

1
2 **BEFORE THE CORPORATION COMMISSION**
3 **OF THE STATE OF KANSAS**
4

Received
on
DEC 03 2013
by
State Corporation Commission
of Kansas

IN THE MATTER OF THE APPLICATION OF
WHEATLAND ELECTRIC COOPERATIVE,
INCORPORATED FOR APPROVAL TO MAKE
CERTAIN CHANGES IN ITS CHARGES FOR WATER
SERVICES TO TYSON FRESH MEATS, INC.

Docket No. 2014-WHLW-218-RTS

5
6 **DIRECT TESTIMONY OF**
7 **MICHAEL W. SEARCY**
8 **ON BEHALF OF**
9 **WHEATLAND ELECTRIC COOPERATIVE, INCORPORATED**
10 **NOVEMBER 23, 2013**
11

12 **Q. Please state your name, your employer and your position.**

13 A. My name is Michael W. Searcy. I am employed by C. H. Guernsey & Company. My job
14 title is Managing Consultant. My consulting activities include rate and financial
15 analysis, with an emphasis on public power and cooperative clients.
16

17 **Q. Please state your business address.**

18 A. My business address is 5555 North Grand Boulevard, Oklahoma City, Oklahoma
19 73112-5507.
20

21 **Q. Have you previously testified before regulatory commissions?**

22 A. Yes. I have filed written testimony before the Arizona Corporation Commission, the

1 Wyoming Public Service Commission, the Florida Public Service Commission and
2 the Arkansas Public Utility Commission. I have testified before the Arizona
3 Corporation Commission, the Kansas Corporation Commission and the Wyoming
4 Public Service Commission.
5

6 **Q. Please describe your educational background and work experience.**

7 A. I earned a Bachelor of Arts degree from Oklahoma Baptist University. For 20 years I
8 was an employee of an electric cooperative, serving in a variety of capacities,
9 including Interim CEO. I have been employed by C. H. Guernsey & Company since
10 2002. (Exhibit MWS-1 attached to this testimony is my resume.) As shown on my
11 resume, I have worked for public power utility systems across the country, including
12 several in Kansas.
13

14 **Q. On whose behalf are you testifying in this matter?**

15 A. I am appearing on behalf of Wheatland Electric Cooperative, Incorporated.
16

17 **Q. What is the purpose of the testimony you are presenting in this proceeding?**

18 A. My testimony deals with determination of the appropriate revenue requirement,
19 development of the cost of service study and rate designs.
20

21 **Q. Have you prepared any exhibits in support of your testimony?**

22 A. Yes. The Cost of Service Study (COSS) was prepared under my direction and I will
23 reference sections of it as a part of my testimony. The study was filed with the
24 Commission as a part of the application and in the application it was labeled as
25 Exhibit "B".
26

27 **Q. Did your study include analysis for Wheatland's entire operations?**

28 A. No. The purpose of my study was limited to Wheatland Electric's water operations. I
29 am not Wheatland Electric's consultant for purposes of developing electric rates or
30 cost of service, and have not reviewed its electric operations in any way. For
31 purposes of my testimony, I will refer to Wheatland's water operations as

1 "Wheatland Water" as opposed to "Wheatland Electric," which will refer to the
2 entire company.

3
4 **Q. Please describe Wheatland Water.**

5 A. As indicated above, Wheatland Water is the part of Wheatland Electric Cooperative.
6 Wheatland Water currently provides wholesale water to three customers and
7 effluent to one customer. It has the capacity to serve additional rural industrial
8 customers as will be discussed later. Wheatland Water does not provide water to
9 any retail residential, retail commercial or other retail customers.

10
11 **Q. What potable water customers/customer classes are served by Wheatland
12 Water?**

13 A. As described above, and covered in Mr. Mueller's testimony, Wheatland Water
14 currently provides wholesale water to Finney County Rural Water District 1, City of
15 Garden City, Kansas and Tyson Fresh Meats, Inc. In addition to these water
16 customers, Wheatland Water has acquired land and water rights to allow it to serve
17 wholesale potable water to additional industrial customers. This purchase of land
18 and rights is accounted for separately by the Cooperative as the "Water Ranch." On a
19 number of support schedules, this "Water Ranch" activity has been shown
20 separately to make allocation of costs easier.

21
22 While there is no current infrastructure in place to allow Wheatland Water to
23 produce, gather and transport "Water Ranch" water resources to any wholesale
24 customer, the Cooperative hopes to develop and sell water to future industrial
25 customers. Currently, the Cooperative receives rental income from the farm land
26 that is a part of the "Water Ranch." That income is shown on Schedule A-1.0 and is
27 the primary source of "Water Ranch" revenue at this time.

28
29 If and when water sales begin to industrial customers from the "Water Ranch,"
30 service to these customers will be similar to existing Tyson service - rural industrial
31 customers requiring bulk water purchases not for intended resale to retail

1 customers. In addition, water treatment will be limited and not require processing
2 from the water treatment plant. As a result, the "Water Ranch," for purposes of the
3 COSS, is grouped with Tyson into a single rate class labeled "Rural Industrial." It
4 should be noted that the "Water Ranch" currently provides a positive margin.
5

6 **Q. What was the test year of your study?**

7 A. The test year was the twelve month ending December 31, 2011.
8

9 **Q. Why is the test year 2011?**

10 A. At the time of the study, 2011 was the most recent completed calendar year. The
11 study took time to complete and be reviewed by the Cooperative. Once the study
12 was finalized, the Cooperative began attempting to meet and work with each
13 wholesale customer to develop changes to contracts agreeable to the parties. That
14 process has taken time.
15

16 **Q. Why was your review limited to water operations?**

17 A. Wheatland Electric desires to position itself in such a way that water operations
18 stand alone and neither provide a subsidy to electric operations nor receive
19 subsidies from electric operations. As a result, Wheatland Water's operations were
20 considered as a separate entity in the study.
21

22 **Q. Can Wheatland Water be considered as a separate entity?**

23 A. Yes. The Cooperative maintains records accounting for all functions of the water
24 entity (Wheatland Water), including charging a share of joint expenses, such as
25 accounting, management, etc. from Wheatland Electric to Wheatland Water. All data
26 provided as part of Wheatland's filing in this case is related to Wheatland Water.
27

28 **Q. What is the margin requirement included in the total revenue requirement
29 proposed by Wheatland Water in establishing water rates?**

30 A. Wheatland Water is seeking rates that will result in a return on rate base of
31 \$2,306,242 and an operating margin of \$0. See Schedule A-1.0.

1
2 **Q. How did you determine the appropriate operating margin for Wheatland**
3 **Water?**

4 A. Wheatland Water has test year operating margins of (\$1,516,889) and adjusted test
5 year operating margins of (\$1,509,027). Obviously, negative operating margins is
6 not sustainable in the long term.
7

8 **Q. Why has Wheatland Water not requested a higher operating margin?**

9 Wheatland Water understands establishing a permanent operating margin objective
10 of zero is likely not appropriate. But it wishes to balance its need for financial
11 soundness against minimizing customer impact and sees this as a good step.
12

13 **Q. You did not mention return on rate of rate base as a financial objectives or**
14 **considerations. Please explain.**

15 A. Rate of return on rate base is typically used to determine a revenue requirement for
16 an investor owned utility. Such an approach assumes maximizing the return on
17 one's investment is the driving objective of the utility's owners/stockholders, which
18 simply does not apply to a nonprofit member-owned cooperative like Wheatland
19 Electric.
20

21 The Cooperative's customers are also its member-owners. The member-customers
22 elect the Board of Directors responsible for running the Cooperative. The goal of the
23 member-customers is not to maximize return on investment, but rather to ensure
24 the Cooperative has sufficient financial strength to pay reasonably incurred
25 operating expenses, maintain and improve the system that serves them and attract
26 debt financing at reasonable rates to spread out the capital costs of the system over
27 a reasonable period of time. As a result, rate of return does not have any particular
28 relevance to the Cooperative except as one measure of the relative performance of
29 the rate classes.
30

31 **Q. What were Wheatland Water's financial ratios?**

1 A. If measured as ratios are measured for Wheatland Electric, Wheatland Water
2 achieved in the test year a Debt Service Coverage of 0.70. Wheatland Electric's
3 mortgage agreement with its primary lender requires it to maintain, in two of three
4 years, a DSC of 1.35. Wheatland Electric failed to achieve its 1.35 minimum DCS in
5 2010 (DSC 1.22) and 2011 (DSC 1.29). It achieved a 1.45 DSC in 2012. Even after the
6 proposed increase for water customers, Wheatland Water will still be below its
7 minimum ratio for DSC (1.08). To the extent Wheatland Water has lower coverage
8 ratios than Wheatland Electric as a whole, Wheatland Electric's ratios would be
9 lower, the Cooperative's financial position would deteriorate and subsidies would
10 continue between electric and water customers. See Schedule A-1.0.

11
12 **Q. What additional schedules have been provided?**

13 A. The following is a summary of the additional schedules:

14 Section A Income statement and summary of adjustments.

15 Section B Calculation of rate base and supporting schedules.

16 Section C Balance sheet and plant balances.

17 Sections D & E - Intentionally Left Blank.

18 Section F Monthly usage data and adjusted usage data.

19 Section G Contract minimums and maximums.

20 Section H Summary of the results of the cost of service study and supporting
21 schedules.

22 Section I Allocation factors and supporting schedules for usage and
23 capacity.

24 Section I Support schedules showing development of usage allocations used
25 in the cost of service study.

26 Section J Plant allocations and supporting schedules.

27 Section K Revenue allocation.

28 Section L Expense allocation.

29 Section M Intentionally Left Blank.

30 Section N Proposed revenue.

1 Q. Who supplied the data used in developing the Sections and schedules you are
2 sponsoring?

3 A. All data was supplied by Wheatland.
4

5 Q. Please explain Section A.

6 A. Schedule A-1.0 is the Income Statement for the test year showing:

- 7 1. Actual Test Year,
- 8 2. Adjustments to the Test Year,
- 9 3. Adjusted Test Year (Actual Test Year Plus Adjustments),
- 10 4. Adjustment to Ranch Plant
- 11 5. Requested Revenue Change, and
- 12 6. Adjusted Test Year With Rate Change

13 Known and measurable adjustments were made. They are described below and
14 correspond to adjustment amounts shown in the "Adjustments" column (d) on
15 Schedule A-1.0 and the "Adjust Ranch Plant" column (f) on the same Schedule.
16

17 Q. Please explain adjustments shown on Schedule A-1.0.

18 A. Adjustments are summarized on Schedules A-2.0 and J-7.0. No adjustments were
19 made to reflect changes in payroll, benefits, interest or depreciation expenses,
20 though the Cooperative was entitled to make such adjustments. Similarly, no
21 adjustment was made to include rate case expense.
22

23 Adjustments to Revenue

24 Adjustments 3 and 4 - Normalization of Sales to Tyson (Schedule A-2.0): Based upon
25 input from Tyson staff that future water consumption would be lower than in the
26 test year due to the permanent closure of the BPI part of the Tyson complex, the
27 Cooperative staff reviewed 2012 actual usage. Based on 2012 usage, a normalization
28 adjustment was made to reduce monthly sales by 12 million gallons per month (See
29 Schedule F-2.0). This resulted in a reduction in base revenue of \$114,739 and a
30 reduction in tax revenue of \$4,608.
31

1 Adjustment 2 - Transfer of Non-Operating Revenue to Operating Revenue (Schedule
2 A-2.0): The cooperative provides maintenance service to Finney County Rural Water
3 District 1 on an at-cost basis. It books this net revenue as non-operating activity. For
4 purposes of the COSS, this was transferred to Operating revenue.

5
6 Column (f) Income Statement - Water Ranch Sale of Property (Schedule J-7.0):
7 Following the test year, the Cooperative offered for sale a parcel of Water Ranch
8 property. Since revenue received by the Cooperative from the Water Ranch consists
9 of crop rental, selling property results in a reduction in rental income. Schedule J-7.0
10 shows development of the adjustment to revenue and expenses anticipated
11 following sale of Water Ranch property.

12
13 **Adjustments to Expenses**

14 Adjustment 1 - Effective Cost of Effluent (Schedule A-2.0): In the test year, the
15 Cooperative purchased from the city of Garden City effluent for sale to Sunflower
16 Electric Power Corporation. The "price" of the purchase is established by contract as
17 a reduction in the price of electricity purchased from Wheatland Electric by the City.
18 This reduction in revenue was not booked in the test year as an expense to
19 Wheatland Water. The adjustment so books this effective cost as a part of the COSS.
20 Future cost of effluent is currently an item of discussion between the City and the
21 Cooperative. It should be noted, however, that regardless of how the ultimate price
22 is determined, there will be no long-term change in Wheatland Water's margins.
23 This is because Wheatland Water has agreed it will ultimately revise its effluent
24 contract with Sunflower to reflect the ultimate price of effluent.

25
26 Column (f) Income Statement - Water Ranch Sale of Property (Schedule J-7.0): As a
27 part of the adjustment made to reflect the same of ranch property following the end
28 of the test year (see adjustment to revenue), an adjustment to reflect reduction in
29 expenses was made. While it is possible no such reduction in expenses would occur
30 in the short term, a conservative approach was taken. In addition, adjustments were
31 made to amortization of debt discount, interest on long-term debt and interest

1 income to reflect the sale of property.

2
3 **Q. Are adjustments to the test year related to activities that are known,**
4 **measurable and of a continuing nature?**

5 A. Yes. Adjustments made are intended to provide an accurate reflection of the
6 Cooperative's on-going revenues and expenses and the rates approved by the
7 Commission should reflect them.

8
9 **Q. What is the overall impact of adjustments made to the test year?**

10 A. The overall impact of the revenue and expense adjustments is to increase operating
11 margins by \$19,472, as reflected in column (d) of Schedule A-1.0. The over-all
12 impact of the sale of Water Ranch property is to reduce operating margins by
13 \$11,609 as shown in column (f) of Schedule A-1.0. Combined, adjustments increase
14 operating margins by only \$7,863.

15
16 **Q. What is the purpose of the Cost of Service Study (COSS)?**

17 A. The COSS assigns plant investment, operating expenses and revenue associated with
18 providing service to each customer class. When total system revenue requirement
19 has been identified, assignment of plant investment and operating expenses to each
20 class provides the basis for assigning the revenue requirement to each class. The
21 assignment of class revenue requirement is based on the class contribution overall
22 system return. The Cost of Service Study identifies revenue deficiencies and
23 subsidies that exist between rate classes.

24
25 **Q. Has the Cost of Service Study been developed using acceptable methodology**
26 **and practice?**

27 A. Yes. The COSS used the same general methodology utilized by Guernsey in
28 developing similar studies for cooperatives across the country, in both regulated
29 and non-regulated jurisdictions. In Kansas, the same basic methodology was used
30 recently by Guernsey to develop its COSS for Lyon-Coffey. In Docket No. 13-LYCE-

1 514-MIS, filed July 12, 2013, Commission Staff filed a report which stated on Page 2,
2 beginning on the last paragraph, "Staff found the Guernsey study to be
3 comprehensive and professional, utilizing a rate-setting methodology very similar to
4 the way the Commission would analyze a rate case."
5

6 **Q. Please describe the general process involved in the allocation of plant**
7 **investment and expenses to the various customer classes.**

8 A. Plant investment and operating expenses are first separated into functional
9 categories such as supply, pumping, water treatment plant, transmission and
10 distribution and general plant.
11

12 If a plant investment amount or operating expense can be identified as directly
13 assignable to a particular rate class, a direct assignment of the investment or
14 expense is made to that class. For all other plant investment and expense amounts
15 not directly assignable, an allocation factor based on factors such as peak capacity,
16 water usage, or weighted customers is developed to assign a portion of investment
17 and expense to the rate classes.
18

19 Composite allocation factors are also created as subtotals of various plant accounts
20 and expenses within the cost of service study. These composite allocation factors
21 are used to allocate other related plant and expense items. For example,
22 depreciation expense is allocated by a subtotal of all operating plant investment,
23 ensuring that the expense is assigned to classes in the same manner as the class's
24 responsibility for the plant investment.
25

26 **Q. Please explain the general development of the allocation factors?**

27 A. Schedule I-1.0 summarizes all allocation factors used in the COSS. Schedule I-2.0
28 shows development of initial allocation factors used in the COSS. Additional
29 allocation factors are developed as subtotals in the COSS. Schedule I-3.0 shows
30 development of allocation factors related to usage and peak usage.
31

1 **Q. In general, how was water treatment plant allocated to the rate classes?**

2 A. Schedule I-2.0 Page 2 of 15 shows the allocation factor used. Schedule I-3.0 page 1 of
3 2 shows development of this allocation factor. Since the treatment plant was
4 constructed to handle peak load, and such load occurs in summer months, the
5 allocation factor is the greater of adjusted test year May – August usage taken from
6 the treatment plant or contract usage from the treatment plant. In the case of Tyson,
7 Wheatland Water must set aside for Tyson by contract an output level that is greater
8 than actual usage. Tyson takes the majority of its supply from non-treatment plant
9 sources.

10
11 **Q. In general, how was distribution plant allocated to the rate classes?**

12 A. Schedule I-2.0 Page 1 of 15 shows the allocation factor used. Schedule J-3.0 shows
13 development of this allocation factor. The Cooperative was able to provide a
14 breakdown of the work orders used to construct its distribution system, and
15 identify the customer classes served by the work orders. A small amount of plant
16 was considered as miscellaneous and spread to all classes.

17
18 **Q. How were operating expenses allocated to the rate classes?**

19 A. In general, expenses were allocated as plant was allocated. Where expenses were
20 know to be associated with a single rate class, for example for many expenses
21 associated with the Water Ranch, expenses were directly allocated.

22
23 **Q. Please summarize the results of the COSS.**

24 A. Schedule H-1.0 shows the results of the COSS. This schedule shows allocated rate
25 base, operating revenues, operating expenses, resulting return, interest, resulting
26 operating margin, and the calculated revenue deficiencies for each rate class. Not all
27 rate classes are performing equally.

28
29 **Q. How was the proposed revenue requirement determined for each class?**

30 A. The revenue requirement for each class under proposed rates was determined
31 based on the cost of providing service to each class. The intent is for each rate class

1 to pay its share of the cost of providing service with zero operating margin, as
2 measured by uniform rates of return on rate base. See Schedules H-1.0 and N-1.0.
3

4 **Q. How has this been quantified in the development of proposed rates?**

5 A. The rate of return on rate base has been calculated for the total system and for each
6 of the rate classes in the COSS to be used as a measure of each rate class's ability to
7 recover costs in comparison with the total system. On Schedule H-1.0 the Line
8 labeled "Uniform ROR (4th line from the bottom) shows the increase required for
9 each rate class to reach uniform rates of return.
10

11 As indicated earlier, while system rate of return on rate base is not an appropriate
12 measure of revenue requirement for a cooperative as a whole, rates of return for a
13 given rate class can be an effective measure of relative rate class performance.
14

15 **Q. What are the proposed revenue changes for each class?**

16 A. The proposed revenue change for each rate class is shown on Schedule N-1.0. The
17 proposed revenue for each rate class is developed on Schedule N-2.0.
18

19 **Q. Once revenue requirement was determined, how were rates designed.**

20 A. Proposed rates were developed to provide the revenue requirement. The
21 Cooperative was and is willing to work with each wholesale customer to allow each
22 wholesale customer's input in the development of their rate design, provided the
23 desired total revenue requirement was provided. In general, the rate designs were
24 intended to provide the revenue requirement and maintain similar rate structures
25 as existing rates to the extent possible.
26

27 **Q. Does this conclude your testimony?**

28 A. Yes, it does.

State of Kansas

SS

County of Scott

Verification

On the 2nd day of December, 2013 came Michael W. Searcy, of lawful age being first duly sworn upon oath states he is the witness of above named, he has read the foregoing testimony knows the contents there of, and the statements contained therein are true.

Michael W. Searcy
Michael W. Searcy

Subscribe to and sworn to before me on the 2nd day of December, 2013.



Pamela R. Murphy
Pamela R. Murphy, Notary Public

My commission expires: 2/21/2014

WHEATLAND ELECTRIC COOPERATIVE, INC.

**INCOME STATEMENT FROM RENDITION F
FOR THE TWELVE MONTHS ENDING DECEMI**

	<u>1</u>
	<u>Remainder</u>
<u>Operating Revenues</u>	<u>(a)</u>
Sales Revenue	\$ 2,359,613
Sales - Ranch	0
Tax Revenue	37,046
Total	\$ <u>2,396,660</u>
 <u>Operating Expenses</u>	
Water Purchases	\$ 155,576
Effective Cost of Effluent	0
Chemicals	350,713
Electricity	328,898
Stores	3,888
Water Protection Fee	55,987
Total	\$ <u>895,062</u>
 Gross Margin	 \$ <u>1,501,598</u>
 <u>Operation and Maintenance Expenses</u>	
Net Wheeling Fee to FCRWD	\$ 14,630
Maintenance	106,836
Utilities	493,103
Miscellaneous	13,437
Insurance	39,815
Salaries, Benefits & PY Taxes	297,649
Office Expenses & Supplies	49,218
Vehicle, Rent & Equipment	12,222
Director Expense	91,661
Outside Services	156,882
Depreciation	828,648
Property Tax	310,502
Total	\$ <u>2,414,603</u>
 Return	 \$ <u>(913,005)</u>
 <u>Interest & Other Deductions</u>	
Interest L-T Debt	\$ 1,029,685
Amortization of Debt Discount	166,839
Total	\$ <u>1,196,524</u>
 Operating Margin	 \$ <u>(2,109,529)</u>
 <u>Non-Operating Margins</u>	
Rental Income	\$ 4,726
Interest Income	138,967
Capital Credits	0
Other (Gain on Disp Property)	0
Total	\$ <u>143,693</u>
 Net Margins	 \$ <u>(1,965,836)</u>
 Net TIER	 (0.91)
Rate of Return	-1.65%
Rate Base	\$ 55,313,030



EXHIBIT – MWS - 1

RESUME – MICHAEL W SEARCY

EDUCATION:

BA, Communications, Oklahoma Baptist University, 1977
Graduate work in Communications, University of Oklahoma and Louisiana State University
Completed RUS Accounting Course

PERTINENT EXPERIENCE FOR THE PROJECT:

Mr. Searcy's specializes in the areas of Rate Analysis, Cost of Service, Financial Planning and Forecasts, Financial Modeling, Strategic Planning and Revenue requirements. His areas of responsibility include rate filings, rate design, cost of service, special contract rates and financial forecasts.

During Mr. Searcy's prior experience on the staff of an electric cooperative he worked with consultants to design all rates and charges and to create and present all proposals as part of the Cooperative's marketing department. Mr. Searcy created, organized and supervised all aspects of a Cooperative subsidiary. He negotiated a contract with a neighboring municipal electric utility to conduct all maintenance functions, giving him direct experience in municipal utility operations. At GUERNSEY, Mr. Searcy has experience in developing cost of service studies, general rate and special contract rate designs.

Cost of Service and Rates

At GUERNSEY, Mr. Searcy supervised or assisted in the preparation of Rate Analysis and Cost of Service Studies and training for the following clients:

Arizona

- Mohave Electric Cooperative, Bullhead City
- Sulfur Springs Valley Electric Cooperative, Wilcox
- Trico Electric Cooperative, Marana

Arkansas

- First Electric Cooperative, Jacksonville
- Ozarks Electric Cooperative, Fayetteville

Colorado

- Delta-Montrose Electric Association, Montrose
- Mountain Parks Electric Association, Limon
- Y-W Electric Association, Inc., Akron

Florida

- Peace River Electric Cooperative, Wauchula



- West Florida ECA, Graceville

Kansas

- Ark Valley Electric Cooperative, Hutchinson
- CMS Electric Cooperative, Meade
- Heartland REC, Girard
- Lyon-Coffey Electric Cooperative, Burlington
- Nemaha-Marshall, Axtell
- Radiant Electric Cooperative, Fredonia

Minnesota

- Agralite Electric Cooperative, Benson

Mississippi

- Dixie EPA, Laurel

Nebraska

- Dawson County PPD, Lexington

New Mexico

- Central New Mexico Electric Cooperative, Moriarty
- Lea County Electric Cooperative, Lovington

Oklahoma

- Alfalfa Electric Cooperative, Cherokee
- Central Rural Electric Cooperative, Stillwater
- Choctaw Electric Cooperative, Hugo
- City of Ardmore
- City of Blackwell
- City of Tecumseh
- Cookson Hills Electric Cooperative, Stigler
- East Central Oklahoma Electric Cooperative, Okmulgee
- Indian Electric Cooperative, Cleveland
- Northwestern Electric Cooperative, Woodward
- Oklahoma Electric Cooperative, Norman
- Southeastern Electric Cooperative, Durant
- Southwest Rural Electric Association, Tipton
- Verdigris Valley Electric Cooperative, Collinsville

Texas

- Central Texas Electric Cooperative, Fredericksburg
- Comanche County ECA, Comanche
- CoServ Electric, Corinth
- Farmers Electric Cooperative, Greenville
- Greenbelt Electric Cooperative, Wellington
- Guadalupe Valley Electric Cooperative, Gonzales
- Medina Electric Cooperative, Hondo
- Navarro County Electric Cooperative, Corsicana
- New Braunfels Utilities



- Pedernales Electric Cooperative, Johnson City
- Rita Blanca Electric Cooperative, Dalhart
- San Bernard Electric Cooperative, Bellville
- San Patricio Electric Cooperative, Sinton
- Taylor Electric Cooperative, Merkel
- United Cooperative Services, Cleburne
- Victoria Electric Cooperative, Victoria

Wyoming

- Big Horn REC, Basin
- Carbon Power & Light, Saratoga
- Garland Light & Power Company, Powell
- Wheatland REA, Wheatland
- Wyrulec Company, Lingle

Education and Training

Mr. Searcy has experience in classroom teaching and utility job training and safety. He supervised cooperative public relations, providing training and educational programs on a variety of topics. At GUERNSEY he has experience in making presentations to utility management, boards of directors, consumer groups and industry organizations.

Publications and Presentations

Articles:

Searcy, Mike, Judy Lambert, and Michael Moore. "Energy Efficiency, Conservation and Margins: Catch 22 Rate Design." NRECA's *Management Quarterly* (Fall 2007): 26-47.

Presentations:

"Knowledge is Power: Financial Forecasting." Seminar written and presented by Guernsey personnel annually since 2006 in Oklahoma City, Okla. Mr. Searcy has been a presenter numerous times.

"Knowledge is Power: Understanding Rates and Cost of Service." Seminar written and presented by Guernsey personnel annually since 2005 in Oklahoma City, Okla. Mr. Searcy has been a presenter numerous times.

"Distributed Energy: The Consumer and the Utility." Presented for Texas Electric Cooperatives in Austin, Texas, 2007.

"Financial Management for Non-Accounts." Presented for Texas Electric Cooperatives since 2005.

Industry Restructuring and Competition

Mr. Searcy's cooperative experience includes supervising a Texas cooperative during key restructuring and competition exercises.

Strategic Planning and Analysis

Mr. Searcy's cooperative experience includes preparing and presenting board and other reports, budgets, business plans, and strategic planning. Mr. Searcy supervised the preparation and completion of customer surveys and focus groups.



ENGINEERS
ARCHITECTS
CONSULTANTS

MIKE W. SEARCY
MANAGING CONSULTANT
Page 4 of 4

EXPERIENCE RECORD:

2002-Present – C. H. Guernsey & Company, Oklahoma City, Okla.

2010-Present – Managing consultant with Analytical Solutions Group

2002-2010 – Consultant with Analytical Solutions Group

1982-2002 – Southwest Rural Electric Association, Inc., Tipton, Okla.

1987-2002 – Manager of Member Services

1999-2000 – SWRE's Interim Chief Executive Officer

PROFESSIONAL ACTIVITIES / HONORS:

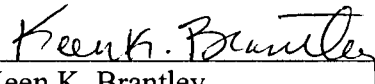
Selected as "Oklahoma's Outstanding Electric Cooperative Communicator" by the Oklahoma Association of Electric Cooperatives, 2000

CERTIFICATE OF MAILING

I, Keen K. Brantley, do hereby certify that on this 2nd day of December, 2013, a true and correct copy of the Prefiled Testimony of Michael W. Searcy in the above referenced matter was mailed by depositing the same in the United States Mail, postage prepaid and properly addressed to:

Will Higginbotham
Corporate Counsel
Tyson Foods, Inc.
2200 Don Tyso Parkway
Springdale, AR 72762

Sarah Toevs Sullivan
1201 Walnut Street, Suite 2900
Kansas City, MO 64106-2150


Keen K. Brantley

**RESPONSE OF WHEATLAND
TO KANSAS CORPORATION COMMISSION
STAFF'S FIRST DATA REQUEST
DOCKET NO. 14-WHLW-047-CON
November 20, 2013**

In reference to paragraph 7 of the application, please provide an electronic copy of the class cost of service study performed by C.H. Guernsey & Company on behalf of Wheatland Electric Cooperative. Electronic copies of spreadsheet calculations should be provide in fully compatible Microsoft Excel 2010 files with formulas intact..

Response: An electronic Microsoft Excel spreadsheet is provided with the supporting data used to develop the study is included.

The actual Cost of Service Study (COSS) was developed by Guernsey using its proprietary Co-Options Software and is, therefore, not available in Microsoft Excel. Guernsey will provide no-cost installation discs to the Commission Staff to permit it to install and use Co-Options for analysis, as well as all electronic files required to permit Staff to run and review the COSS.

Please contact the consultant if this is desired

Prepared by: Mike Searcy