54)	(13,115.49)	(11,570.92)	-	-	-
Total Member Revenue	\$ 20,973,921	\$ 1,718,474.33	\$ 2,173,902.56	\$ 2,511,692.12	\$ 1,606,364.63	\$ 1,941,878.11	\$ 1,599,969.52	\$ 1,748,345.23	\$ 1,337,004.29	\$ 1,309,006.48	\$ 1,563,992.53	\$ 1,555,204.26	\$ 1,908,087.14
Mills/kWh	72.42	69.28	69.24	71.07	62.67	87.93	78.16	75.29	56.09	60.48	75.77	80.97	89.43
Local Access Charges	\$ 850,538	\$ 80,524	\$ 91,770	\$ 104,921	\$ 94,466	\$ 83,310	\$ 48,352	\$ 58,213	\$ 61,472	\$ 58,564	\$ 53,072	\$ 46,337	\$ 69,536

Mid-Kansas Electric Company, LLC Pro-Forma Test Year Rate Calculation

Pro Forma Test Year Revenue under Present Rates	\$129,907,216
Wholesale ECA Revenue	\$80,289,453
Test Year OATT Charges	\$12,161,115
Less:	
Local Access Charges	(\$4,739,766)
3-2-1 Credits	(\$862,326)
Demand Recoverable Costs	\$43,058,740
Total Test Year CP Demand	3,732,507
Implied Demand Rate (\$/kW-month)	\$11.54

**Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member**

	YE 5/08 Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
ALL MEMBERS													
Billing Determinants													
Wholesale Energy	2,068,856,547	174,131,294	212,513,868	221,042,233	174,702,124	170,785,708	157,428,794	165,477,879	169,015,088	154,644,093	155,056,872	150,919,046	163,139,448
CP kW	3,732,507	349,222	393,427	412,976	377,730	357,132	241,600	273,324	272,365	265,251	248,796	240,606	300,078
Revenue													
Energy Charge	\$80,289,453	\$7,467,969	\$9,179,324	\$9,814,938	\$4,490,543	\$6,255,710	\$4,627,147	\$6,264,992	\$5,595,752	\$4,963,921	\$6,523,712	\$7,073,274	\$8,032,171
Demand Revenue	43,073,131	4,030,022	4,540,148	4,765,743	4,359,004	4,121,303	2,788,064	3,154,159	3,143,082	3,060,897	2,871,106	2,776,593	3,462,900
Transmission Related Charges	12,161,115	1,104,940	1,221,085	1,189,257	1,100,400	1,039,312	820,260	893,918	984,942	955,919	924,102	902,990	1,013,991
Less Local Access Charges	4,739,766	420,368	485,316	517,553	473,124	430,968	282,878	319,901	375,196	367,200	342,777	330,756	413,927
Total 3-2-1 Member Credits	(862,326)	(80,776)	(96,362)	(108,165)	(79,626)	(72,937)	(66,396)	(73,820)	(74,087)	(66,905)	(54,059)	(40,883)	(48,310)
Total Member Revenue	\$128,921,606	12,101,787	14,358,879	15,154,221	9,397,197	10,912,419	7,906,397	9,919,348	9,274,502	8,546,732	9,922,083	10,381,216	12,046,824
Miles/kWh	62.80	69.50	67.57	68.56	53.79	63.90	50.22	59.94	54.87	55.27	63.99	68.79	73.84

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

LANE SCOTT ELECTRIC COOPERATIVE, INC.

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	37,914,997	3,115,944	4,065,270	4,318,186	3,213,169	2,950,856	2,920,613	3,203,859	3,137,096	2,885,974	2,825,468	2,619,530	2,658,932
CP kW	72,375	7,543	8,166	8,296	7,673	6,909	4,491	5,221	5,104	4,978	4,613	4,309	5,072
Energy Charge	\$ 1,467,852	\$ 0,042,887	\$ 0,043,194	\$ 0,044,403	\$ 0,025,704	\$ 0,036,629	\$ 0,029,392	\$ 0,037,860	\$ 0,033,108	\$ 0,032,099	\$ 0,042,073	\$ 0,046,668	\$ 0,049,235
Demand Revenue	835,208	133,633	175,595	191,740	82,591	108,091	85,843	121,298	103,863	92,637	118,876	122,772	130,913
Transmission Related Charges	265,535	26,184	28,545	27,346	25,208	23,566	19,119	20,643	20,130	19,459	18,599	17,775	18,971
Less Local Access Charges	107,114	11,164	12,085	12,278	11,357	10,225	6,646	7,726	7,554	7,368	6,827	6,378	7,506
3.2-1 Member Credits	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Member Revenue	\$ 2,461,480	\$ 235,689	\$ 286,291	\$ 302,544	\$ 184,989	\$ 201,151	\$ 150,141	\$ 194,465	\$ 175,339	\$ 162,175	\$ 183,882	\$ 183,895	\$ 200,909
Mills/kWh	64.92	75.64	70.42	70.06	57.57	68.16	51.41	60.70	55.89	56.19	65.08	70.20	75.56

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
PRAIRIE LAND ELECTRIC COOPERATIVE, INC.													
Wholesale Energy	303,274,745	24,642,532	33,262,419	34,975,453	25,433,047	24,015,270	22,469,988	25,034,182	25,797,933	23,212,005	22,601,462	20,799,411	21,031,043
CP HW	547,532	47,389	64,921	63,123	53,386	49,614	33,892	40,995	42,049	40,102	38,279	34,219	39,553
Energy Charge	\$ 11,748,616	\$ 0,042,887	\$ 0,043,194	\$ 0,044,403	\$ 0,025,704	\$ 0,036,629	\$ 0,029,392	\$ 0,037,860	\$ 0,033,108	\$ 0,032,099	\$ 0,042,073	\$ 0,046,868	\$ 0,049,235
Demand Revenue	6,318,519	1,056,844	1,436,737	1,553,015	653,731	879,655	660,438	947,794	854,118	745,082	950,911	974,827	1,035,463
Transmission Related Charges	1,988,888	546,984	749,188	728,439	616,074	572,546	391,114	473,082	485,245	462,777	441,740	394,887	456,442
Less Local Access Charges	810,348	174,054	218,292	206,474	179,839	171,588	141,548	156,854	158,453	151,373	146,851	137,313	146,248
3-2-1 Member Credits	(227,395)	70,151	96,084	93,422	79,011	73,429	50,160	60,673	62,233	59,351	56,652	50,644	58,539
		(22,099)	(28,550)	(33,346)	(22,252)	(14,932)	(14,404)	(17,160)	(17,667)	(16,172)	(14,719)	(12,062)	(14,034)
Total Member Revenue	\$ 19,018,281	\$ 1,685,633	\$ 2,279,584	\$ 2,361,161	\$ 1,348,381	\$ 1,535,428	\$ 1,128,536	\$ 1,499,897	\$ 1,417,917	\$ 1,283,710	\$ 1,468,131	\$ 1,444,321	\$ 1,565,580
MiIs/KWh	62.71	68.40	68.53	67.51	53.02	63.94	50.22	59.91	54.96	55.30	64.96	69.44	74.44

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
SOUTHERN PIONEER ELECTRIC COOPERATIVE, INC.												
Total	731,537,660	71,826,156	66,888,290	59,539,374	63,603,177	58,309,957	59,095,154	59,903,584	55,393,650	56,214,165	56,249,391	62,078,360
Wholesale Energy	1,268,972	127,560	130,052	125,298	123,180	87,587	96,577	93,911	89,980	85,078	85,359	105,318
CP KW	\$0.042887	\$0.043194	\$0.044403	\$0.025704	\$0.036629	\$0.029392	\$0.037960	\$0.033108	\$0.032099	\$0.042073	\$0.046868	\$0.049235
Energy Charge	\$ 2,591,936	\$ 3,102,459	\$ 3,056,847	\$ 1,550,400	\$ 2,329,721	\$ 1,713,846	\$ 2,237,343	\$ 1,983,288	\$ 1,778,081	\$ 2,365,099	\$ 2,636,296	\$ 3,086,428
Demand Revenue	1,374,091	1,472,042	1,500,800	1,445,939	1,421,497	1,010,754	1,114,499	1,083,733	1,038,369	981,800	985,043	1,215,370
Transmission Related Charges	284,656	321,862	316,573	297,489	278,927	212,649	232,481	323,780	313,167	306,249	308,223	351,252
Less Local Access Charges	116,672	130,675	141,013	133,302	120,637	70,655	86,643	138,989	133,170	125,915	126,332	155,870
3.2.1 Member Credits	(15,473)	(18,535)	(22,441)	(16,160)	(14,067)	(12,971)	(14,478)	(14,692)	(13,423)	(12,776)	(10,286)	(12,440)
Total Member Revenue	\$ 4,128,538	\$ 4,746,154	\$ 4,712,766	\$ 3,124,365	\$ 3,695,440	\$ 2,653,824	\$ 3,483,201	\$ 3,237,120	\$ 2,983,024	\$ 3,514,457	\$ 3,792,945	\$ 4,454,739
Mills/kWh	63.44	66.08	68.41	52.48	61.25	48.94	58.94	54.04	53.85	62.52	67.43	71.76

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
VICTORY ELECTRIC COOPERATIVE ASSN., INC.												
Wholesale Energy	504,166,800	52,190,164	56,809,949	44,161,567	41,644,396	37,544,116	38,655,122	39,232,899	35,550,587	36,932,094	36,410,151	40,404,341
CP kWh	931,003	97,758	105,691	95,125	90,684	59,479	66,096	63,517	63,462	60,438	61,151	77,244
Energy Charge	\$ 19,608,277	\$ 0,043,194	\$ 0,044,403	\$ 0,025,704	\$ 0,036,629	\$ 0,029,392	\$ 0,037,660	\$ 0,033,108	\$ 0,032,099	\$ 0,042,073	\$ 0,046,668	\$ 0,049,235
Demand Revenue	1,917,624	2,254,302	2,522,532	1,135,129	1,525,393	1,103,497	1,463,483	1,298,923	1,141,138	1,550,478	1,706,471	1,989,308
Transmission Related Charges	10,743,775	1,128,127	1,219,674	1,097,743	1,046,483	696,388	762,748	732,986	732,351	697,455	705,683	891,396
Less: Local Access Charges	3,040,752	314,411	308,242	285,694	273,249	212,473	232,030	225,248	221,464	215,656	215,087	241,578
3.2.1 Member Credits	991,746	105,640	114,236	107,006	96,294	52,111	69,495	66,099	68,552	64,010	65,165	84,134
	(86,714)	(9,965)	(10,468)	(9,306)	(9,415)	(6,585)	(6,177)	(5,877)	(5,627)	(5,263)	(5,404)	(5,934)
Total Member Revenue	\$ 32,314,345	\$ 3,152,080	\$ 3,925,744	\$ 2,402,253	\$ 2,737,427	\$ 1,943,661	\$ 2,382,589	\$ 2,185,181	\$ 2,020,774	\$ 2,394,316	\$ 2,556,672	\$ 3,032,213
Mills/kWh	64.03	70.50	69.10	54.40	65.73	51.77	61.64	55.70	56.84	64.97	70.22	75.05

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

WESTERN COOPERATIVE ELECTRIC ASSN., INC.		Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	202,345,945	16,418,803	19,774,480	20,707,898	16,722,088	16,487,983	15,713,517	16,266,720	17,107,594	15,959,119	15,921,782	15,633,771	15,630,190
CP kW	337,938	30,442	33,015	34,921	32,420	30,455	23,481	25,102	26,249	27,159	24,528	24,259	25,907
Energy Charge	\$ 7,840,156	\$ 0 042867	\$ 0 043194	\$ 0 044403	\$ 0 025704	\$ 0 036629	\$ 0 029392	\$ 0 037860	\$ 0 033108	\$ 0 032099	\$ 0 042073	\$ 0 046868	\$ 0 049235
Demand Revenue	3,899,805	704,153	854,139	919,493	429,825	603,938	461,852	615,934	566,398	512,272	669,877	732,724	769,552
Transmission Related Charges	1,255,473	351,301	380,993	402,988	374,127	351,451	270,971	289,677	302,913	313,415	283,053	279,949	298,967
Leas. Local Access Charges	500,148	116,623	123,686	119,717	111,311	107,474	94,334	97,740	99,981	100,045	94,985	93,694	95,883
3-2-1 Member Credits	(247,527)	45,054	48,862	51,683	47,982	45,073	34,752	37,151	38,849	40,195	36,301	35,903	38,342
		(22,804)	(22,209)	(24,677)	(17,669)	(22,357)	(20,768)	(23,861)	(22,735)	(20,112)	(21,302)	(13,131)	(15,903)
Total Member Revenue	\$ 12,247,759	\$ 1,104,219	\$ 1,287,747	\$ 1,365,838	\$ 849,611	\$ 995,433	\$ 771,836	\$ 942,339	\$ 907,709	\$ 865,424	\$ 990,313	\$ 1,057,332	\$ 1,110,158
Mills/kWh	60.53	67.25	65.12	65.96	50.81	60.37	49.11	57.92	53.06	54.23	62.20	67.63	71.03

Mid-Kansas Electric Company, LLC
Calculation of Pro-Forma Test Year Revenues by Member

WHEATLAND ELECTRIC COOPERATIVE, INC.

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Wholesale Energy	289,614,400	24,804,199	31,395,379	35,342,457	25,632,879	22,083,926	20,470,603	23,220,842	23,835,982	21,642,758	20,642,001	19,206,792	21,336,582
C/P kW	574,687	54,408	62,007	70,893	63,828	56,290	32,670	39,333	41,535	39,570	35,860	31,309	46,984
Energy Charge	\$ 11,240,808	\$ 0.042887	\$ 0.043194	\$ 0.044403	\$ 0.025704	\$ 0.036629	\$ 0.029392	\$ 0.037860	\$ 0.033108	\$ 0.032099	\$ 0.042073	\$ 0.046868	\$ 0.049235
Demand Revenue	6,631,888	1,063,778	1,356,092	1,569,311	658,868	808,912	601,672	879,141	789,162	694,711	868,471	900,184	1,050,507
Transmission Related Charges	2,052,959	627,868	715,561	818,105	736,575	648,567	377,012	453,903	479,314	456,638	413,824	361,306	542,195
Less Local Access Charges	850,536	197,805	214,289	220,904	200,860	184,518	139,937	154,170	157,349	150,411	141,761	130,898	160,059
3-2-1 Member Credits	(121,949)	80,524	91,770	104,921	94,466	83,310	48,352	58,213	61,472	58,564	53,072	46,337	68,536
		(13,308)	(16,504)	(17,231)	(14,239)	(12,167)	(11,669)	(12,144)	(13,115)	(11,571)			
Total Member Revenue	\$ 18,953,168	\$ 1,795,618	\$ 2,177,668	\$ 2,466,168	\$ 1,487,597	\$ 1,547,540	\$ 1,056,599	\$ 1,416,857	\$ 1,351,236	\$ 1,231,625	\$ 1,370,984	\$ 1,346,051	\$ 1,683,225
Millis/kWh	65.44	72.39	69.36	70.35	58.03	70.08	51.71	61.02	56.69	56.91	66.42	70.08	78.89

**Mid-Kansas Electric Company, LLC
Proposed Rates**

Rates:	
Demand	\$6.07
Energy	\$0.011203
Average Annual ECA	\$0.038760
OATT	
NITS Revenue Requirement	\$17,309,387

Mid-Kansas Electric Company, LLC
Member Revenue Summary under Proposed Rates

Demand Rate:	\$6.07								
Energy Rate:	\$0.011203								
NITS Revenue Requirement	\$17,309,387								

	Total	Lane-Scott	Prairie Land	Southern Pioneer	Victory	Western	Wheatland
CPkW							
Total	3,732,507	72,375	547,532	1,268,972	931,003	337,938	574,687
kWh	2,068,856,547	37,914,997	303,274,745	731,537,660	504,168,800	202,345,945	289,614,400
Energy Charges	\$23,177,400	\$424,762	\$3,397,587	\$8,195,416	\$5,648,203	\$2,266,882	\$3,244,550
ECA Charges	\$80,289,453	\$1,467,852	\$11,748,616	\$28,383,743	\$19,608,277	\$7,840,156	\$11,240,808
Demand Charges	\$22,656,317	\$439,316	\$3,323,519	\$7,702,660	\$5,651,188	\$2,051,284	\$3,488,350
OATT Charges	\$11,507,148	\$224,204	\$1,709,067	\$3,873,051	\$2,844,306	\$1,080,538	\$1,775,981
3-2-1 Credits	(\$862,326)	\$0	(\$227,395)	(\$178,742)	(\$86,714)	(\$247,527)	(\$121,949)
Total Charges	\$136,767,991	\$2,556,134	\$19,951,394	\$47,976,128	\$33,665,261	\$12,991,333	\$19,627,740
Mills/kWh	66.11	67.42	65.79	65.58	66.77	64.20	67.77
Pro Forma Test Year							
Revenue	\$129,921,606	\$ 2,461,480	\$ 19,018,281	\$ 46,406,446	\$ 32,314,345	\$ 12,247,759	\$ 18,953,168
Mills/kWh	62.80	64.92	62.71	63.44	64.09	60.53	65.44
% Change	5.27%	3.85%	4.91%	3.38%	4.18%	6.07%	3.56%

**Mid-Kansas Electric Company, LLC
Member Revenue under Proposed Rates**

	YE 5/08 Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
ALL MEMBERS													
ECA Rates		0.042887	0.043194	0.044403	0.026704	0.036629	0.028392	0.037660	0.033108	0.032099	0.042073	0.046668	0.049235
CP kW	3,732,507	349,222	393,427	412,976	377,730	357,132	241,600	273,324	272,365	285,251	248,796	240,606	300,078
Wholesale Energy	2,068,656,547	174,131,294	212,513,868	221,042,233	174,702,124	170,785,708	157,428,784	165,477,879	169,015,088	154,644,093	155,096,972	150,919,046	163,138,448
Demand Charge	22,656,317	2,119,778	2,388,102	2,506,764	2,292,821	2,167,791	1,466,512	1,659,077	1,653,256	1,610,074	1,510,192	1,460,478	1,821,473
Energy Charge	23,177,400	1,950,793	2,380,793	2,476,336	1,957,188	1,913,312	1,763,675	1,853,849	1,893,476	1,732,478	1,737,103	1,690,746	1,827,651
ECA Charge	80,289,453	7,467,969	9,179,324	9,814,938	4,490,543	6,255,710	4,627,147	6,264,992	5,595,752	4,963,921	6,523,712	7,073,274	8,032,171
NITS Charge	11,507,148	935,858	940,436	963,821	958,224	972,685	956,725	944,150	972,624	924,623	983,998	979,770	974,233
3-2-1 Credits	(862,326)	(80,776)	(96,362)	(108,165)	(79,626)	(72,937)	(66,396)	(73,920)	(74,087)	(66,905)	(54,059)	(40,893)	(48,310)
Total Charges	136,767,981	12,393,622	14,792,293	15,653,695	9,619,150	11,236,561	8,747,662	10,648,248	10,041,020	9,164,191	10,700,946	11,163,385	12,607,218
MisskWh	0	7,467,969	9,178,324	9,814,938	4,490,543	6,255,710	4,627,147	6,264,992	5,595,752	4,963,921	6,523,712	7,073,274	8,032,171

**Mid-Kansas Electric Company, LLC
Proposed Rates**

Rates:	
Demand	\$6.07
Energy	\$0.011203
Average Annual ECA	\$0.038760
OATT	
NITS Revenue Requirement	\$17,309,387

Mid-Kansas Electric Company, LLC
Member Revenue Summary under Proposed Rates

Demand Rate:	\$6.07								
Energy Rate:	\$0.011203								
NITS Revenue Requirement	\$17,309,387								
		Total	Lane-Scott	Prairie Land	Southern Pioneer	Victory	Western	Wheatland	
CPKW									
Total	3,732,507	3,732,507	72,375	547,532	1,268,972	931,003	337,938	574,687	
kWh	2,068,856,547	2,068,856,547	37,914,997	303,274,745	731,537,660	504,168,800	202,345,945	289,614,400	
Energy Charges	\$23,177,400	\$23,177,400	\$424,762	\$3,397,587	\$8,195,416	\$5,648,203	\$2,266,882	\$3,244,550	
ECA Charges	\$80,289,453	\$80,289,453	\$1,467,852	\$11,748,616	\$28,383,743	\$19,608,277	\$7,840,156	\$11,240,808	
Demand Charges	\$22,656,317	\$22,656,317	\$439,316	\$3,323,519	\$7,702,660	\$5,651,188	\$2,051,284	\$3,488,350	
OATT Charges	\$11,507,148	\$11,507,148	\$224,204	\$1,709,067	\$3,873,051	\$2,844,306	\$1,080,538	\$1,775,981	
3-2-1 Credits	(\$862,326)	(\$862,326)	\$0	(\$227,395)	(\$178,742)	(\$86,714)	(\$247,527)	(\$121,949)	
Total Charges	\$136,767,991	\$136,767,991	\$2,556,134	\$19,951,394	\$47,976,128	\$33,665,261	\$12,991,333	\$19,627,740	
Mills/kWh	66.11	66.11	67.42	65.79	65.58	66.77	64.20	67.77	
Pro Forma Test Year									
Revenue	\$129,921,606	\$129,921,606	\$2,461,480	\$19,018,281	\$46,406,446	\$32,314,345	\$12,247,759	\$18,953,168	
Mills/kWh	62.80	62.80	64.92	62.71	63.44	64.09	60.53	65.44	
% Change	5.27%	5.27%	3.85%	4.91%	3.38%	4.18%	6.07%	3.56%	

**Mid-Kansas Electric Company, LLC
Member Revenue under Proposed Rates**

ALL MEMBERS	YE 5/08 Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
ECA Rates	3,732,507	0,042,887	0,043,194	0,044,403	0,025,704	0,036,629	0,029,992	0,037,860	0,033,108	0,032,099	0,042,073	0,046,968	0,049,235
CP kWh	2,068,896,547	174,131,294	212,513,868	221,042,233	174,702,124	170,785,708	157,428,794	165,477,879	169,015,088	154,644,093	155,656,972	150,919,046	163,139,448
Wholesale Energy													
Demand Charge	22,656,317	2,119,778	2,388,102	2,506,764	2,292,821	2,167,791	1,466,512	1,659,077	1,653,286	1,610,074	1,510,192	1,466,478	1,821,473
Energy Charge	23,177,400	1,950,793	2,380,793	2,476,336	1,957,188	1,913,312	1,763,675	1,853,849	1,883,476	1,732,478	1,737,103	1,690,746	1,827,651
ECA Charge	80,289,453	7,467,969	9,179,324	9,814,938	4,490,543	6,255,710	4,627,147	6,284,992	5,585,752	4,963,821	6,523,712	7,073,274	8,032,171
NITS Charge	11,507,148	935,858	940,436	963,821	958,224	972,685	956,725	944,150	972,624	924,623	983,998	979,770	974,233
3-2-1 Credits	(862,326)	(80,776)	(96,362)	(108,165)	(79,626)	(72,937)	(66,396)	(73,820)	(74,087)	(66,905)	(54,059)	(40,883)	(48,310)
Total Charges	136,767,991	12,393,622	14,792,293	15,653,695	9,619,150	11,236,581	8,747,662	10,648,248	10,041,020	9,164,191	10,700,946	11,163,385	12,607,218
Millis/kWh	0	7,467,969	9,179,324	9,814,938	4,490,543	6,255,710	4,627,147	6,284,992	5,585,752	4,963,821	6,523,712	7,073,274	8,032,171

Mid-Kansas Electric Company, LLC Member Revenue under Proposed Rates

LANE SCOTT ELECTRIC COOPERATIVE, INC.
Analysis of Monthly Revenues under Proposed Rates

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Total	\$0,042,887 1,444	\$0,043,194 1,394	\$0,044,403 1,435	\$0,025,704 1,442	\$0,036,629 1,146	\$0,029,992 1,261	\$0,037,860 1,331	\$0,033,108 1,231	\$0,032,099 1,208	\$0,042,073 1,241	\$0,046,868 1,215	\$0,042,335 1,194
Demand CP	7,543	8,166	8,296	7,673	6,909	4,491	5,221	5,104	4,978	4,613	4,309	5,072
Energy Sales (kWh)	3,115,944	4,065,270	4,318,186	3,213,169	2,950,956	2,920,613	3,203,589	3,137,096	2,865,974	2,825,468	2,619,530	2,658,932
Demand Charge	45,786	49,568	50,357	46,575	41,938	27,260	31,691	30,961	30,216	28,001	26,156	30,787
Energy Charge	34,908	45,543	48,377	35,997	33,060	32,720	35,893	35,145	32,332	31,654	29,347	29,788
ECA Charge	133,633	175,595	191,740	82,591	108,091	86,843	121,288	103,863	92,637	118,876	122,772	130,913
NITS Charge	20,823	20,113	20,705	20,805	16,533	18,190	19,206	17,757	17,420	17,904	17,528	17,220
3-2-1 Credits	-	-	-	-	-	-	-	-	-	-	-	-
Total Charges	235,151	290,819	311,179	185,969	199,621	164,013	208,089	187,746	172,605	196,434	195,802	208,707
Mills/kWh	75.47	71.54	72.06	57.88	67.65	56.16	64.95	59.85	59.81	69.52	74.75	78.49

Mid-Kansas Electric Company, LLC Member Revenue under Proposed Rates

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.
Analysis of Monthly Revenues under Proposed Rates

	Total	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
		\$0 042887	\$0 043194	\$0 044403	\$0 025704	\$0 036629	\$0 029392	\$0 037660	\$0 033108	\$0 032099	\$0 042073	\$0 046868	\$0 049235
		9,903	9,967	9,910	10,160	8,888	9,902	10,341	10,219	10,045	10,244	9,952	8,952
Monthly ECA Rates	547,532	47,399	64,921	63,123	53,386	49,614	33,892	40,995	42,049	40,102	38,279	34,219	39,553
NITS Load Ratio Share	303,274,745	24,642,532	33,262,419	34,975,453	25,433,047	24,015,270	22,469,988	25,034,182	25,797,933	23,212,005	22,601,462	20,799,411	21,031,043
Demand CP		287,711.93	394,070.47	383,156.61	324,053.02	301,156.98	205,724.44	248,839.65	255,237.43	243,419.14	232,353.53	207,709.33	240,086.71
Energy Sales (kWh)		276,070	372,639	391,830	284,926	289,043	251,731	280,458	289,014	260,044	253,204	233,016	235,611
Demand Charge		1,056,844	1,436,737	1,553,015	653,731	879,655	660,438	947,794	854,118	745,082	950,911	974,827	1,035,463
Energy Charge		142,847	143,776	142,945	146,558	128,208	142,833	149,164	147,399	144,889	147,765	143,550	129,134
ECA Charge		(22,099)	(28,550)	(33,346)	(22,252)	(14,932)	(14,404)	(17,160)	(17,667)	(16,172)	(14,719)	(12,062)	(14,034)
NITS Charge		1,741,375	2,318,672	2,437,600	1,387,017	1,563,132	1,246,322	1,609,095	1,528,102	1,377,263	1,569,515	1,547,040	1,626,262
3-2-1 Credits		70.67	69.71	69.69	54.54	65.09	55.47	64.28	59.23	59.33	69.44	74.38	77.33
Total Charges	19,951,394	1,741,375	2,318,672	2,437,600	1,387,017	1,563,132	1,246,322	1,609,095	1,528,102	1,377,263	1,569,515	1,547,040	1,626,262
Mills/kWh	65.79	70.67	69.71	69.69	54.54	65.09	55.47	64.28	59.23	59.33	69.44	74.38	77.33

**Mid-Kansas Electric Company, LLC
Member Revenue under Proposed Rates**

**SOUTHERN PIONEER ELECTRIC COOPERATIVE, INC.
Analysis of Monthly Revenues under Proposed Rates**

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
Total	\$0,042,887	\$0,043,194	\$0,044,403	\$0,025,704	\$0,036,629	\$0,025,939	\$0,037,860	\$0,033,108	\$0,032,099	\$0,042,073	\$0,046,968	\$0,049,235
Monthly ECA Rates	21,210	20,900	21,566	21,245	24,552	22,902	21,111	22,811	22,051	22,240	23,300	24,617
NITS Load Ratio Share	119,072	127,560	130,052	125,298	123,180	87,587	96,577	93,911	89,960	85,078	85,359	105,318
Demand CP	60,436,402	71,826,156	68,886,290	59,539,374	63,603,177	56,309,957	59,095,154	59,903,584	55,393,650	56,214,165	56,249,391	62,078,360
Energy Sales (kWh)	722,767	774,289	789,416	760,559	747,703	531,653	586,222	570,040	546,179	516,423	518,129	639,280
Demand Charge	677,069	804,668	771,756	667,020	712,546	653,246	662,043	671,100	620,575	629,767	630,162	695,464
ECA Charge	2,591,936	3,102,459	3,058,847	1,530,400	2,329,721	1,713,846	2,237,343	1,983,288	1,778,081	2,365,089	2,638,286	3,056,428
NITS Charge	305,938	301,473	311,063	306,449	354,148	330,351	304,516	329,043	318,077	320,805	336,084	355,083
3-2-1 Credits	(15,473)	(19,535)	(22,441)	(16,160)	(14,067)	(12,971)	(14,478)	(14,892)	(13,423)	(12,776)	(10,286)	(12,440)
Total Charges	4,282,237	4,963,355	4,908,660	3,246,288	4,130,051	3,216,126	3,775,645	3,638,779	3,249,488	3,819,318	4,110,386	4,733,815
Misc kWh	70,86	69,10	71,26	54,56	64,93	55,16	63,89	59,07	58,66	67,94	73,07	76,26

**Mid-Kansas Electric Company, LLC
Member Revenue under Proposed Rates**

WESTERN COOPERATIVE ELECTRIC ASSN., INC.
Analysis of Monthly Revenues under Proposed Rates

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
	\$0.042887	\$0.043194	\$0.044403	\$0.025704	\$0.038629	\$0.029992	\$0.037860	\$0.033108	\$0.032099	\$0.042073	\$0.048888	\$0.049235
	5,908	5,879	5,742	6,019	6,417	6,304	6,310	6,417	6,578	6,654	6,943	5,540
Total	337,938	33,015	34,921	32,420	30,455	23,481	25,102	26,249	27,159	24,528	24,259	25,907
Demand CP	202,345,945	19,774,480	20,707,898	16,722,088	16,487,983	15,713,517	16,268,720	17,107,584	15,959,119	15,921,782	15,633,771	15,630,190
Energy Sales (kWh)	184,782.94	200,401.05	211,970.47	196,789.40	184,861.85	142,529.67	152,386.14	159,331.43	164,855.13	148,884.96	147,252.13	157,255.49
Demand Charge	183,940	221,533	231,991	167,338	184,715	176,039	182,258	191,656	178,790	178,372	175,145	175,105
Energy Charge	704,153	854,139	919,493	429,825	603,938	461,852	615,934	586,398	512,272	669,877	732,724	769,552
ECA Charge	85,226	84,803	82,823	86,819	92,560	93,817	91,019	92,560	94,881	95,978	100,145	79,906
NITS Charge	(22,804)	(22,209)	(24,677)	(17,669)	(22,357)	(20,768)	(23,861)	(22,735)	(20,112)	(21,302)	(13,131)	(15,903)
3-2-1 Credits												
Total Charges	1,135,298	1,338,688	1,421,599	883,102	1,043,718	853,469	1,017,719	987,211	930,686	1,071,811	1,142,135	1,165,916
Mills/kWh	69.15	67.70	68.65	52.81	63.30	54.31	62.56	57.71	58.32	67.32	73.06	74.59

**Mid-Kansas Electric Company, LLC
Member Revenue under Proposed Rates**

**WHEATLAND ELECTRIC COOPERATIVE, INC.
Analysis of Monthly Revenues under Proposed Rates**

	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08
	\$0.042867	\$0.043194	\$0.044403	\$0.025704	\$0.036629	\$0.029392	\$0.037860	\$0.033108	\$0.032099	\$0.042073	\$0.046688	\$0.049235
	10.990	11.490	11.888	10.957	8.942	8.825	9.946	10.059	9.996	9.697	9.471	10.861
Total	574,667	574,667	574,667	574,667	574,667	574,667	574,667	574,667	574,667	574,667	574,667	574,667
Monthly ECA Rates	54,408	62,007	70,893	63,828	56,290	32,670	39,333	41,535	39,570	35,860	31,309	46,984
NITS Load Ratio Share	24,804,189	31,395,379	35,342,457	25,632,879	22,083,926	20,470,603	23,220,842	23,835,982	21,642,758	20,642,001	19,206,792	21,336,582
Demand CP												
Energy Sales (kWh)												
Demand Charge	330,257	376,382	430,321	387,436	341,680	198,307	238,751	252,117	240,190	217,670	190,046	265,193
Energy Charge	277,881	351,722	395,942	287,165	247,406	229,332	260,143	267,035	242,464	231,252	215,174	239,034
ECA Charge	1,063,778	1,356,092	1,569,311	658,868	808,912	601,672	879,141	789,162	694,711	668,471	900,184	1,050,507
NITS Charge	158,523	165,740	171,479	158,044	128,980	127,300	143,466	145,100	144,184	139,878	138,617	156,660
3-2-1 Credits	(13,308.49)	(16,503.93)	(17,231.22)	(14,239.27)	(12,167.24)	(11,668.69)	(12,143.54)	(13,115.49)	(11,570.92)	-	-	-
Total Charges	1,817,131	2,233,433	2,549,821	1,477,273	1,514,822	1,144,942	1,509,358	1,440,298	1,309,977	1,457,272	1,442,020	1,731,393
MiliskWh	73.26	71.14	72.15	57.63	68.59	55.93	65.00	60.43	60.53	70.60	75.08	81.15

Mid-Kansas Electric Company, LLC
Comparison of Transmission Revenue

	Load Ratio Share Percent	Current Revenue	Proposed Revenue	Difference
NITS Related Transmission				
Kansas Power Pool (KPP)	2.1000	\$124,887	\$363,497	\$238,610
Kansas Municipal Energy Agency (KMEA)	11.7800	700,557	2,039,046	1,338,489
All Requirements Cities				
Cawker City	0.1967	29,373	34,048	4,675
Glasco	0.1355	20,556	23,454	2,898
Glen Elder	0.1601	26,621	27,712	1,091
Mankato	0.3228	46,997	55,875	8,878
Cimarron	0.6244	98,611	108,080	9,469
Montezuma	0.3762	58,538	65,118	6,580
Holyrood	0.1207	18,200	20,892	2,692
Lucas	0.1993	29,569	34,498	4,929
Luray	0.0657	10,127	11,372	1,245
Isabel	0.0399	6,618	6,906	288
All Requirements Cities Total	2.2413	345,210	387,955	42,745
KEPCo South NITS	8.6300	513,226	1,493,800	980,574
Sunflower Electric Power Corp.	0.0300	1,784	5,193	3,409
NITS Total	24.7813	\$1,685,664	\$4,289,491	\$2,603,827
KEPCO North Contract Transmission and KEPCo Revenue Comparison				
KEPCo North Transmission		Billing Units	Rate	Revenue
KEPCo North		672,735	2.48	\$1,668,383
KEPCo South NITS				513,226
KEPCo South Local Access Charges		372,353	1.48	551,082
Total Current Revenue				\$2,732,691
Proposed Rates				
KEPCo North Transmission		511,571	2.96	\$1,514,250
KEPCo South NITS				1,493,800
Total KEPCo Transmission				\$3,008,050
KEPCo Local Access Charges				
Southern Pioneer		174,880	2.66	\$465,181
Prairie Land		205,264	1.66	340,738
Victory		245,262	2.13	522,408
Western		54,075	1.45	78,409
Wheatland		87,345	1.48	129,271
Total		766,826		\$1,536,006
Total Proposed Rates Revenue				\$4,544,057
KEPCo Difference - Proposed/Current				\$1,811,365