

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

In the Matter of the Joint Application of)
Sunflower Electric Power Corporation, Prairie Land)
Electric Cooperative, Inc., The Victory Electric)
Cooperative Association, Inc., and Western) Docket No. 21-SEPE-049-TAR
Cooperative Electric Association, Inc., for Approval of)
Continuation of 34.5 kV Formula-Based Rates and)
Updated 34.5 kV Loss Factors.)

ERRATA FILING FOR EXHIBITS EKL-1A, EKL-2A, EKL-3A

Sunflower Electric Power Corporation (“Sunflower”), and three of its member-owners, Prairie Land Electric Cooperative, Inc. (“Prairie Land”), The Victory Electric Cooperative Association, Inc. (“Victory”), and Western Cooperative Electric Association, Inc. (“Western”) (individually a “Member” and collectively the “Members”) (collectively Sunflower and the Members, the “Joint Applicants”) hereby file this Errata Filing for Exhibits EKL-1A, EKL-2A, EKL-3A (“Errata Filing”) to correct an error in Exhibits EKL-1A, EKL-2A, and EKL-3A attached to the Prefiled Direct Testimony of Elena E. Larson filed with the Kansas Corporation Commission (“Commission”) in the Joint Application submitted in this docket. In support of this Errata Filing, Joint Applicants state the following:

1. On July 29, 2020 the Joint Applicants filed a Joint Application in this docket, along with, *inter alia*, the Prefiled Direct Testimony of Elena E. Larson, complete with exhibits attached thereto. After filing, Joint Applicants discovered an error in each of Exhibits EKL-1A, EKL-2A, and EKL-3A to Ms. Larson’s testimony that is the result of oversight, and now desire to correct such error by this Errata Filing.

hereto state the correct requested equity test percentage (unchanged from the currently effective Commission-approved), as correctly described by Ms. Larson's testimony itself. The correction to such equity percentages is the only correction to the original Exhibits EKL-1A, EKL-2A, and EKL-3A.

WHEREFORE, the Joint Applicants file this Errata Filing to correct the error in the original Exhibits EKL-1A, EKL-2A, and EKL-3A to the Prefiled Direct Testimony of Elena E. Larson filed with the Joint Application submitted in this docket.

Respectfully submitted,



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ELECTRIC COOPERATIVE, INC., THE
VICTORY ELECTRIC COOPERATIVE
ASSOCIATION, INC., AND WESTERN
COOPERATIVE ELECTRIC ASSOCIATION,
INC.**

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF Barton)

ss:

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

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

Taylor P. Calcara
Taylor P. Calcara

SUBSCRIBED AND SWORN to before me this 5th, day of August, 2020.

Sarah L. Mackinney
Notary Public

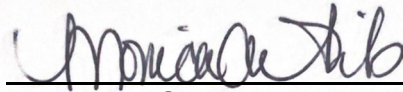
My Commission expires: October 5, 2023



CERTIFICATE OF SERVICE

I hereby certify that I have this day emailed the foregoing document to each person listed below:

Dated this 5 day of August, 2020.



Monica A. Seib

As of 7/31/2020

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Prairie Land Electric Cooperative, Inc.

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to Prairie Land Electric Cooperative's, Inc. ("Prairie Land" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Prairie Land shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Prairie Land, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Prairie Land files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Prairie Land. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Prairie Land that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Prairie Land's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Prairie Land shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Prairie Land, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Prairie Land and all customers taking wholesale Local Access Delivery Service from Prairie Land will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Prairie Land's 34.5kV FBR.
5. A Prairie Land contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
- December Trial Balance.
- December Payroll Journal.
- December Balance Sheet.

² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Prairie Land. Specific details concerning the calculation are as follows:

1. Adjustments to actual results for the historical Test Year will be made as follows:
 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Prairie Land will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Prairie Land's system utilized to provide 34.5kV service on the Mid-Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
 - d. Other Deductions: allocated on NP ratio.
 - e. Interest on Long-Term Debt: allocated on NP ratio.
 - f. Interest-Other: allocated on NP ratio.
 - g. Principal Payments: allocated on NP ratio.
 - h. Offsets to Margin Requirements: allocated on NP ratio.

³ If any distribution plant that provides Local Access Delivery Service is present as detailed in D. 1. a above, Distribution O&M Expenses will be allocated using a Distribution O&M ratio ("DOM"). The DOM ratio is calculated as a ratio of Net Distribution Plant used in provision of Local Access Delivery Service to Total Distribution Plant. As applicable, this allocator should be calculated and submitted with Annual Update filings.

3. Margin - Prairie Land will utilize the 1.8 OTIER or 1.8 MDSC. The ratio resulting in greater net margins required will be used.
4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Prairie Land's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Prairie Land shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
2. A complete RUS, CFC, or Co-Bank Form 7 (or successor document) detailing the consolidated financial position of Prairie Land (the combined financial position of the acquired/Mid-Kansas division and the native division).
3. Unaudited financial statements detailing the consolidated financial position of Prairie Land (the combined financial position of the acquired/Mid-Kansas division and the native division). An audited financial statement shall be filed no later than June 1.
4. Prairie Land's Comparative Operating Income Statement and Balance Sheet, for the Test Year and two previous calendar years.
5. Completed formulas as contained in the 34.5kV FBR template approved for Prairie Land by the Commission in *[insert current Docket No.]*. In addition to the PDF version, each Annual Update filing shall be supplemented with a populated formula template in fully functional spreadsheets, with all work papers attached, showing the 34.5kV FBR calculations.
6. Trial Balance for the Test Year and two previous years.
7. Payroll Journal for the Test Year and two previous years.

8. Any other applicable supplemental schedules necessary to audit the filing for the Test Year.
9. A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year.
10. A summary explanation of any material increases (more than 10% in a cost of service item from the previous year). This explanation should include at a minimum a discussion of the drivers behind this change in costs and any steps the Cooperative took to lessen the impact of this cost increase on its customers. This explanation may be contained within the pre-filed testimony included in the Annual Update filing.
11. A detailed and substantive narrative describing the process used to allocate any costs to the Mid-Kansas/acquired division from the native division or from the consolidated financials of Prairie Land. This narrative should also discuss in detail, any changes during the Test Year in the allocation process from the previous calendar year and the rationale for the allocation change.
12. Proposed tariff sheets including the proposed rate adjustment.

All required information will be e-mailed or made accessible on Prairie Land's Box.net site or a similar service, with a notification provided to Staff and Interveners alerting them of when the data becomes available.

F. TECHNICAL CONFERENCE AND STATUS CALL

Within 35 days from the Filing Date, Prairie Land will work with Staff and Interveners to schedule a one-day Technical Conference, if necessary, to be held no later than 75 days from the Filing Date. The Technical Conference will be held at the Prairie Land's home office. Prairie Land will make its staff available to review requested documents and respond to questions. The parties shall submit to Prairie Land at least 10 business days before the conference a list of questions and a list of documents that the parties want Prairie Land to be prepared to answer and produce, respectively, at the technical conference. If requested, Prairie Land will make available to Staff, Interveners and the parties' consultants who are unable to travel to the home office, access to the conference via "GoToMeeting" or a similar internet-based conference program.

Within days 110-115 from the Filing Date, Prairie Land will work with Staff and Interveners to schedule a telephone conference call to discuss the status of any outstanding issues with the Annual Update filing. If there are no outstanding issues to discuss, the parties will consider Staff's filing of a Report and Recommendation indicating the results of the Annual Update filing are just and reasonable.

G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Prairie Land's distribution equity ratio reaches 36.31 percent,⁴ Prairie Land shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

H. TERM

The 34.5kV FBR plan as described herein shall be implemented for a period of five calendar years, inclusive of the year adopted, with the initial filing occurring in year 2021, and the final filing occurring in 2025. During the final year of the 34.5kV FBR plan, Prairie Land shall advise the Commission whether it wishes to continue the 34.5kV FBR plan and provide the Commission support and rationale for its position in a separate application and docket. Staff of the Commission and any Intervener granted intervention by the Commission for the Annual Updates shall have the right to comment on the merits of such a request.

I. MISCELLANEOUS PROVISIONS

1. Nothing in these Protocols limits or deprives Prairie Land, Staff of the Commission or any Intervener of any rights or obligations it may otherwise have under any applicable provision of applicable law. The provisions of the Protocols addressing review of and objection to of the Annual Update filings are not intended to, nor shall they be construed as limiting Prairie Land, Staff of the Commission or any Intervener's rights or obligations under any applicable provision of applicable law, including all applicable laws pertaining to the burden of proof or the just and reasonableness of the rates.
2. Entities granted intervention in [insert Docket No.] who either are or represent customers of Prairie Land at the time of the Annual Update filing will be considered automatically approved for intervention upon the filing an Entry of Appearance in any individual Annual Update filing, provided they are not prohibited from participation by statute or otherwise.

J. DEFINITIONS

CFC - National Rural Utilities Cooperative Finance Corporation.

Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Prairie Land's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Prairie Land's sub-transmission system as defined in Prairie Land's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Victory's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Prairie Land's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Prairie Land's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Prairie Land's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Prairie Land for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Prairie Land's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Prairie Land's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Prairie Land's wholesale and retail

customers' monthly billing demands for the Test Year (work paper detailing calculation is contained in Prairie Land's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.

**The Victory Electric Cooperative
Association, Inc.**

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to The Victory Electric Cooperative Association's, Inc. ("Victory" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Victory shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Victory, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Victory files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Victory. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Victory that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Victory's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Victory shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Victory, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Victory and all customers taking wholesale Local Access Delivery Service from Victory will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Victory's 34.5kV FBR.
5. A Victory contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
- December Trial Balance.
- December Payroll Journal.
- December Balance Sheet.

² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Victory. Specific details concerning the calculation are as follows:

1. Adjustments to actual results for the historical Test Year will be made as follows:
 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Victory will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Victory's system utilized to provide 34.5kV service on the Mid- Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
 - d. Other Deductions: allocated on NP ratio.
 - e. Interest on Long-Term Debt: allocated on NP ratio.
 - f. Interest-Other: allocated on NP ratio.
 - g. Principal Payments: allocated on NP ratio.
 - h. Offsets to Margin Requirements: allocated on NP ratio.

³ If any distribution plant that provides Local Access Delivery Service is present as detailed in D. 1. a above, Distribution O&M Expenses will be allocated using a Distribution O&M ratio ("DOM"). The DOM ratio is calculated as a ratio of Net Distribution Plant used in provision of Local Access Delivery Service to Total Distribution Plant. As applicable, this allocator should be calculated and submitted with Annual Update filings.

3. Margin - Victory will utilize the 1.8 OTIER or 1.8 MDSC. The ratio resulting in greater net margins required will be used.
4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Victory's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Victory shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
2. A complete RUS, CFC, or Co-Bank Form 7 (or successor document) detailing the consolidated financial position of Victory (the combined financial position of the acquired/Mid-Kansas division and the native division).
3. Unaudited financial statements detailing the consolidated financial position of Victory (the combined financial position of the acquired/Mid-Kansas division and the native division). An audited financial statement shall be filed no later than June 1.
4. Victory's Comparative Operating Income Statement and Balance Sheet, for the Test Year and two previous calendar years.
5. Completed formulas as contained in the 34.5kV FBR template approved for Victory by the Commission in *[insert current Docket No.]*. In addition to the PDF version, each Annual Update filing shall be supplemented with a populated formula template in fully functional spreadsheets, with all work papers attached, showing the 34.5kV FBR calculations.
6. Trial Balance for the Test Year and two previous years.
7. Payroll Journal for the Test Year and two previous years.

8. Any other applicable supplemental schedules necessary to audit the filing for the Test Year.
9. A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year.
10. A summary explanation of any material increases (more than 10% in a cost of service item from the previous year). This explanation should include at a minimum a discussion of the drivers behind this change in costs and any steps the Cooperative took to lessen the impact of this cost increase on its customers. This explanation may be contained within the pre-filed testimony included in the Annual Update filing.
11. A detailed and substantive narrative describing the process used to allocate any costs to the Mid-Kansas/acquired division from the native division or from the consolidated financials of Victory. This narrative should also discuss in detail, any changes during the Test Year in the allocation process from the previous calendar year and the rationale for the allocation change.
12. Proposed tariff sheets including the proposed rate adjustment.

All required information will be e-mailed or made accessible on Victory's Box.net site or a similar service, with a notification provided to Staff and Interveners alerting them of when the data becomes available.

F. TECHNICAL CONFERENCE AND STATUS CALL

Within 35 days from the Filing Date, Victory will work with Staff and Interveners to schedule a one-day Technical Conference, if necessary, to be held no later than 75 days from the Filing Date. The Technical Conference will be held at the Victory's home office. Victory will make its staff available to review requested documents and respond to questions. The parties shall submit to Victory at least 10 business days before the conference a list of questions and a list of documents that the parties want Victory to be prepared to answer and produce, respectively, at the technical conference. If requested, Victory will make available to Staff, Interveners and the parties' consultants who are unable to travel to the home office, access to the conference via "GoToMeeting" or a similar internet-based conference program.

Within days 110-115 from the Filing Date, Victory will work with Staff and Interveners to schedule a telephone conference call to discuss the status of any outstanding issues with the Annual Update filing. If there are no outstanding issues to discuss, the parties will consider Staff's filing of a Report and Recommendation indicating the results of the Annual Update filing are just and reasonable.

G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Victory's distribution equity ratio reaches 36.31 percent,⁴ Victory shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

H. TERM

The 34.5kV FBR plan as described herein shall be implemented for a period of five calendar years, inclusive of the year adopted, with the initial filing occurring in year 2021, and the final filing occurring in 2025. During the final year of the 34.5kV FBR plan, Victory shall advise the Commission whether it wishes to continue the 34.5kV FBR plan and provide the Commission support and rationale for its position in a separate application and docket. Staff of the Commission and any Intervener granted intervention by the Commission for the Annual Updates shall have the right to comment on the merits of such a request.

I. MISCELLANEOUS PROVISIONS

1. Nothing in these Protocols limits or deprives Victory, Staff of the Commission or any Intervener of any rights or obligations it may otherwise have under any applicable provision of applicable law. The provisions of the Protocols addressing review of and objection to of the Annual Update filings are not intended to, nor shall they be construed as limiting Victory, Staff of the Commission or any Intervener's rights or obligations under any applicable provision of applicable law, including all applicable laws pertaining to the burden of proof or the just and reasonableness of the rates.
2. Entities granted intervention in [insert Docket No.] who either are or represent customers of Victory at the time of the Annual Update filing will be considered automatically approved for intervention upon the filing an Entry of Appearance in any individual Annual Update filing, provided they are not prohibited from participation by statute or otherwise.

J. DEFINITIONS

CFC - National Rural Utilities Cooperative Finance Corporation.

Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Victory's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Victory's sub-transmission system as defined in Victory's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Victory's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Victory's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Victory's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Victory's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Victory for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Victory's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Victory's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Victory's wholesale and retail customers'

monthly billing demands for the Test Year (work paper detailing calculation is contained in Victory's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.

Western Electric Cooperative, Inc.

34.5kV FBR Protocols

A. PURPOSE

The 34.5kV FBR is an annual formula-based ratemaking mechanism applicable to Western Cooperative Electric Association, Inc. ("Western" or "Cooperative") provision of 34.5kV service for its Mid-Kansas division. Its purpose is to allow for timely adjustments to the corresponding Local Access Charge ("LAC"), a wholesale rate for Local Access Delivery Service ("LADS"), without the expense (public and private) and regulatory lag related to preparing and presenting a rate case every year before the Kansas Corporation Commission ("Commission" or "KCC").

B. PROCESS

No later than May 1 (or the next Business Day when the Commission's offices are open if May 1 is not a Business Day) of each year, in accordance with the Commission-approved 34.5kV FBR, Western shall submit its 34.5kV FBR "Annual Update" filing for the calendar year just ended ("Test Year") in accordance with the procedures and calculations set forth herein (such date of submittal being the "Filing Date").

Upon filing, the Commission will determine the appropriate term for suspension of the Annual Update pursuant to K.S.A. 66-117. Notwithstanding this suspension, unless otherwise ordered by the Commission, Western, Commission Staff, and Interveners will process the filing as set forth herein. All discovery and confidentiality issues will be governed by Commission Discovery and Protective Orders, which will be issued after the filing of the Annual Update. Upon receipt of the Annual Update filing, the Commission may also issue a Procedural Order in accordance with the following guidelines, which are discussed in more detail in the following timeline:

Day 1	Day after the Filing Date but not prior to March 1.
Day 75	A one-day Technical Conference will be set at a date mutually agreeable to the parties but no later than 75 days, if necessary.
Day 110-115	A status telephone conference call will be set during this time.
Day 120	Staff and Interveners complete the review of the Annual Update, and either file a Report and Recommendation or testimony stating that the results of the filing will result in just and reasonable rates; or, if necessary, Staff and/or Interveners shall file testimony supporting the reason(s) why the filing would not result in just and reasonable rates.
Day 135	Western files rebuttal testimony, if necessary.
Day 140	Discovery Cutoff.
Day 150	Commission issues an order either approving the rate adjustments based upon the paper record or notifying the parties that an evidentiary hearing will be held.

- Day 155-159 A one-day evidentiary hearing will be set during this time in case it is needed based upon the Commission 150-day Order.
- Day 180 Final Order issued if the matter goes to evidentiary hearing.

The Commission Staff, and any other Intervener, will have 120 days from the Filing Date¹ to review the Annual Update to determine if it results in just and reasonable rates that are in the public interest.

If within 120 days from the Filing Date (or March 1 for earlier filings), the Commission Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are just and reasonable, then the Commission Staff will file a Report and Recommendation or written testimony with the Commission detailing these findings and Interveners may choose to file testimony stating the same or elect to not file testimony. Nothing in this provision is intended to deny Staff or Interveners the opportunity to file testimony should there be a relevant objection relating to the Annual Update, rather the purpose of allowing Staff to file a Report and Recommendation is intended to relieve Staff and Interveners of the obligation to file formal testimony in the event formal testimony is unnecessary due to the lack of relevant objection to the Annual Update Filing.

If within 120 days from the Filing Date (or March 1 for earlier filings), Staff and/or Interveners make a determination that indicates the results of the Annual Update filing are unjust or unreasonable, Staff and Interveners shall make a reasonable attempt to resolve any issues surrounding the Annual Update informally with Western. The parties shall utilize the Technical Conference and Status Telephone Conference described below in Section F as a forum to try and resolve issues. If unable to resolve issues, Staff and Interveners shall file testimony within 120 days from the Filing Date, setting forth the reason the Annual Update would not result in a just and reasonable rate along with supporting documentation, and evidence supporting the position. Questions, concerns or complaints regarding Western that are outside the scope of the Annual Update filing, or the rate resulting from the filing, shall not be raised in the Annual Update filing docket. However, no party is precluded from raising such issues through the normal means available before the Commission.

If within 120 days of the Filing Date (or March 1 for earlier filings), Staff and/or Interveners file testimony regarding Western's Annual Update filing indicating the filing would result in an unjust or unreasonable rate that is not in the public interest, then Western shall have the opportunity to file responsive testimony to said objection(s) within 135 days from the Filing Date. In this event, within 150 days from the Filing Date, unless otherwise ordered, the Commission will issue an order either approving the

¹ The procedural schedule for filings made prior to March 1 will start no earlier than March 1 and not the Date of Filing.

Annual Update filing based upon the paper record or ordering an evidentiary hearing to be held to address the issues raised by the Annual Update filing. The hearing, if necessary, will proceed as expeditiously as possible, with the explicit goal of a Commission Order within 180 days from the Filing Date. This 180-day order date may be extended by Commission Order if circumstances arise supporting a deviation from the agreed 180-day time period.

The process outlined above does not prohibit interested parties from exercising any other rights they may have to bring a separate complaint or show cause proceeding before the Commission regarding Western, its rates or services.

C. CUSTOMER NOTIFICATION

At the time of filing the Annual Update, the entities granted intervention in [*insert current Docket No.*] who are also customers, or customer's representative, of Western and all customers taking wholesale Local Access Delivery Service from Western will receive notice of the filing when it is made with the Commission.

Such notice may be made via electronic mail or bill insert and shall contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to [*insert current Docket No.*] and the date of the Commission's Order approving the initial application for Western's 34.5kV FBR.
5. A Western contact person and phone number for questions.

D. CALCULATION

Each filing shall be based on actual historical financial results as presented in the sources listed below and utilizing the RUS Uniform System of Accounts: ²

- December Operating Income Statement.
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² Reference United States Department of Agriculture Rural Utilities Service Bulletin 17678-1 which contains the Uniform System of Accounts for Electric Borrowers.

The calculation shall follow the form and format included in the 34.5kV FBR templates, both blank, and populated, as approved by the Commission in [*insert current Docket No.*]. The financial results utilized to populate these templates for purposes of the Annual Update filing should be limited to plant investment and expenses identified below that are directly related to the provision of 34.5kV service for the Mid-Kansas (acquired from Aquila) division of Western. Specific details concerning the calculation are as follows:

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 - a. *Distribution Operation and Maintenance ("O&M") Expenses*- if distribution plant used to provide Local Access Delivery Service is present that is not already accounted for in a separate rate-making mechanism, the Distribution O&M Expenses will be adjusted consistent with the adjustment to Administrative and General Expense ("A&G") per Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b below and which may be applicable.
 - b. *Administrative and General Expense ("A&G")* will be adjusted to reflect the exclusion of the items typically disallowed by the Commission, in whole or in part, per Commission policy in accordance with K.S.A. 66-101f(a) (i.e. dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses). As set forth below, Western will include with the filing a complete detailed listing, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during the Test Year, accompanied by the work paper detailing the calculation of the appropriate exclusion, in whole or in part. Each party may present to the Commission in their recommendation or testimony their position and reasoning in support of inclusion or disallowance of these items. It is expected that disagreement on these issues would not be grounds for requiring the case to go to evidentiary hearing, and that absent other issues supporting the need for the evidentiary hearing, these matters will be resolved by the Commission based upon the paper record.
 - c. *Depreciation* will be adjusted to remove any Acquisition Premium ("AP") amortization portion, if applicable.
 - d. *Other Deductions* - If applicable, *Other Deductions* expense will be adjusted consistent with the adjustment to A&G per

Commission policy in accordance with K.S.A. 66-101f(a) as defined in 1.b above. Additionally, if applicable, the Acquisition Premium ("AP") amortization portion will be removed from Other Deductions.

2. The 34.5kV FBR is intended to apply only to the sub-transmission portion of Western's system utilized to provide 34.5kV service on the Mid-Kansas (Acquired from Aquila) system. In order to accomplish this, the financial results submitted as part of the Annual Update filing should be adjusted to only include the costs associated with such facilities. The following categories of Test Year expenses will need to be adjusted to remove the portion not associated with these facilities before the LAC rate is calculated. The allocation method to be used is listed next to each category. This list is not necessarily exhaustive, and other allocations may be necessary. If additional items are identified, expense or labor items should be allocated using a Labor ratio ("LAB"), and Plant or Debt Service items should be allocated using a Net Plant ratio ("NP").³ The LAB ratio is calculated as a ratio of Transmission Labor to Total Non-A&G Labor, calculated for the Test Year. The NP ratio is calculated as a ratio of the average monthly Net 34.5kV Plant to the average monthly total Net Plant, calculated for the Test Year, where the Net Transmission Plant includes a General Plant allocation based upon the LAB ratio. These allocators should be calculated and submitted annually including supporting documentation with each Annual Update filing.
 - a. A&G Expenses: allocated on LAB ratio.
 - b. Depreciation and Amortization Expense: direct-assigned, with the LAB ratio being used to allocate General Plant Depreciation expense.
 - c. Taxes other than Income Tax Expense (if/when applicable): allocated on NP ratio.
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4. Determination of the LAC rate:

The Total 34.5kV FBR Revenue Requirement is determined by summing up the applicable operating expenses and margin requirement, as shown in the 34.5kV templates approved by the Commission in *[insert current Docket No.]* To arrive at the \$ per kW rate, the Total Revenue Requirement is divided by the Total Billing Demand for the Test Year. Also, if applicable, a \$ per kilowatt-hour portion attributable to Property Tax Surcharge is subtracted from the unadjusted LAC rate to arrive at the final LADS. The resulting \$ per kW rate will become the stated demand charge in Western's tariff schedule for Local Access Delivery Service.

E. FILING EXHIBITS

In support of the Annual Update filing, Western shall submit the following information:

1. An Annual Update filing containing the rate adjustments requested in compliance with the requirements of the Commission-approved 34.5kV FBR. The filing should include testimony describing the rate adjustments being requested, and specifically how the Annual Update filing complies with the requirements of the 34.5kV FBR plan approved by the Commission in *[insert current Docket No.]*.
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G. EQUITY TEST

No later than March 1 of the Rate Year following any Rate Year when Western's distribution equity ratio reaches 36.31 percent,⁴ Western shall make an appropriate filing with the KCC to retain or modify the Operating Times Interest Earned Ratio and Modified Debt Service Coverage included in the Formula.

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J. DEFINITIONS

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Debt Service Payments means actual interest and principal payments made during the Test Year, including both long-term and short-term debt.

Filing Date as defined in Section B of these 34.5kV FBR Protocols.

⁴ For purposes of this provision, distribution equity ratio will be calculated exclusive of equity in or from associated organizations.

Form 7 means the December National Rural Utilities Cooperative Finance Corporation Financial and Statistical Report (CFC Form 7) that utilizes the RUS Uniform System of Accounts.

Intervener means any party which has been granted intervention by the Commission in Western's Annual Update filing or as provided in Section I(2).

KCC or Commission means the State Corporation Commission of the State of Kansas.

LAC rate means the Local Access Charge \$ per kW demand rate for the wholesale Local Access Delivery Service over Western's sub-transmission system as defined in Western's corresponding Local Access Delivery Service tariff on file with the Commission.

Local Access Delivery Service ("LADS") means wholesale delivery service over Western's sub-transmission system.

MDSC means a Modified Debt Service Coverage ratio of cash flows to annual interest and principal payments on debt, calculated in accordance with the formula utilized in the 34.5kV FBR template approved by the Commission.

Monthly Billing Demand - as defined in Western's Commission-approved Local Access Delivery Service tariff in effect.

Monthly System Peak means the monthly maximum hourly demand on Western's Local Access Delivery System during the Test Year.

Net Plant means total Plant in Service as contained in all electric plant account per RUS Uniform System of Accounts less total Accumulated Reserves for Depreciation in account per RUS Uniform System of Accounts, where the account balances are determined by Western's year average monthly trial balance for the Test Year.

Net Transmission Plant means the total plant in service used by Western for the provision of 34.5kV Local Access Service (including 34.5kV Transmission Plant in Western's accounts 350-359 per RUS Uniform System of Accounts; any Distribution Plant from accounts 360-373 per RUS Uniform System of Accounts that was allocated to the LADS, if applicable; plus any allocated General Plant from accounts 389-399 per RUS Uniform System of Accounts) minus the total amount of corresponding Accumulated Provision for Depreciation in account 108 per RUS Uniform System of Accounts. The account balances are determined by average monthly trial balance for the Test Year.

Non-A&G Labor means the Test Year wages associated with all of the Operating Expenses except for the wages in connection with the Administrative and General Expense accounts 920-935 per RUS Uniform System of Accounts.

OTIER shall mean a ratio of Western's annual earnings before interest to its annual interest expense, calculated in accordance with the formula guidelines utilized in CFC Key Ratio Trend Analysis.

Total Billing Demand means the summation of Western's wholesale and retail customers'

monthly billing demands for the Test Year (work paper detailing calculation is contained in Western's work papers accompanying the 34.5kV FBR populated template).

Transmission Labor means the Test Year wages associated with the provision of 34.5kV Local Access Service associated with the portion of 34.5kV Transmission Expense in accounts 560-573 per RUS Uniform System of Accounts and, if applicable, the portion of any allocated Distribution wages associated with 34.5kV service included in the Distribution O&M Expense accounts 360-373 per RUS Uniform System of Accounts.

RUS Uniform Systems of Accounts is contained in the United States Department of Agriculture Rural Utilities Service Bulletin 17678-1.

Test Year means the most recent historical full calendar year prior to the Filing Date.