BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas Gas and Electric Company for Approval of the Amendment to the Energy Supply Agreement between Kansas Gas and Electric Company and Occidental Chemical Corporation	)	Docket No. 18-KG&E-303-CON

JOINT APPLICATION

COMES NOW Kansas Gas and Electric Company, d/b/a Westar Energy (Westar) and Occidental Chemical Corporation (together as "Joint Applicants") and file this Joint Application for an order approving the Energy Supply Agreement between Kansas Gas and Electric Company and Occidental Chemical Corporation (the Agreement), attached hereto as Exhibit A. In support of the Application, Joint Applicants state:

1. Westar is a public utility subject to the jurisdiction of the Commission with respect to rates, services, and accounting procedures.

2. Occidental Chemical Corporation (Occidental) currently takes service from Westar under the Energy Supply Agreement (ESA) that was initially approved on May 24, 2013, by the Commission in Docket No. 13-KG&E-457-CON, was amended effective July 1, 2017 in Docket No. 17-KG&E-352-CON, and expires on May 31, 2018.

3. Westar and Occidental have entered into the Agreement and hereby submit the Agreement to the Commission for approval. The Agreement will be effective after it is approved by the Commission. The Agreement is for an additional five-year term and is not substantively different from the currently effective ESA. Instead, the Agreement simply updates dates and contact information only. The Agreement does not change the terms and conditions of the currently effective ESA or the rates Occidental pays under the currently effective ESA.

4. Westar will continue to receive the benefits from Occidental provided in the current ESA, including:

A. an incentive for Occidental to coordinate maintenance outage schedules for its cogeneration plant and refinery plant to avoid Westar's summer peak;

B. a summer/winter pricing differential to reflect Westar's higher cost of incremental fuel and generation during the summer months;

C. contract clauses that ensure that Occidental will be subject to all Riders and Surcharges, if applicable;

D. a requirement for Occidental to pay its pro rata share of any general rate increase authorized by the Commission;

E. Westar's ability to utilize Occidental's cogeneration facility during periods of "System Condition" or a load buy down; and

F. an increase in the amount of interruptible load provided to Westar by Occidental.

5. As Westar witness Chad Luce indicates in his Direct Testimony, attached hereto, the proposed contract meets the Commission's standard for approval of special contracts because it will provide a cost benefit to Westar's remaining core customers, as well as ensure that customers continue to receive a number of other operational and reliability benefits that are provided under the current ESA. The pricing structure under the proposed Amendment will not change and therefore continues to meet the standard applied previously by Commission Staff – that Occidental will pay rates greater than the incremental variable cost (or marginal cost) to serve Occidental, resulting in a contribution from Occidental to the fixed costs it imposes on the system.[1]

6. Occidental also intends to provide testimony in support of this Application and will do so shortly after the filing of the Application in this docket.

[1] *See* Staff Report and Recommendation, Docket No. 13-KG&E-451-CON, at p. 4 (May 8, 2013).

7. In addition to the service Occidental takes under its special contract, Occidental also takes service under Westar's Energy Efficiency Demand Response (EEDR) program. In Docket No. 15-WSEE-532-MIS, the Commission found that if "Westar elects to renegotiate the Occidental Chemical Corporation's special contract, Westar shall submit EM&V with the application and the Energy Efficiency Demand Response Program shall be reevaluated at that same time." Order Adopting Staff's Report and Recommendation, Docket No. 15-WSEE-532-MIS, Ordering Paragraph C (Sept. 14, 2017). Therefore, Westar is submitting an EM&V (evaluation, measurement and verification) analysis for the EEDR program. This EM&V is sponsored by John Wolfram in his Direct Testimony, which is attached hereto.

8. As indicated above, the existing ESA expires on May 31, 2018. Therefore, Joint Applicants request that the Commission issue an order approving the new five-year Agreement prior to May 31, in order to avoid interruption of the billing process under the Agreement.

WHEREFORE, Joint Applicants respectfully request that the Commission issue an order approving the Amendment prior to May 31, 2018.

Respectfully submitted,

KANSAS GAS AND ELECTRIC COMPANY

/s/ Cathryn Dinges

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ENERGY SUPPLY AGREEMENT
BETWEEN
KANSAS GAS AND ELECTRIC COMPANY
And
OCCIDENTAL CHEMICAL COMPANY

THIS ENERGY SUPPLY AGREEMENT ("this Agreement" or "the ESA") made and entered into this __ day of November, 2017, by and between Occidental Chemical Corporation, a New York corporation ("Customer"), and Kansas Gas and Electric Company, a Kansas corporation, d/b/a Westar Energy ("Company"). Each of Customer and Company may also be referred to individually as "Party" or collectively as "Parties."

WITNESSETH:

WHEREAS, Customer and Company entered into an Agreement for Electric Service dated January 8, 2013 ("Previous Agreement"); and

WHEREAS, the Parties desire to replace in its entirety the Previous Agreement with the terms set forth below;

NOW, THEREFORE, in consideration of the premises and of the mutual obligations and agreements herein contained, the Parties hereby agree as follows:

ARTICLE 1 - GENERAL DEFINITIONS

"Affiliate" means, with respect to any person, any other person (other than an individual) that, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, such person. For this purpose, "control" means the direct or indirect ownership of 50% or more of the outstanding capital stock or other equity interests having ordinary voting power.

"Bankrupt" means with respect to any entity, such entity (i) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause of action under any bankruptcy, insolvency, reorganization or similar law, or has any such petition filed or commenced against it, (ii) makes an assignment or any general arrangement for the benefit of creditors, (iii) otherwise becomes bankrupt or insolvent (however evidenced), (iv) has a liquidator, administrator, receiver, trustee, conservator or similar official appointed with respect to it or any substantial portion of its property or assets, or (v) is generally unable to pay its debts as they fall due.

"Business Day" means any day except a Saturday, Sunday, or a Federal Reserve Bank holiday. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m., central prevailing time (either Central Standard Time or central day-light time). The principal place of business of Customer is deemed to be in Dallas, Texas. The relevant Party, in each instance unless otherwise specified, shall be

the Party from whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

"Code" means the United States Bankruptcy Code.

"Contract Quantity" has the meaning set forth in Section 4.1 of this Agreement.

"Contract Year" means, except for the first Contract Year, a 12 month period beginning 12:01 a.m. on the anniversary of the Effective Date in each new year and ending at midnight on last day prior to the next anniversary of the Effective Date. The first Contract Year shall begin at 12:01 a.m. of the Effective Date and end at midnight on the last day prior to the first anniversary of the Effective Date.

"Cogeneration Delivery Point" has the meaning set forth in Section 4.3 of this Agreement.

"Cogeneration Plant" means the existing co-generation facility located at Customer's Plant with a nominal generating capacity of 33 MW, with actual available generating capability generally in the range of 25 to 30 MW depending upon ambient temperature and other factors.

"Customer's Plant" means the chemical manufacturing and related facilities (including Customer's Cogeneration Plant) located at or near 6200 Ridge Road, Wichita, Kansas and situated primarily in Sedgwick County, Kansas.

"Defaulting Party" has the meaning set forth in Section 13.1 of this Agreement.

"Delivery Points" means the point at which the Energy will be delivered and received under this Agreement, as specified in Section 4.3 of this Agreement.

"EEDR" means Company's Energy Efficiency Demand Response Rider that is currently effective as part of Company's Tariff and as amended in the future upon approval from the Kansas Corporation Commission.

"Effective Date" means, following approval of this Agreement by the KCC, the later date of June 1, 2018 or the first day of the month immediately following the date of approval of this Agreement by the KCC.

"Energy" means electric energy of the character commonly known as three-phase, four wire, alternating current at approximately sixty-hertz expressed in MWhs or kWhs that is delivered at the nominal voltage at the Delivery Points at approximately 12,470 volts.

"Event of Default" has the meaning set forth in Section 13.1 of this Agreement.

"Equitable Defenses" means any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending.

"Execution Date" has the meaning set forth in Section 16.2(B) of this Agreement.

"Force Majeure" means an event not anticipated as of the Effective Date, which is not within the reasonable control of the Party (or in the case of third party obligations or facilities, the third party) claiming suspension (the "Claiming Party"), and which by the exercise of due diligence, the Claiming Party, or third party, is unable to overcome or obtain or cause to be obtained a commercially reasonable substitute therefore. Force Majeure may include, but is not restricted to: fire, flood, storm, extreme weather, or other acts of God; civil disturbance; labor dispute; labor or material shortage; failure or breakdown of equipment or facilities whether or not from any cause listed above resulting in a partial or full shutdown of Customer's Plant; sabotage; action or restraint by court order or public or governmental authority (so long as the Claiming Party has not applied for or assisted in the application for, and has opposed where and to the extent reasonable, such government action). Force Majeure shall not be based on (i) the loss of Customer's markets, (ii) Customer's inability to economically use the Energy, (iii) Company's ability to sell the Energy at a price greater than the price established by this Agreement, or (iv) Customer's inability to pay for the Energy. Interruption of firm transmission service by a Transmission Provider shall be deemed to be Force Majeure. Failure or breakdown of equipment or facilities for reasons other than fire, flood, storm, extreme weather, or other acts of God; civil disturbance; labor dispute; labor or material shortage does not constitute Force Majeure for the Cogeneration Plant.

"Good Utility Practice" shall mean any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather to be a number of possible practices, methods or acts generally accepted in the region.

"ILP Tariff" shall mean the Industrial and Large Power Service Tariff currently effective as part of Company's Tariff and as amended in the future upon approval from the KCC.

"Interest Rate" shall mean for any date, the lesser of (1) the per annum rate of interest equal to the prime lending rate as may from time to time be published in the Wall Street Journal under "Money Rates" on such day (or if not published on such day, the most recent preceding day on which published), plus 2% and (2) the maximum rate permitted by Kansas law.

"Interruptible Block #1" shall mean all of the capacity of Customer's Plant served by Company above 15,000 kW.

"Interruptible Block #2" shall mean the capacity of Customer's Plant served by Company equal to or less than 15,000 kW, such capacity to be displaced by operation of Customer's Cogeneration Plant when requested by Company pursuant to this Agreement.

"ISR" means Company's Interruptible Service Rider that is currently effective as part of the Company's Tariff.

"kW" means kilowatt.

"kWh" means kilowatt-hour.

"KCC" means Kansas Corporation Commission.

"LBD Offer" has the meaning as described in Article 6 of this Agreement.

"LBD Transaction(s)" means Load Buy-Down Transaction(s) as described in Article 6 of this Agreement.

"Letters of Credit" means one or more irrevocable standby letters of credit from a major U.S. commercial bank with such bank having a credit rating of at least "A-" from S&P or "A3" from Moody's, in such form as is consistent with standard commercial banking practices and reasonably acceptable to the party in whose favor the Letter of Credit is issued.

"Load Level" means the applicable Customer Plant MW electric load to which Customer has agreed to reduce its load in connection with an LBD Transaction.

"MW" means megawatt.

"MWH" means megawatt-hour.

"Material Adverse Change" means with respect to a Party, a material change has occurred in the creditworthiness, financial condition or ongoing business of that Party and such change is or is reasonably likely to materially and adversely affect that Party's ability to perform hereunder.

"Moody's" means Moody's Investor Services, Inc. or its successor.

"NERC" means North American Electric Reliability Corporation.

"New Tax" means a franchise, license, or excise fee or an occupation, gross receipts, business, sales, excise, privilege or similar tax imposed upon the electrical operations of Company or Westar Energy, Inc. after the Effective Date by a federal, state, county, local governmental authority, and which the KCC or other applicable regulatory body authorizes Company to pass through to all of Company's retail customers as a charge in addition to or as part of tariff rates.

"PTS" means Property Tax Surcharge.

"Performance Assurance" means collateral in the form of either cash, obligations of the U.S. government with a maturity date of less than one year, or Letters of Credit.

"Plant Easements" has the meaning set forth in Section 3.1 of this Agreement.

"Potential Event of Default" means an event which, to the knowledge of the subject Party, with notice or passage of time or both, would constitute an Event of Default, and for purposes of this Agreement, any Material Adverse Change shall be deemed to be a Potential Event of Default.

"Regulatory Event" has the meaning set forth in Section 16.5 of this Agreement.

"S&P" means the Standard & Poor's Rating Group (a division of McGraw-Hill, Inc.) or its successor.

"SPP" means Southwest Power Pool, or any successor entity.

"Schedule" or "Scheduling" means the actions of Company, Customer and/or their designated representatives, including each Party's Transmission Providers, if applicable, of notifying, requesting and confirming to each other the quantity and type of Energy to be delivered on any given day or days during the Term at the Delivery Points.

"System Condition" means any of the following circumstances: (1) Company's firm load cannot be supplied by Company-owned or Westar Energy, Inc. owned generation; (2) Company is experiencing forced, unplanned or planned outages of Company-owned or Westar Energy, Inc. owned generation, substation or transmission equipment; (3) Company or Westar Energy, Inc. seeks to avoid capacity reserve margin penalties that otherwise would be imposed by the then governing regional transmission organization of which Company or Westar Energy, Inc. is a member; or (4) other system condition which in Company's or Westar Energy, Inc's sole discretion consistent with Good Utility Practice will limit Westar Energy, Inc.'s ability to provide Energy to other customers.

"Term" has the meaning set forth in Section 11.1 of this Agreement.

"Transmission Provider" means any third party provider of electric transmission services that are relevant to a Party's performance of its obligations under this Agreement, and in particular regard to this definition, the claiming Party's performance obligations.

"Vulcan Substation" has the meaning described in Section 3.1 of this Agreement.

"Waco Substation" has the meaning described in Section 3.1 of this Agreement.

ARTICLE 2 -REPRESENTATIONS AND WARRANTIES

2.1 On the Effective Date, each Party represents and warrants to the other Party that:

A. it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

B. it has, or will have as of the Effective Date, all regulatory authorizations necessary for it to legally perform its obligations under this Agreement;

C. the execution, delivery and performance of this Agreement are within its powers, have been duly authorized by all necessary action and do not violate any of the terms and conditions in its governing documents, any contracts to which it is a party or any law, rule, regulation, order or the like applicable to it;

D. this Agreement and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any Equitable Defenses;

E. it is not Bankrupt and there are no proceedings pending or being contemplated by it or, to its knowledge, threatened against it which would result in it being or becoming Bankrupt;

F. there is not pending or, to its knowledge, threatened against it or any of its Affiliates any legal proceedings that could materially and adversely affect its ability to perform its obligations under this Agreement;

G. no Event of Default or Potential Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

H. it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement;

I. it is a "forward contract merchant" and that this Agreement is a "forward contract" as that term is defined in the Code;

J. it has entered into this Agreement in connection with the conduct of its business and it has the capacity or ability to make or take delivery of the Energy referred to in this Agreement to which it is a Party; and

K. the electricity delivered by Company to Customer pursuant to this Agreement at all times shall meet the requirements of Energy as defined herein.

ARTICLE 3 - FACILITIES TO BE PROVIDED

3.1 A. Company agrees to maintain the facilities necessary to supply Energy to Customer's Plant at two substations: the primary sides of the "Waco Substation" and the "Vulcan Substation", each located adjacent to the Customer's Plant.

B. Customer has heretofore granted to Company an easement on the property of Customer's Plant ("Plant Easements"), and consistent with the terms of such Plant

Easements, Company agrees to maintain, alter, repair, operate and remove and replace transmission and distribution lines and substation equipment necessary in accordance with Good Utility Practice for the performance of this Agreement.

C. This Agreement shall not have the effect of creating any new easements or rights-of-way in favor of Company at Customer's Plant, or the effect of modifying the Plant Easement.

3.2 [Intentionally omitted]

3.3 Subject to events of Force Majeure and to the provisions of Section 4.4(D) of this Agreement, Customer's Cogeneration Plant shall be maintained such that the Cogeneration Plant is capable of being started for the production of steam and electricity pursuant to the provision of Section 4.5 of this Agreement within a commercially reasonable period of time.

ARTICLE 4 – COMPANY'S SUPPLY OF ENERGY

4.1 Subject to Section 4.5 of this Agreement, Company shall provide and sell to Customer and Customer shall purchase from Company Energy sufficient to supply the total requirement of Customer's Plant at such operating levels as Customer shall determine from time to time in its sole discretion. Unless the Parties otherwise mutually agree in writing, Company shall not be required to supply to Customer Energy, as measured over a 15 minute interval, in excess of 120,000 kW ("Contract Quantity").

4.2 Energy sold by Company to Customer shall be used solely for the purpose of operating Customer's Plant and related facilities.

4.3 The Delivery Points for the Energy to be supplied to Customer shall be at Customer's side of the point of interconnection at Company's facilities at the Waco Substation and the Vulcan Substation. In the event Customer and Company mutually agree to convert to transmission-level service, the rates contained in Sections 5.1.A and 5.1.B shall be adjusted downward based on the transmission demand discount contained in the ILP rate schedule on file converted to an energy discount based on an assumed 90% load factor.

4.4 A. The Parties shall meet annually to discuss the operation of the Cogeneration Plant and to investigate the installation and operation of a new Cogeneration Plant, including the feasibility of the Parties working together on a mutually beneficial supply arrangement.

B. The Parties shall use commercially reasonable efforts to schedule mutually acceptable periods of time that Customer's Cogeneration Plant will undergo testing, inspection, repair, or maintenance; provided that the final decision as to when such activities will be scheduled is reserved solely to Customer. Subject to events of Force Majeure and to Section 4.4(D), Customer shall diligently take commercially reasonable steps necessary to effect the expeditious completion of the same.

C. Customer may, at its sole discretion, start its Cogeneration Plant at such operating level as Customer deems economically necessary (i) to protect Customer's facilities during electric storms and any other circumstances that Customer reasonably determines could threaten the delivery of Energy by Company to Customer; (ii) whenever Company is not delivering, or appears to Customer to be incapable of continued delivery of sufficient Energy to Customer to supply the total requirements of Customer's Plant; or (iii) at such times as Customer deems it necessary in order to satisfy the steam requirements of Customer's Plant.

D. With respect to the operation of the Cogeneration Plant pursuant to Section 4.4(C)(i), Section 4.4(C)(ii), Section 4.4(C)(iii) or Section 4.6 of this Agreement, Customer shall be solely responsible for all costs to operate the Cogeneration Plant. Customer agrees to operate its Cogeneration Plant in accordance with Good Utility Practice and at the operating levels required from time to time pursuant to this Agreement; provided, however, that Customer shall not be obligated to operate the Cogeneration Plant at any time during an event of Force Majeure or above its nominal, safe operating range that may be achieved with commercially reasonable efforts under the weather and other conditions then existing. In addition, Customer shall not be obligated to operate its Cogeneration Plant at levels that would result in net deliveries of Energy to the electric grid from Customer's Cogeneration Plant. Customer will not participate in SPP markets with demand response from its Cogeneration Plant for the term of this Agreement.

4.5 Subject to the terms of this Agreement, the Energy requirements of Customer's Plant shall be served by Company. Company reserves the right to declare a System Condition by giving notice of the same to Customer in the manner provided in Section 4.7 and of this Agreement. If Company declares a System Condition, Company may request Customer to start its Cogeneration Plant. If so requested by Company, Customer shall start its Cogeneration Plant pursuant to Company's instructions, subject to Good Utility Practice and events of Force Majeure. Company will pay Customer for all load reduction MWHs associated with operation of the Cogeneration Plant at a rate per MWh equal to (1) the Platts Gas Daily – Southern Star, Tx.-Okla.-Kan. Midpoint index price, on a MMBTU basis, times a heat rate of 14,000/1,000, plus (2) an operations and maintenance charge of $15.00 per MWh generated while operating under a System Condition. Operation of the Cogeneration Plant under System Conditions shall be limited to an aggregate of 1,000 hours per Contract Year. The Parties hereby acknowledge that the generation facilities of Westar Energy, Inc., and Company are centrally dispatched, and for purposes of this Agreement, Company-owned generation that is used to supply Energy to Customer shall include the existing generation facilities of both Westar Energy, Inc., and Company.

4.6 When operating the Cogeneration Plant, Customer agrees to use commercially reasonable efforts to operate its Cogeneration Plant so as not to interfere with the normal operation of Company's or Westar Energy, Inc.'s electric system, subject to Good Utility Practices.

4.7 A. Customer agrees to continue to be served on the EEDR tariff for a term equal to the ESA and agrees to enroll and participate in the EEDR for a term equal to the ESA.

B. Interruptible Block #1 shall be served pursuant to the rate and terms of the EEDR. The EEDR incentive credit is incorporated as part of the rates stated in Article 5 of this Agreement. The capacity in Interruptible Block #1 will be interruptible as provided in the EEDR.

C. With respect to Interruptible Block #2, Company shall give Customer at least a 90 minute notice of a System Condition during the Summer months (defined in Section 5.1(B)), and 48 hours notice during the Winter months (defined in Section 5.1(A)) for Customer to operate its Cogeneration Plant at a level sufficient to displace an amount of Customer load at least equal to the capacity in Interruptible Block #2 (in addition to any capacity that Customer may have been separately required to provide for Interruptible Block #1). Company shall not be required to provide Customer notice under this section when Company declares a System Condition as a result of an event that has occurred within the Waco Substation or Vulcan Substation. When, in Company's sole discretion, the cause for a System Condition has terminated, Company shall notify Customer that it may cease operation of the Cogeneration Plant. When Company gives notice to Customer of a System Condition in accordance with Section 4.5 of this Agreement, Customer shall be solely responsible for starting and operating its Cogeneration Plant at the operating level as Company deems necessary, provided, however, that Customer shall not be obligated to operate the Cogeneration Plant at any time during an event of Force Majeure or above its nominal, safe operating range that may be achieved with commercially reasonable efforts under the weather and other conditions then existing, nor shall Customer be obligated to operate its Cogeneration Plant at levels that would result in net deliveries of Energy to the electric grid from Customer's Cogeneration Plant. Company may, in its sole discretion, require Customer to start and operate its Cogeneration Plant annually to test the Customer's Cogeneration Plant capability.

4.8 Company shall provide, at least annually as a convenience to Customer, an updated, non-binding forecast of the projected number of hours of future System Conditions and the most likely times of occurrence (on at least a monthly basis) that can be anticipated for the next succeeding 12 month period; provided, however, that Company shall not be restricted in any manner thereby.

4.9 Company shall endeavor to minimize the length and number of System Conditions to the extent commercially reasonable.

4.10 Company shall provide Customer written communication from Company to Customer via email, courier delivery service or registered mail reciting the specifics particular to the System Condition within 24 hours of Company's declaration of a System Condition. Company will use commercially reasonable efforts to notify Customer in advance of a System Condition pursuant to the notice requirements in Section 4.7. The preferred communications method for notifying Customer of a known and impending System Condition shall be via telephone call from Company to Customer. Any advance communication shall not interfere with or in any respect hinder Company's commercially reasonable efforts to minimize any adverse conditions or contingencies that may be affecting the regional electrical grid at that time or in the then foreseeable future.

Notwithstanding Company's requirement to provide Customer advance notice of a System Condition, Customer acknowledges that without any advance warning to Customer, Company may declare a System Condition due to an unforeseen cause or necessity, including those caused or necessitated by Force Majeure events or that may occur instantaneously. In that event, Customer will use commercially reasonable efforts to affect the start of its Cogeneration Plant if requested by Company.

4.11 In order to make repairs to or changes in Company's facilities for supplying or delivering Energy, Company reserves the right, without incurring any liability therefore, to suspend the supply and delivery of Energy to Customer for periods as may be reasonably necessary to effect such repairs or changes, and in such manner as not to inconvenience Customer unnecessarily. If such repairs or changes will interrupt the supply or delivery of Energy to Customer, such event will be deemed a System Condition for which Company shall provide notice to Customer in accordance with Section 4.7 of this Agreement.

4.12 Company and Customer agree that their respective performances under this Agreement shall comply with the then-existing (and as amended from time to time) applicable manuals, standards, and guidelines of the NERC, SPP, or any successor agency assuming or charged with similar responsibilities related to the operation and reliability of the North American electric interconnected transmission grid. To the extent that this Agreement does not specifically address or provide the mechanisms necessary to comply with such applicable NERC or SPP criteria, standards, or requirements, the Parties hereby further agree that each Party shall provide to the other Party all such information as may commercially reasonably be required to comply with such applicable criteria, standards, or requirements. Each Party shall operate, or cause to be operated, its respective facilities in accordance with such applicable criteria, standards, or requirements. Customer shall operate its Cogeneration Plant and Company shall operate and control Company's transmission system and other Company facilities (1) in a safe and reliable manner; (2) in accordance with Good Utility Practice; (3) in accordance with applicable operational standards or reliability criteria, market protocols, and directives or all of them, including those of the NERC and SPP; and (4) in accordance with the provisions of this Agreement.

4.13 Subject to Article 9 and as between the Parties, Company shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of the Energy provided hereunder prior to the Delivery Points for Energy provided to Customer. Customer shall be deemed to be in exclusive control (and responsible for any damages or injury caused thereby) of such Energy at and from the Delivery Points for Energy provided by Company to Customer. Company warrants that it will deliver to Customer the Contract Quantity free and clear of all liens, claims and encumbrances arising prior to the Delivery Points. Title to and risk of loss related to the Contract Quantity shall transfer from Company to Customer at the Delivery Points.

ARTICLE 5 - RATES

5.1 Beginning on the Effective Date of this Agreement, Customer shall pay monthly Company for all Energy provided hereunder. Pricing of such purchased Energy shall be established

pursuant to the then applicable rates (cents per kWh) specified in the following monthly rate schedule:

A. From October 1 through May 31 (8 Winter months):

i. First Block- 6,500,000 kWh per month
ii. Second Block- 10,000,000 kWh per month
iii. Third Block- 20,000,000 kWh per month
iv. Fourth Block- all additional kWh per month

[redacted]

B. From June 1 through September 30 (4 Summer months):

i. First Block- 6,500,000 kWh per month
ii. Second Block- 30,000,000 kWh per month
iii. Third Block- all additional kWh per month

[redacted]

C. Applicable taxes and/or fees, as identified in Sections 5.5 and 5.7 of this Agreement shall be added to Customer's monthly bill.

D. Rates in Article 5.1.A and 5.1.B may be adjusted by the Customer's power factor provided the power factor is less than 0.90 at the point of delivery. Rates may be increased by the following equation:

Article 5.1.A and 5.1.B rates multiplied by 0.90 and dividing by the monthly power factor.

E. The foregoing rates are subject to adjustment as provided in the following Schedules as filed with KCC:

1. Retail Energy Cost Adjustment;
2. Property Tax Surcharge;
3. Transmission Delivery Charge;
4. Environmental Recovery Charge; and
5. Energy Efficiency Rider.

5.2 Each Party shall act in good faith and shall use commercially reasonable efforts necessary to obtain the KCC's approval of this Agreement.

5.3 Subject to the provisions of Section 7.1 of this Agreement, Customer's minimum monthly bill shall be [redacted] during the Term of this Agreement. The monthly minimum bill shall be prorated in any month during the Term of this Agreement to the extent that in such month Customer's usage is reduced by the occurrence of a System Condition or LBD Transaction, upon an event of Force Majeure, or a combination of any or all of the foregoing (a "Reduction Event"). In those months when the monthly minimum bill is prorated, the minimum amount payable shall be determined by multiplying [redacted] by a fraction, the numerator of which shall be the total hours in that billing month less the

number of hours in that billing month that Customer's usage is reduced by a Reduction Event and the denominator of which shall be the number of hours in that billing month.

5.4 A. The monthly bill shall be due and payable when received by Customer. If Customer fails to pay Company within 15 days from such date, Customer shall pay a late payment charge pursuant to Company's General Terms and Conditions.

B. All claims as to error in the preparation and computation of monthly bills, must, in each instance, be submitted by the claiming Party to the other Party in writing within 2 years from the date when such bill was rendered, otherwise each such claim shall for all purposes be considered and held to be waived. Any claim made pursuant to this Section 5.4, if not resolved by informal negotiations between the Parties, shall be submitted for resolution in accordance with Section 15.1 of this Agreement.

5.5 Any New Tax shall be added as a separate charge(s) and charged to Customer's bill for the Energy in the same form and at the same rate in which it is imposed on Company if the Energy to Customer is not exempted from the New Tax.

5.6 [Intentionally omitted]

5.7 A. After the Effective Date, (i) Customer agrees that the PTS rate schedule and the resulting rate as filed with and approved by the KCC shall be applied to the rates included in Section 5.1 of this Agreement as such rate schedule is modified from time to time; or (ii) if any federal, state, county or local governmental authority imposes, increases, decreases, or removes any applicable exemption on any sales, use, energy, value added, severance, production or similar tax or fee upon the fuels used by Company to generate electricity; or (iii) if any federal, state, county or local governmental authority imposes, increases, decreases or removes any applicable exemption on any tax, fee or charge upon Company for emissions or discharges associated with the electricity generated, sold or purchased by Company, then Company hereby reserves the right to make an application to the KCC to recover such increase in taxes or fees from, or pass such decrease in taxes or fees through to, Customer as a billing surcharge or credit, as the case may be, provided such increase or decrease applies against or is in favor of other customers of Company. The modification to costs described immediately above in consequence of increases or decreases in taxes or fees shall be allocated to Customer based on the ratio of sales to Customer in the prior 12 months divided by sales to all of Company's customers in the prior 12 months or pursuant to such alternative allocation methodology as may be ordered by the KCC. Customer reserves the right to oppose any such application by Company to the KCC hereunder.

B. If any federal, state, county or local governmental authority enacts any rule, order, law, regulation or assessment which results in an increase or decrease in the sales or use tax on the fuel purchased by Company for use in its generating facilities in the production of electricity, the rates set forth in this Agreement will be automatically adjusted to reflect the actual cost of such sales or use tax; provided, however, such increase or decrease applies against all of Company's other retail customers.

C. If any federal, state, county, or local governmental authority adjusts a fee or imposes a new fee and (i) such fee is applicable to Company and (ii) such fee is not reflected in Company's retail rates, then Company may file with the KCC to reflect such fee. Customer's rates as described in Section 5.1 of this Agreement and Customer's rate shall be modified to reflect any such applicable fee by adjusting the amount to incorporate the rate approved by the KCC or the rate, surcharge or adjustment amount approved by the KCC.

D. If either through existing or future legislation, the Kansas legislature authorizes or otherwise permits Company to seek recovery of costs not covered in existing rates, or modify existing rates to effect an unbundling of costs and Company files an application with the KCC to seek recovery of such costs or effect an unbundling of costs with respect to all of Company's retail customers, then Customer's rates as described in Section 5.1 of this Agreement shall be modified accordingly as authorized by the KCC.

E. If the KCC authorizes or otherwise permits Company to modify existing rates to effect a further unbundling of costs and Company files an application with the KCC to seek recovery of such costs with respect to all of Company's retail customers, then Customer's rates as described in Section 5.1 of this Agreement shall be modified accordingly as authorized by the KCC.

F. Company may petition the KCC to reflect cost changes in rates. Company may in that petition seek recovery of a pro rata share of said costs changes through the rates described in Section 5.1 by applying the same overall percentage increase or decrease that is allocated to the ILP class of customers. The rates in Section 5.1 shall be modified accordingly as authorized by the KCC order. In the event Company does petition the KCC to reflect cost changes in rates, then Customer shall be notified at least 60 days in advance of proposed changes. It is recognized that the rates in Section 5.1 provide a moderate discount to the rates that would be incurred by Customer if Customer were to receive all of its power requirements from a combination of Company's ILP, EEDR and ISR Rate Tariffs. This discount reflects the additional benefits Customer is providing Company as outlined below:

1. Cogeneration unit located in control area;
2. Enhanced interruptibility;
3. Increased availability of interruption hours; and
4. Ability to operate interruptible terms outside of standard interruptible tariffs and riders.

G. Customer agrees to pay in full all applicable taxes, fees and charges that are in effect as of the Effective Date of this Agreement and authorized by the KCC to be charged to Company's retail customers.

5.8 If Company receives notice from any federal, state or local governmental authority that a change(s) to any tax, fee, cost or charge upon Company is being proposed, and if the same may be passed through as a charge(s) to Customer under applicable law, then Company shall notify Customer of such proposed change(s) within a reasonable time of Company's receiving notice from that governmental authority. Company's failure to notify Customer hereunder shall not relieve Customer of any charges due and payable pursuant to the terms of this Article 5.

5.9 Notwithstanding Customer's compliance with Section 5.2, thereafter Customer is not prohibited by this Agreement from protesting and opposing any application to the KCC by Company seeking an increase in taxes, fees, costs or charges of the types contemplated by foregoing provisions of Article 5, or from instituting a proceeding before the KCC seeking a decrease in any taxes, fees, costs or charges of the types described in the foregoing provisions of Article 5 that are imposed on Customer, including the petitioning of the KCC to modify the current scheme of Winter and Summer months.

ARTICLE 6- LOAD BUY-DOWN (LBD) TRANSACTIONS

6.1 Offer and Acceptance Company may from time to time during the Term of this Agreement make firm written offers to Customer for the reduction of Customer's load by Customer's operation of the Cogeneration Plant or by the curtailment of Customer's usage (as further described in this Article 6, an "LBD Transaction"). Each such offer (an "LBD Offer") shall be substantially in the form of Exhibit A, and shall include (i) a sequential transaction number, (ii) the effective date and scheduled local time commencement of the LBD Transaction, (iii) the scheduled duration of the LBD Transaction, (iv) the price Company offers to pay for the reduction in load per MWH (net of taxes), and (v) an acceptance deadline, after which the LBD Offer automatically shall be deemed cancelled if not accepted prior to such deadline. All desired terms of each proposed LBD Transaction not otherwise established in this Article 6 must be stated in writing in the corresponding LBD Offer. Customer may accept or reject each LBD Offer in its sole discretion. If Customer fails for any reason to respond to an LBD Offer by the indicated acceptance deadline, then the LBD Offer shall be deemed rejected. If Customer responds to an LBD Offer varying any of the proposed terms or conditions, it shall be deemed a counteroffer (outstanding until the acceptance deadline stated by Company) which Company may accept or reject at its sole discretion. If Company fails for any reason to respond to Customer's counteroffer, then Customer's counteroffer shall be deemed rejected. An LBD Offer that is accepted thereafter will be referred to as an "LBD Order."

6.2 Quantity Upon acceptance of an LBD Offer, Customer will use commercially reasonable efforts to reduce its load by either generating Energy from the Cogeneration Plant or by curtailing its usage at the level requested by Company, provided, however, that Customer shall not be obligated to operate the Cogeneration Plant at any time during an event of Force Majeure or above its nominal, safe operating range that may be achieved with commercially reasonable efforts under the weather and other conditions then existing. In addition, Customer shall not be obligated to operate its Cogeneration Plant at levels that would result in net deliveries of Energy to the electric grid from Customer's Cogeneration

Plant. Company agrees to pay for all of the reduction in load delivered from the operation of the Cogeneration Plant or curtailment of usage while Customer is attempting to perform an LBD Transaction.

6.3 Price A. Company will pay Customer for the duration of a LBD Transaction in accordance with the price agreed to by the Parties in the LBD Order and the payment terms set forth in Section 6.5 below.

B. For billing purposes hereunder, the quantity for an LBD Transaction shall be calculated on the basis of metered output of Customer's Cogeneration Plant, measured by Company's metering facilities at the Cogeneration Plant and/or on the basis of the measured reduction in Customer's load resulting from a curtailment in usage, as applicable.

6.4 Scheduling Any LBD Transaction hereunder shall have a minimum total scheduled duration of one (1) hour. Company shall specify in its LBD Offer the total scheduled duration of each particular LBD Transaction in increments of one (1) hour. The Schedule established by each LBD Order associated with each particular LBD Transaction shall specify a date and time certain for expiration thereof. An LBD Transaction scheduled hereunder shall commence on the date(s) and at the time(s) specified in the associated LBD Order, and as of such date(s) and time(s), Customer shall have implemented and (subject to Section 6.2) shall thereafter maintain throughout the specified duration(s) the Load Level(s) corresponding to the Energy purchase quantity or quantities established by that LBD Order. An LBD Transaction shall be deemed completed upon: (i) expiration of the total duration specified in the associated LBD Order, (ii) mutual agreement of both Parties, or (iii) if while the LBD Transaction is in effect, Company declares a System Condition under Article 4 hereof, Customer declares a Force Majeure event with respect to operation of Customer's Plant or its Cogeneration Plant, or Company for any reason is unable to supply the Energy requirements of Customer's Plant, then the LBD Transaction shall be deemed completed as of the date and time of such event without liability by either Party to the other for such termination except Company shall remain liable for payment for Energy delivered prior to such termination.

6.5 Payment An LBD billing information and data statement will be provided to Customer by Company within 5 Business Days after the end of each calendar month during which LBD Transactions were affected per this Agreement. Company shall credit the amount of each such statement to the next invoice coming due from Customer to Company under this Agreement. If Company fails to do so, the past due amount shall bear interest at the Interest Rate from the date due until paid.

6.6 Notices The individuals designated in Section 14.1 of this Agreement to receive LBD Notices shall be that Party's representative with regard to the delivery of an LBD Offer and any counteroffer or acceptance of an LBD Offer, as well as the performance of an LBD Transaction as contemplated under this Agreement.

ARTICLE 7-PAYMENT NETTING/SET-OFF

7.1 If the Parties are each required to pay an amount in the same month, then such amounts with respect to each Party shall be aggregated and the Parties shall discharge their obligations to pay through netting, in which case the Party, if any, owing the greater aggregate amount shall pay to the other Party the difference between the amounts owed. Each Party reserves to itself all rights, setoffs, counterclaims and other remedies and defenses consistent with Section 17 (to the extent not expressly herein waived or denied) which such Party has or may be entitled to arising from or out of this Agreement. All outstanding Transactions and the obligations to make payment in connection therewith or under this Agreement or any other agreement between the Parties may be offset against each other, set off or recouped therefrom. On or before the second Business Day before payment is due pursuant to this Agreement, the Parties shall discuss the amounts incurred hereunder and make a good faith effort to determine the amounts owed by each to the other hereunder and the net amount to be paid on the due date.

ARTICLE 8 - METERING

8.1 Metering facilities for Delivery Points as described in Section 3.1 of this Agreement shall be owned and installed by Company in space provided on the Plant Easements.

8.2 The amounts of Energy supplied and received hereunder shall be determined from measurements taken by the metering facilities provided by Company.

8.3 At Company's option, Energy may be metered at other than the delivery voltage, in which event; Company shall adjust such metered measurements to compensate for losses between the point of measurement and the point of interconnection.

ARTICLE 9 - INDEMNIFICATION

9.1 Each Party hereto shall defend, indemnify, and save harmless the other Party against liability, loss, costs and expense on account of any injury to persons (except employees of the Parties), including death, or damage to property occasioned on or adjacent to facilities of the indemnifying Party on its own respective side of the Delivery Points; provided, however, that no such indemnity obligation shall arise hereunder with respect to any injury or damage to the extent caused by the intentional and/or negligent act or omission of the other Party.

9.2 With respect to its own employees, each Party shall be deemed an "Employer" for purposes of this Agreement. Notwithstanding any provision to the contrary contained herein, an Employer shall have no obligation to defend, indemnify or save harmless the other Party against any liability, loss, costs or expenses resulting from injury to, or death of, the Employer's employees occurring while acting within the scope of their employment.

ARTICLE 10 - COMMISSION APPROVAL

10.1 This Agreement and all of the terms and conditions provided herein are contingent upon approval by the KCC and will become effective on the first day of the month following the

month in which this Agreement is approved by the KCC (such date is referred to as the "Effective Date"). If the KCC does not approve this Agreement, as written, it shall be deemed null and void unless otherwise agreed upon by both Parties.

10.2 Delivery of Energy under this Agreement is subject to the General Terms and Conditions of Company's Tariff at present on file with the KCC and any subsequent modifications or substitutions thereof lawfully made.

ARTICLE 11 - TERM AND TERMINATION

11.1 The primary term ("Term") of this Agreement shall be from the Effective Date through the date occurring five (5) calendar years after the Effective Date, and this Agreement shall thereafter expire as to Term, unless terminated earlier pursuant to the terms of this Agreement.

11.2 [Intentionally omitted]

11.3 Customer may elect to terminate this Agreement at any time upon two months prior written notice coupled with an election to purchase Energy from Company after such termination pursuant to the terms of an applicable published tariff of Company. If Customer terminates this Agreement in accordance with this Section 11.3, then Customer shall pay Company an amount equal to the accumulated difference between what Customer's rates would have been under the ILP Tariff together with the EEDR/ISR riders as compared to what the rates actually were under the Agreement for the 24-month period immediately prior to any early termination of the Agreement (not including any early termination in order to exercise Customer's option to switch to standard tariff service).

11.4 If, during the Term of this Agreement, the Cogeneration Plant becomes inoperable, including a failure to start, Customer shall use commercially reasonable efforts necessary to effect the completion of the repairs of the Cogeneration Plant within 60 days of the Cogeneration Plant becoming inoperable. If the repairs are not completed within 90 days, subject to extension for events of Force Majeure or upon agreement of the Company as needed for Customer to complete major repairs to the Cogeneration Plant, Company may adjust the price of energy supplied to Customer as shown in Article 5 of this Agreement to eliminate the incentive credit provided for Interruptible Block #2 by multiplying amount of capacity in Interruptible Block #2 times the incentive credit contained in the ISR, currently $3 per KW, times 12 months divided by energy provided with the capacity of Interruptible Block #2 at a 90 percent load factor. Such adjustment will be applied to the Energy rates in Section 5.1 applicable to the First Block Energy and as necessary to the Second Block Energy until the full incentive credit associated with Interruptible Block #2 has been eliminated.

11.5 Customer agrees continuation of this ESA is contingent on a requirement to retain 90 percent of the existing [redacted] full time equivalent jobs at Customer's Wichita facilities as reported annually to the Department of Labor (EEO Form 1). Customer agrees to submit written proof annually of existing jobs and/or when requested by Westar. Company

reserves the right to adjust contract terms a percent equal to the reduction in the Energy used at the Customer's Wichita facilities as compared to the reduction in jobs below the required employment. Company acknowledges that a change in the number of jobs retained at Customer's Wichita facilities may be necessary as a result of restructuring by the Customer for legitimate business reasons and agrees that this retention number may be adjusted upon agreement between Company and Customer.

11.6 Customer agrees to invest $5,000,000/year on a three-year rolling average in capital expenditures at Customer's Plant (e.g., replacement of plant equipment, plant upgrades, or plant production improvements) through the Term.

ARTICLE 12 - CONFIDENTIALITY

12.1 Customer and Company consider the terms and conditions of this Agreement confidential subject to any legally required review by a jurisdictional regulatory agency or disclosure required by any law (including SEC rules) applicable to either Party. In the event that either of the Parties is requested or becomes legally compelled (by oral questions, interrogatories, requests for information or documents, subpoena, civil investigative demand or any similar process) to disclose any information relating to this Agreement, the compelled Party will provide the other Party with prompt written notice so that the noncompelled Party may seek a protective order or other appropriate remedy and/or waive compliance with the provisions of this Section 12.1. In the event that such protective order or other remedy is not obtained or that the noncompelled Party waives compliance with the provisions of this Section 12.1, the compelled Party will furnish only that portion of the requested information which is legally required. Notwithstanding the foregoing, confidential terms and conditions shall not include any information or data that (a) is or becomes publicly known through no act or omission of the receiving Party in violation of this Agreement; (b) was known by the receiving Party without confidential or proprietary restriction before receipt from the disclosing Party, as evidenced by the receiving Party's contemporaneous written records; (c) becomes known to the receiving Party without confidential or proprietary restriction from a source other than the disclosing Party that is not known by the receiving Party to owe a duty of confidentiality to the disclosing Party with respect to such information and data; or (d) is independently developed by the receiving Party without reference to such information and data. In addition, the receiving Party may use or disclose such information and data to the extent (i) approved in writing in advance by the disclosing Party or (ii) the receiving Party is legally compelled to disclose such information and data, provided, however, that prior to any such compelled disclosure, the receiving Party shall, to the extent practicable, give the disclosing Party prompt advance notice of any such disclosure and shall cooperate with the disclosing Party, at the disclosing Party's cost, in protecting against any such disclosure and/or obtaining a protective order narrowing the scope of such disclosure and/or use of such information and data. If the disclosing Party is unable to obtain or does not seek such a protective order or the disclosing Party waives compliance with the provisions hereof and the receiving Party is, in the opinion of its counsel, legally obligated to disclose the such information and data,

disclosure of such information may be made without liability and is considered in accordance with this Agreement.

ARTICLE 13- EVENTS OF DEFAULT

13.1 Events of Default. An "Event of Default" shall mean, with respect to a Party (a "Defaulting Party"), the occurrence of any of the following:

A. the failure to make, when due, any payment required pursuant to this Agreement if such failure is not cured within three (3) Business Days after written notice;

B. any representation or warranty made by such Party herein is false or misleading in any material respect when made or when deemed made or repeated;

C. the failure to perform any material covenant or obligation set forth in this Agreement if such failure is not cured within ten (10) days after written notice;

D. such Party is Bankrupt;

E. such Party is affected by the occurrence of a Material Adverse Change; provided, however, that such Material Adverse Change shall not be considered an Event of Default if, pursuant to the pertinent provisions of Section 13.4 hereof, such affected Party establishes and maintains for so long as the Material Adverse Change is continuing, Performance Assurance to the benefit of the other Party which is in form and amount acceptable to the other Party; or,

F. such Party fails to establish, maintain, extend or increase Performance Assurance when required pursuant to Section 13.4 of this Agreement.

13.2 Remedies. Upon the occurrence of an Event of Default (including the expiration of applicable cure periods), the non-defaulting Party (the "Non-Defaulting Party") may terminate this Agreement upon three (3) days prior written notice. Except with respect to Customer's obligations in Article 9, the Parties expressly agree that Customer's aggregate liability for direct actual damages arising from one or more Events of Default by Customer shall not exceed the amount of liquidated damages that would be payable by Customer pursuant to Section 11.3.

13.3 Bankruptcy. Upon the filing of a petition by or against the Defaulting Party under the Code, the Defaulting Party, as debtor and as debtor-in-possession, agrees to adequately protect the Non-Defaulting Party as follows:

A. to cure or to provide adequate assurance to cure each and every obligation of the Defaulting Party under this Agreement until such time as this Agreement is either rejected or assumed by order of the Bankruptcy Court;

B. to pay all monetary obligations required under this Agreement, including, without limitation, the payment of all sums required to be paid by the Defaulting Party under the terms and conditions of this Agreement as reasonable compensation for the Energy provided under this Agreement;

C. to provide the Non-Defaulting Party a minimum 30 days' prior written notice, unless a shorter period is permitted by the Code of any proceedings relating to any assumption of this Agreement or any intent to vacate or abandon this Agreement, which vacating or abandonment shall be deemed a rejection of this Agreement; and

D. to perform to the benefit of the Non-Defaulting Party as otherwise required under the Code.

13.4 Performance Assurance. Upon the occurrence of a Material Adverse Change that may adversely affect performance of a Party, the affected Party will promptly provide the unaffected Party with written notice of a Potential Event of Default, identifying with reasonable specificity in such notice the nature and extent of the Material Adverse Change. Within a reasonable time after receiving such notice of Potential Event of Default, the unaffected Party may give written notice requesting Performance Assurance in an amount determined in a commercially reasonable manner. Upon receipt of such notice requesting Performance Assurance, the Party affected by the Material Adverse Change shall have 3 Business Days to cure the Potential Event of Default by providing such Performance Assurance. In the event the affected Party fails to provide such Performance Assurance acceptable to the unaffected Party within 3 Business Days of receipt of notice, then an Event of Default under this Article 13 shall be deemed to have occurred, and the Non-Defaulting Party will be entitled to the remedies set forth in this Agreement.

ARTICLE 14 - NOTIFICATION

14.1 All notices required or contemplated under this Agreement shall be first attempted via telephone and/or email to the appropriate personnel as contained herein. All notices via telephone and/or email communication(s) shall be followed, within a 24 hour period, with written communication(s) taking the form of personal delivery, registered mail or courier delivery service. LBD Offers and related actions may be transmitted by email or personal delivery. All communication(s) shall be deemed to have been given when received by the other Party, in all instances all charges prepaid, addressed as follows:

If to Customer:

LBD Notices:

Occidental Chemical Corporation
c/o Occidental Power Services, Inc.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521
Attn: Real Time Desk

Other Notices:

Occidental Chemical Corporation
c/o Occidental Energy Ventures Corp.
5 Greenway Plaza, Suite 110
Houston, TX 77046-0521
Attn: Brenda Harris

Phone: 713-215-7770
Email: opsi_realtime_group@oxy.com

Phone: 713-215-7656
Email: brenda_harris@oxy.com

With a required copy to:

Occidental Chemical Corporation
5005 LBJ Freeway
Dallas, TX 75244
Attn: Assistant General Counsel
Phone: 972-404-3262
Email: Daniel_Almaguer@oxy.com

If to Kansas Gas and Electric Company:

Energy Schedule Notices:
Westar Energy, Inc.
818 S. Kansas Ave.
Topeka, KS 66612
Attention: Jimmy Washington
Phone: (316)299-7459
Email: Jimmy.Washington@
westarenergy.com

Other Notices:
Westar Energy, Inc.
818 S. Kansas Ave
Topeka, KS 66612
Attn: Jimmy Washington
Phone: (316)299-7459
Email: Jimmy.Washington@
westarenergy.com

Notice by hand delivery shall be effective at the close of business on the day actually received, if received during business hours on a Business Day, and otherwise shall be effective at the close of business on the next Business Day. Notice by overnight United States mail or courier shall be effective on the next Business Day after it was sent. A Party may change its addresses by providing notice of same in accordance herewith.

ARTICLE 15 - DISPUTE RESOLUTION

15.1 In the event of a dispute which arises out of or relates to this Agreement, or the breach thereof, the Parties agree first to notify the other in writing of the nature of the dispute and of the remedy sought, and to try in good faith to settle the dispute by informal negotiations between representatives of Customer and Company who have authority to settle the dispute before resorting to litigation; provided, however, that notwithstanding the foregoing obligation to participate in good faith informal dispute resolution negotiations, either Party may seek appropriate injunctive relief upon proper showing.

ARTICLE 16 - MISCELLANEOUS PROVISIONS

16.1 Neither Party shall assign this Agreement or its rights hereunder without the prior written consent of the other Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this

Agreement to an Affiliate of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets of Customer's Plant or to all or substantially all of the electric business assets of Company; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof. In the event of any such assignment, if the non-assigning Party reasonably determines that the assignee does not meet the non-assigning Party's credit worthiness criteria for similarly sized companies as the assignee, the non-assigning Party may require the assignee to provide a suitable guaranty, Performance Assurance, or other credit or performance support in order to meet the credit and performance requirements of the non-assigning Party.

16.2 A. Upon the Effective Date, unless otherwise noted in subparagraphs (B) and (C) below, the Parties agree as follows;

(i) the "Previous Agreement" shall cease and terminate; and
(ii) each Party has fulfilled all of their respective obligations under the Previous Agreement, including but not limited to, the payment by Customer to Company of any and all money for Energy delivered by Company to Customer under the Previous Agreement; and
(iii) this Agreement shall be the only agreement between Customer and Company relative to the Energy provided on and after the Effective Date.

B. In the event that any damage to the property of Customer or Company or that any injury or death to any employee, agent or contractor of either Company or Customer occurs during the period from the date of the execution of this Agreement (hereinafter referred to as the "Execution Date") to the Effective Date, the respective liabilities and obligations of the Parties with regard to such damage, injury or death, shall be controlled by the terms and provisions of the Previous Agreement.

C. Customer shall remain liable to pay to Company any outstanding bill for any Energy provided by Company to Customer under such Previous Agreement for Energy provided during the period from the Execution Date to the Effective Date pursuant to the terms and provisions of the Previous Agreement.

16.3 Any and all suits for any breach of this Agreement or for rescission or specific performance of this Agreement shall be filed and maintained in any court of competent jurisdiction in Topeka, Kansas. The interpretation and performance of this Agreement shall be in accordance with the laws of the State of Kansas, without reference to principles of conflicts of laws. Each Party waives its respective rights to any jury trial with respect to any litigation arising under or in connection with this Agreement.

16.4 No waiver by either Company or Customer of any default of the other under this Agreement shall operate as a waiver of future default, whether of like or different character or nature.

16.5 Any provision declared or rendered unlawful by any applicable court of law or regulatory agency or deemed unlawful because of a statutory change (individually or collectively,

such events referred to as "Regulatory Event") will not otherwise affect the remaining lawful obligations that arise under this Agreement; and provided, further, that if a Regulatory Event occurs, the Parties shall use commercially reasonable efforts to reform this Agreement in order to give effect to the original intention of the Parties.

16.6 This Agreement shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof. The Parties agree that this Agreement shall not be interpreted or construed to favor either Party more than the other.

16.7 Each Party (and its representative(s)) has the right, at its sole expense and during normal working hours, to examine the records of the other Party to the extent reasonably necessary to verify the accuracy of any statement, charge or computation made pursuant to this Agreement. If requested, a Party shall provide to the other Party statements evidencing the quantities of the Energy delivered at the Delivery Points. If any such examination reveals any inaccuracy in any statement, the necessary adjustments in such statement and the payments thereof will be promptly made and shall bear interest calculated at the Interest Rate from the date the overpayment or underpayment was made until paid. No adjustment for any statement or payment will be made unless objection to the accuracy thereof was made prior to the lapse of 2 years from the rendition thereof. This provision will survive any termination or expiration of this Agreement for a period of 2 years from the date of such termination or expiration for the purpose of such statement and payment objections.

16.8 This Agreement and the Exhibits attached hereto constitute the final, complete and entire agreement between the Parties relating to the subject matter contemplated by this Agreement and supersedes any previous agreements, representations, or discussions, whether oral or written, between the Parties relating to the subject matter contemplated by this Agreement.

16.9. Notwithstanding any provisions herein to the contrary, the obligations set forth in Articles 9, 12, 13 and 16 shall survive the expiration or termination of this Agreement for a period of twenty-four (24) months there from.

16.10 Company agrees that while inside Customer's Plant, Company's employees, contractors and subcontractors shall abide by Customer's policies and procedures, including insurance, indemnity, health, safety and environment, energy isolation and other safe work practices, shall be required to pass Customer's safety orientation training test and shall wear personal protective equipment. Personal protective equipment will include hardhat, safety glasses, sturdy leather footwear and Company's standard fire retardant clothing requirements. Customer shall not impose any limitations on Company, its contractors or a subcontractor regarding an individual's facial or head hair length.

ARTICLE 17 - LIMITATIONS OF REMEDIES, LIABILITY AND DAMAGES

17.1 EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, A PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT. IT IS THE INTENT OF THE PARTIES THAT, EXCEPT AS TO ACTS OF GROSS NEGLIGENCE OR WILFULL, WANTON OR INTENTIONAL MISCONDUCT, THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed on the date above set forth.

OCCIDENTAL CHEMICAL CORPORATION	KANSAS GAS AND ELECTRIC COMPANY
By: Robin Burns	By: Jeff Beasley
Name: Robin Burns	Name: JEFF BEASLEY
Its: VP Supply Chain	Its: VP CUSTOMER CARE

Exhibit "A"
EMAIL TRANSMISSION IMMEDIATE ATTENTION REQUESTED

TO: OCCIDENTAL CHEMICAL CORPORATION

FROM: **DATE:**

Kansas Gas and Electric Company
C/O Westar Energy, Inc.
Topeka, Kansas

RE: **LBD Offer**

In accordance with the Load Buy Down provisions of the Energy Supply Agreement, dated (_____), between Occidental Chemical Corporation (Customer), and Kansas Gas and Electric Company (Company), Company offers to pay for reduction in load from Customer as outlined below.

Date	Start Time	End Time	Capacity Load Level (MWs)	$/MWh	Acceptance Deadline (date & time)

Your signature below represents Customer's acceptance of this LBD Offer and of the applicable provisions set forth in this LBD Offer and the Energy Supply Agreement. If accepted, please sign and return this LBD Offer, via email, to Jimmy.Washington@westarenergy.com.

_____
Signature

_____
Printed Name

_____
Title

_____
Date

CONFIDENTIALITY NOTICE

The information contained in this email message and the documents accompanying this email message are privileged and confidential information intended only for the use of the individual or entity named above. If the reader of this message is not the intended recipient, or the employee or agent responsible to deliver it to the intended recipient, you are hereby notified that any dissemination, distribution or copying of this communication is strictly prohibited. If you have received this communication in error, please immediately notify us by telephone, and return the original message to us at the above address via the U.S. Postal Service.

BEFORE THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS

DIRECT TESTIMONY

OF

CHAD LUCE

ON BEHALF OF

KANSAS GAS AND ELECTRIC COMPANY

DOCKET NO. 18-KG&E-___-CON

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Chad Luce, 818 S. Kansas Avenue, Topeka, Kansas.

Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?

A. Westar Energy, Inc. (Westar). I am Vice-President, Customer Relations.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND BUSINESS EXPERIENCE.

A. I am a School of Journalism graduate from the University of Kansas. Since joining Westar in 2003, I have been assigned (or managed others) to be the main point of contact with our largest customers. I currently serve as Vice President of Customer Relations.

Q. WHAT IS THE PURPOSE OF THIS TESTIMONY?

A. We are proposing to enter into a new special contract with Occidental Chemical Corporation (Oxy) for an additional five-year term. The contract replaces a five-year agreement between KGE and Oxy that the Commission approved in 2013 and that was amended effective July 1, 2017 in Docket No. 17-KG&E-352-CON. The current contract with Oxy expires May 31, 2018.

Q. HOW DOES THE PROPOSED AGREEMENT DIFFER FROM THE EXISTING AGREEMENT BETWEEN KGE AND OXY?

A. There are no substantial differences proposed to the existing agreement; updated dates and contact information only. We are requesting a five-year renewal of the existing agreement.

Q. WHAT IS THE COMMISSION'S POLICY CONCERNING SPECIAL CONTRACTS BETWEEN UTILITIES AND THEIR CUSTOMERS?

A. In 2000 and 2001, the Commission investigated issues related to special contracts in Docket No. 01-GIME-813-GIE (813 Docket). In its Order issued in that docket on October 3, 2001, the Commission found substantial support "to demonstrate that these contracts may benefit both ratepayers and shareholders, and that they should not be prohibited." Docket No. 813-GIE Order, at 2.

Specifically, the Commission stated that "[i]n order to be approved, the utility must show that the special contract provides a cost benefit to the remaining core customers." 813 Order, at ¶ 6.

The Commission then provided a list of non-exclusive factors that may be considered when evaluating the cost impact on core customers. Those factors are:

a. The load characteristics of the customer,

b. The presence of an ECA or other risk management tool(s),

c. The nature of the discount,

d. Benefits such as curtailment provisions or use of system non-peak times,

e. The length of the contract,

f. Information regarding the terms of the contract, and

g. The existing capacity of the utility.

Q. WHAT ARE THE LOAD CHARACTERISTICS OF THE CUSTOMER?

A. Oxy is a customer with an extremely high load factor. Over the past twelve months, its monthly average demand exceeds 95 MW, with an 88% load factor.

Q. DOES THE EXISTING ESA CONTAIN RISK MANAGEMENT TOOLS?

A. Yes. As the Commission stated in its 813 Order, the presence of an ECA and other risk management tools in the contract is relevant to the question of whether the contract provides benefits to other customers. The requested contract renewal does not change the provisions of the existing ESA that allow Westar to update the rates

charged to Oxy when rates for other customers are changed in order to reflect a pro rata share of the change in rates applicable to other customers. Additionally, all Riders and Surcharges applicable to other customers will remain applicable to Oxy. As the Riders and Surcharges are adjusted, the rate to Oxy is adjusted on a pro rata basis as well. Finally, the existing ESA provides that the contract pricing will be adjusted if Oxy's cogeneration unit is not available to displace load or meet Westar's call for generation or a reduction in load.

Q. WHAT IS THE NATURE OF THE SPECIAL CONTRACT DISCOUNT?

A. Instead of a fixed, year-round, monthly demand and energy charge, Oxy's rates are completely based on energy usage. The rate is structured with four usage blocks, with declining prices per block, in the Winter months, and three usage blocks, with declining prices per block, in the Summer months. The Summer blocks are priced higher to reflect Westar's increased cost of providing generation.

Q. WILL THE PROPOSED CONTRACT PROVIDE A BENEFIT TO THE REMAINING CORE CUSTOMERS OF WESTAR?

A. Yes. The contract renewal will not change the benefits the existing ESA provides to Westar, its core customers, and Oxy. Such benefits include: a) an incentive for Oxy to coordinate maintenance outage schedules for its cogeneration plant and the chemical plant

to avoid Westar's summer peak; b) a summer/winter pricing differential to reflect Westar's higher cost of incremental fuel and generation during the summer months; c) contract clauses that ensure that Oxy will be subject to all Riders and Surcharges, if applicable; d) a requirement for Oxy to pay its pro rata share of any general rate increase authorized by the Commission; e) Westar's ability to utilize Oxy's cogeneration facility during periods of "System Condition" or a load buy down; and f) an increase in the amount of interruptible load provided to Westar by Oxy.

Additionally, the special contract requires Oxy to maintain a certain number of employees at its Wichita facilities and to continue to invest in capital improvements at the Wichita facility to help maintain the long-term viability of those facilities remain in place.

Q. WHY IS THE SPECIAL CONTRACT NECESSARY?

A. The contract is necessary because it provides the incentives needed to keep Oxy as a large, viable customer on our electric system and as a viable business in Kansas. The proposed contract will continue to help address the electric cost disadvantages that Oxy has indicated its Wichita facilities are experiencing as compared to other Oxy plant locations.

Q. THANK YOU.

BEFORE THE STATE CORPORATION COMMISSION

OF THE STATE OF KANSAS

DIRECT TESTIMONY

OF

JOHN WOLFRAM

ON BEHALF OF

WESTAR ENERGY, INC.

DOCKET NO. 18-KG&E-___-CON

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is John Wolfram. I am the founder and Principal of Catalyst Consulting LLC, a rate and regulatory consulting firm. My business address is 3308 Haddon Road, Louisville, Kentucky, 40241.

Q. ON WHOSE BEHALF ARE YOU SUBMITTING THIS TESTIMONY?

A. I am testifying on behalf of Westar Energy, Inc. ("Westar").

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I received a Bachelor of Science degree in Electrical Engineering from the University of Notre Dame in 1990 and a Master of Science degree in Electrical Engineering from Drexel University in Philadelphia, PA, in 1997. I

have also completed numerous professional education courses throughout my career, including the Leadership Louisville program in 2006.

Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE.

A. I began my career in 1990 with PJM Interconnection, L.L.C. (“PJM”), where I implemented energy management systems (“EMS”) for the reliable operation of the multi-state transmission grid. I left PJM and worked with Cincinnati Gas & Electric Company in 1993 on an EMS project before returning to PJM in 1994 during the deregulation of the electric wholesale market. I implemented new practices and tools for PJM in conjunction with FERC Order Nos. 888 and 889.

In 1997, I joined Louisville Gas & Electric Company ("LG&E"), first in the Energy Trading group and then in the Generation Planning department, where I produced least-cost planning assessments and written testimony for state approval for new power plants. As Manager of Regulatory Affairs for LG&E and Kentucky Utilities Company ("KU"), I directed strategic regulatory initiatives with FERC and with regulators in Kentucky and Virginia, including rate cases, certificates of public convenience and necessity and transmission siting proceedings, compliance & management audits, Regional Transmission Organization (“RTO”) membership, and hydroelectric power plant relicensing. I then served as Director of Customer Service & Marketing for LG&E and KU, where I was responsible for all facets of customer interaction, including marketing, major accounts, walk-in

offices, call centers, customer inquiries, franchise agreements, economic development, and energy efficiency programs.

In 2010, I joined The Prime Group, LLC, a rate and regulatory consulting firm, as a Senior Consultant.

In 2012, I founded Catalyst Consulting LLC, a rate and regulatory consulting firm specializing in utility rate cases, tariffs and complex regulatory matters. In this role, I provide consulting services to investor-owned utilities, municipal utilities, and electric cooperatives on matters related to rate design, cost of service studies, revenue requirements, open access transmission tariffs, formula rates, special rate structures, and other regulatory matters.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE COMMISSION?

A. Yes. I provided direct and rebuttal testimony on behalf of Westar in Docket No. 15-WSEE-115-RTS ("115 Docket").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to sponsor the Evaluation, Measurement, and Verification ("EM&V") analysis of Westar's Energy Efficiency Demand Response Rider ("EEDR"), provided as Exhibit JW-1 to my testimony.

Q. PLEASE DESCRIBE THE EM&V ANALYSIS.

A. The EM&V analysis is an assessment of the cost-benefit ratio of the EEDR program. To assess the program, Westar applied the four tests specified in the California Standard Practice Manual for assessing the cost effectiveness of Demand Response programs. These tests, commonly

referred to as the "California Tests," include the Participant Test, the Ratepayer Impact Measure ("RIM") Test, the Total Resource Cost ("TRC") Test, and the Program Administrators Cost ("PAC") Test. The California Tests are relied upon by state regulators across the country as generally-accepted measures of the cost-effectiveness of energy efficiency and demand response programs.

Q. PLEASE DESCRIBE THE BENEFIT-COST RESULTS OF THE EM&V ANALYSIS.

A. The EM&V analysis shows that the EEDR has a benefit-cost ratio that exceeds 1.00 for each of the four tests. This means that the program is cost-effective under all four of the test approaches.

Q. ARE THERE OTHER CONSIDERATIONS IN ADDITION TO QUANTFICATION OF BENEFIT COST RESULTS?

A. Yes. These considerations are described in the EM&V analysis summary document provided in Exhibit JW-1.

Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE EM&V?

A. I recommend that the Commission (a) find that Westar's EEDR EM&V is reasonable and (b) accept Westar's proposed special contract as filed.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes, it does.

Westar Energy, Inc.
Evaluation, Measurement, and Verification Analysis
January 2018

Energy Efficiency Demand Response Rider (EEDR)

Program Description

The EEDR is designed for Westar largest users of energy that can shed load in a short period of time (10 minutes). Westar's other demand response rates require at least two hours' notice prior to interruption. In the case of an extreme system emergency, Westar may need to begin manual load shed in order to comply with the Southwest Power Pool's (SPP) requirements.

Westar has access to approximately 80 MW of interruptible load through this program. The cost recovery for the EEDR in 2017 was approximately $4 million. An updated benefit cost analysis of the interruptible load purchased through the program is calculated below.

Updated Benefit-Cost Analysis

Table 1 below shows the inputs used in the calculation of the benefit cost tests, while Table 2 displays the results of the analysis.

Table 1.
Calculation Inputs

#	Item	Amount
1	Retail rate ($ per kWh)	** [redacted] **
2	Discount rate (Participant Test) WACC (RIM, TRC & PAC)	12.0% 10.926%
3	Interruptible load	80 MW
4	Production Losses (per hour)	** [redacted] **
5	Demand response events per year	2
6	Duration of interruption	6
7	Avoided Capacity Cost	$58 per kW
8	Avoided Energy Cost	$0.0217 per kWh
9	Capacity incentive payments	$4.00 per kW
10	Event incentive payments	$0.075 per kWh
11	Attrition Rate	2.0%
12	Net-to-Gross Ratio	1.00

Table 2.
Benefit Cost Results

#	Cost-Effectiveness Test	Benefit/Cost Ratios	NPV ($M)
1	Participant	1.71	$6.79
2	Ratepayer Impact Measure (RIM)	1.17	$2.89
3	Total Resource Cost (TRC)	2.00	$9.89
4	Program Administrator Cost (PAC)	1.19	$3.17

Westar agrees with Staff that the SPP area currently has excess capacity, and that $58 per kW per year of avoided capacity may seem somewhat high when focused on the current snapshot of the market. However, there are several reasons that the analysis based on this avoided capacity cost is reasonable, particularly given that the EEDR is tied to Oxy's overall rate for the next five-year term of the proposed contract, requiring consideration at a macro level.

Fossil fuel plant shutdowns are accelerating across the US, including in SPP. Without viable battery storage solutions, additional wind resources will not significantly add to overall SPP peak capacity, especially during the time of year when an emergency system condition is most likely to occur. Coupled with retired fossil fuel generation units, energy prices during a future SPP-wide system condition may be excessively high. With demand for natural gas continuing to increase, it is not unreasonable to expect the current low prices to abate.

Furthermore, transmission constraints often occur during periods of extreme demand, and could hinder Westar's ability to rely upon any excess capacity located elsewhere in the SPP footprint during such an event. This increases the value of the potential Oxy curtailment within the Westar footprint for maintaining system reliability; thus, the EEDR helps Westar to manage both price and deliverability risks associated with reliance on excess capacity in the SPP market.

Other Considerations

As noted in Staff's initial approval of the program, the EEDR is designed to address Oxy's concerns for low cost electricity to keep its Wichita facility competitive, while providing Westar the additional ability to curtail Oxy's demand in responding to emergency system conditions. This is beneficial to Oxy, to Westar, and to Westar's other customers. While customer interruptions (including ISR, ICS, and GSS customers) have not occurred since 2012, historical frequency of interruption is not indicative of future system emergency conditions; the EEDR is still a valuable and necessary tool to meet the goals of its initial design -- to provide a competitive rate for Oxy and provide Westar a local option to respond to system conditions.

Going forward, in light of the underutilization of interruptible programs overall, Westar may consider the gradual phase-out of the Interruptible Service Rider program. This would likely occur over a multi-year period. If this initiative were undertaken, it would affect 31 customers. Westar believes that the ongoing viability of any of these customers is not dependent upon its current ISR discount, nor would any of these participants have a measurably adverse impact on core customers if they exited the service territory. That is not the case for Oxy.

In the process of updating Westar's Integrated Resource Plan (IRP), Westar has identified substantial cost savings from the retirement of several generation units. This analysis considers the potential future phase-out of the ISR, but cannot also sustain the loss of 80 MW from the EEDR.

With planned plant retirements, the likelihood of future interruptions will increase. Westar believes the enhanced 10-minute notification and the ability to curtail approximately 80 MW with a single phone call helps make the EEDR an essential tool in responding to an emergency system condition.

Also with respect to the updated IRP, the avoided capacity cost used in this analysis is consistent with the cost used in the IRP for the installation of a new natural gas-fired combustion turbine and used by Westar for corporate-wide planning purposes.

Finally, as Staff recently noted in Docket No. 17-KG&E-352-CON, the current rates charged to Oxy have been deemed necessary to ensure its viability in Wichita. These rates provide a sufficient contribution to fixed costs, and if Oxy relocated, all Westar customers would see a rate increase in order to make up for the lost revenue. The EEDR is an integral piece of the mutually beneficial contract between Oxy and Westar. Its elimination would prompt a substantial increase to Oxy's rates (potentially expediting their relocation) and compromise Westar's ability to react to a future emergency system condition.

Conclusion

The analysis herein shows that under each of the four cost-effectiveness tests, the Westar EEDR is cost-effective. The quantitative analysis is further supported by consideration of (a) the risks associated with market pricing and deliverability during system events and (b) the economic development impacts of the EEDR on the current rates to Oxy, which are reasonable and necessary to retain Occidental as a customer on Westar's system.