

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Western)
Cooperative Electric Association,)
Inc. Seeking Commission Approval to) Docket No. 21-WSTE- 404 - TAR
Update Its Local Access Delivery Service)
Tariff Pursuant to the 34.5kV Formula Based)
Rate Plan Approved in)
Docket No. 21-SEPE-049-TAR.)

APPLICATION

COMES NOW, Western Cooperative Electric Association, Inc. (“Western” or “Cooperative”), and pursuant to K.S.A. 66-117, hereby files this Application with the Kansas Corporation Commission (“KCC” or “Commission”) for the purpose of updating its Local Access Delivery Service (“LADS”) tariff. Expressly, Western proposes to decrease the LADS demand charge assessed on the wholesale users (“Third Party”) of its 34.5kV system from \$0.96 per kW to \$1.64 per kW in accordance with the 34.5kV Formula Based Rate (“34.5kV FBR”) plan approved in Docket No. 21-SEPE-049-TAR (“21-049 Docket”). In support of its Application, Western states as follows:

I. Background

1. Western is a member-owned distribution electric cooperative. Headquartered in WaKeeney, Kansas, Western’s 58 employees maintain and operate 3,995 miles of line in parts of 13 Northwest Kansas counties. As a member-owner of Sunflower Electric Power Corporation (“Sunflower”) generation and transmission (“G&T”) entity, Western serves approximately

12,252 retail customers in its Native and Mid-Kansas service areas combined.¹ Western also serves some wholesale customers (referred to as Third Party) over the 34.5kV system in its Mid-Kansas service area. The subject 34.5kV facilities were found to provide “transmission service” under the Kansas law.²

2. Western has opted to deregulate from the jurisdiction, regulation, and control of the Commission, pursuant to K.S.A. 66-104d.³ However, under subsection (f) of this statute, certain operations and transactions of deregulated electric cooperatives continue to be regulated by the Commission, including “charges, fees or tariffs for transmission services.” The Local Access Delivery Service tariff (available in the Western Mid-Kansas service area and applicable to the Cooperative’s wholesale customers using its 34.5kV system) is an example of the latter and therefore remains subject to Commission regulation.
3. On July 29, 2020, Western, along with Sunflower and three of its other member utilities, filed a Joint Application in the 21-049 Docket for continuation of individual alternative FBR plans that would allow the member utilities to make annual adjustments to LADS rates for use of their corresponding 34.5kV sub-transmission assets.⁴ On February 16, 2021, Sunflower and

¹ Provision of service to the retail customers in the Mid-Kansas service area has been established pursuant to the Certificate and Order approved by the Commission on November 21, 2013 in Docket No. 13-MKEE-447-MIS (“13-447 Docket”). Prior to January 1, 2020, Western was also a member-owner of the Mid-Kansas Electric Company, LLC (“Mid-Kansas”). Mid-Kansas and Sunflower merged into a single entity effective January 1, 2020. However, all data inputs used to calculate the LADS rate still represent the Cooperative’s Mid-Kansas division’s data, as required by the Commission-approved Protocols for the 34.5kV Formula-Based Rate Plan.

² Order Addressing Joint Motion to Approve Stipulation and Agreement under Docket No. 11-GIME-597-GIE, issued January 11, 2012 (see also the Stipulation and Agreement, filed December 1, 2011 under the same docket).

³ This is true for both of Western’s Native and Mid-Kansas service areas. For Mid-Kansas’ service area deregulation, see June 10, 2014 Commission Order Affirming Western Cooperative Electric Association, Inc.’s Election to Deregulate under Docket No. 14-WSTE-533-DRC.

⁴ The Application for the initial five-year term of Western’s and three other Sunflower members’ FBR plans was approved by the Commission on March 10, 2015 in Docket 16-MKEE-023-TAR (“16-023 Docket”). The Application in the 21-049 Docket, while requesting the continuation of the FBRs approved in the 16-023 Docket, also sought limited modification and minor clarifications to the initial FBRs – such as simplifying the process by adopting a historical test year and eliminating debt service projections and clarifying some language in the Protocols. Parties also sought to update the line loss factors for their respective LADS tariffs.

its four member utilities, Commission Staff, Kansas Electric Power Cooperative, Inc. (“KEPCo”), Kansas Power Pool (“KPP”), and Kansas Municipal Energy Agency (“KMEA”) filed a Joint Motion for Approval of a Unanimous Settlement Agreement. On April 15, 2021, the Commission issued an Order Approving Settlement Agreement and the corresponding Protocols defining each of the four affected utilities’ respective 34.5kV FBR Plans for another five-year term. Western’s Commission-approved 34.5kV FBR Protocols (“Protocols”) are attached to the April 15, 2021 Commission Order Approving Unanimous Settlement Agreement as Attachment A3 to Exhibit A. The Protocols direct the Cooperative to file annual updates to its LADS rate by May 1 of each year.⁵ Accordingly, Western is hereby submitting the first Annual Update to its renewed five-year 34.5kV FBR Plan in compliance with the Commission Order in the 21-049 Docket.

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

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II. Proposed Changes to the Local Access Delivery Service Tariff and Supporting Exhibits

5. Under the provisions of the LADS tariff, Western assesses a monthly demand rate, sometimes referred to as Local Access Charge, on its wholesale customers taking service over its 34.5kV facilities (Third Party users). The currently effective LADS rate of \$0.96 per kW was last

⁵ Or the next Business Day when the Commission’s offices are open if May 1 is not a Business Day.

approved by the Commission in Docket No. 20-WSTE-440-TAR. The Protocols for the 34.5kV FBR approved in the 21-049 Docket direct Western to utilize a most recent 2020 Historical Test Year for purposes of updating a monthly demand charge assessed under the LADS tariff. This year's filing also contains a one-time true-up amount to account for the limited projections of the debt service mandated by the Protocols under the previous five-year FBR Plan approved by the Commission in the 16-023 Docket.⁶ The Prefiled Direct Testimony of Mr. Richard Macke, filed with this Application, explains and supports the proposed rate of \$1.64/kW indicated in the updated tariff (included with this Application as Exhibit 12). The detailed calculation performed in the template as prescribed by the 34.5kV FBR Protocols is contained in Exhibit 5 attached to the Application.

6. In addition to Mr. Macke's testimony, Western is also submitting the Prefiled Direct Testimony of Mr. Thomas Ruth, Western's General Manager. Mr. Ruth's testimony: (1) affirms Western's support for the calculation as contained in Mr. Macke's Direct Prefiled Testimony; (2) confirms Western will notify its customers as required in Section C of the Protocols; (3) attests to the Equity Test requirement noted in Section G of the Protocols; and (4) provides an insight as to the information required by item No. 10 listed in Section E of the Protocols. Combined, this Application and the Prefiled Direct Testimony of Mr. Ruth and Mr. Macke fulfill the requirement specified under item No. 1 listed in Section E of the Protocols.
7. Further, to support its Annual Update filing, Western includes the following documents, as prescribed in Section E of Western's Commission-approved 34.5kV FBR Protocols:

- **Exhibit 2** - A complete audited December United States Department of Agriculture Rural Utilities Service ("RUS") Financial and Statistical Report ("Form 7") for 2020

⁶ See page 6, footnote 9 of the Stipulation and Agreement attached as Exhibit A to the Commission's April 15 Order in the 21-049 Docket.

detailing the consolidated financial position of Western (the combined financial position of the acquired Mid-Kansas division and the native division).

- **Exhibit 3** - Same as above, as the combined RUS Form 7 contains the financial statements (Income statement, Balance Sheet, etc.) detailing the consolidated financial position of Western. Western's RUS Form 7 being submitted has been audited.
- **Exhibit 4** - Western's Comparative Operating Income Statement and Balance Sheet for the 2018 - 2020 (Mid-Kansas division data).
- **Exhibit 5** - Completed formulas as approved for Western by the Commission in Docket No. 21-SEPE-049-TAR (PDF and a populated Excel formula template in fully functional spreadsheets, with all work papers attached).
- **Exhibit 6** - 2018 - 2020 Trial Balance (Mid-Kansas division data).
- **Exhibit 7** - 2018 - 2020 Payroll Journal (Mid-Kansas division data).
- **Exhibit 8** - Other applicable supplemental schedules necessary to audit the filing.
- **Exhibit 9** - A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during 2020.
- **Exhibit 10** - A summary explanation of any material increases (more than 10 percent in a cost of service item from the previous year). This item is contained in Mr. Ruth's Prefiled Direct Testimony.
- **Exhibit 11** - A narrative describing the process used to allocate any costs to the acquired Mid-Kansas division from the native division or from the consolidated financials of Western.
- **Exhibit 12** - Proposed tariff sheets including the proposed rate adjustment.

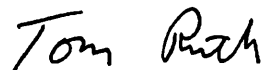
III. Requested Timeline for Commission Action

8. As envisioned in the Commission-approved 34.5kV FBR Protocols, Section B, the final ruling in the instant Docket will be issued prior to the standard 240 days allotted under the K.S.A. 66-117; rather, the Commission Order on the Annual Update is to be issued within 150 - 180 days after Western submits its Annual Update. To ensure the effective and timely process for all the involved parties, Western respectfully requests the Commission take action on this Application as soon as administratively possible, including the issuance of the Commission Procedural and/or Discovery and the Protective Orders in accordance with the guidelines noted in Section B of the Protocols.

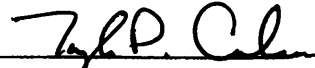
The proposed rate as contained in the updated LADS tariff attached hereto as Exhibit 12 is just and reasonable, as it is based on the established methodology approved by the Commission. Specifically, it is calculated in a comprehensive manner that follows the guidelines detailed in the Protocols as approved for Western's 34.5kV FBR plan in the 21-049 Docket. Furthermore, Western's filing submitted hereto is adequately supported by the complete list of the required filing information specified in Section E of the 34.5kV FBR Protocols.

WHEREFORE, Applicant respectfully requests that the Commission (1) issue an Order approving its updated Local Access Delivery Service tariff and (2) for such other and further relief as the Commission may deem just and proper.

Respectfully submitted,



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ATTORNEY FOR WESTERN COOPERATIVE
ELECTRIC ASSOCIATION, INC.

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF TREGO) ss:

Thomas Ruth, of lawful age, being first duly sworn upon this oath, states:

That he is official representative of the above-named Applicant, Western Cooperative Electric Association, Inc.; that he has read the above and foregoing Application, and, upon information and belief, states that matters therein appearing are true and correct.

Tom Ruth
Thomas Ruth

SUBSCRIBED AND SWORN to before me this 28th day of April, 2021.

Christina Lowry
Notary Public

Seal:



My Commission expires: 4-25-2025