

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

2. On June 17, 2014, the Commission entered an order in Docket No. 14-WHLE-546-DRC affirming Wheatland's election to deregulate pursuant to K.S.A. 66-104d. However, pursuant to K.S.A. 66-104d(f), Wheatland remains subject to the Commission's jurisdiction for charges, fee, or tariffs for transmission services. The proposed LAC tariff for a rate for service over Wheatland's system wide 34.5kV sub-transmission facilities is a tariff for transmission service and therefore remains subject to Commission jurisdiction.

3. Wheatland is one of six member-owners of Sunflower Electric Power Corporation (Sunflower), a certificated Kansas not-for-profit electric cooperative providing generation and transmission services.² Wheatland has been providing retail electric service in the Counties of Greeley, Wichita, Scott, Hamilton, Kearny, Finney, and Gray (hereinafter referred to as the Western Division) as a member-owner of Sunflower.

4. In 2005, five member-owners (including Wheatland) of Sunflower and one wholly-owned subsidiary of the sixth Sunflower member-owner formed Mid-Kansas Electric Company, LLC (Mid-Kansas) for the purpose of acquiring the Western Kansas assets of a vertically integrated electric utility, Aquila, Inc., d/b/a Aquila Networks – WPK ("Aquila-WPK").³ The Commission approved the acquisition of those assets by Mid-Kansas in

² The six electric utilities that own Sunflower and their respective headquarters are as follows: Lane-Scott Electric Cooperative, Inc., Dighton, Kansas ("Lane-Scott"); Pioneer Electric Cooperative, Inc., Ulysses, Kansas ("Pioneer"); Prairie Land Electric Cooperative Association, Inc., Norton, Kansas ("Prairie Land"); The Victory Electric Cooperative Association, Inc., Dodge City, Kansas ("Victory"); Western Cooperative Electric Association, Inc., WaKeeney, Kansas ("Western"); and Wheatland Electric Cooperative, Inc., Scott City, Kansas ("Wheatland").

³ Mid-Kansas is a limited liability company operating in the state of Kansas as a certificated non-profit generation and transmission cooperative, with its principal place of business in Hays, Kansas. The six electric utilities that own Mid-Kansas are as follows: Lane-Scott; Southern Pioneer Electric Company ("Southern Pioneer"); Prairie Land,

2007⁴ and on December 21, 2007, the Commission approved the transfer of the distribution and sub-transmission assets included in the former Aquila-WPK's vertically integrated operation to the Mid-Kansas members in Docket No. 08-MKEE-099-MIS (08-099 Docket).

5. The acquisition of Aquila-WPK and subsequent asset spin down in the 08-099 Docket created a second distinct service territory for Wheatland as a member-owner of Mid-Kansas (hereinafter referred to as the Eastern Division), and Wheatland was later granted a certificate in Docket No. 13-MKEE-447-MIS (13-447 Docket) covering both the Western Division and Eastern Division.⁵ Nevertheless, Wheatland has always operated the Western Division and Eastern Division with separate retail and LAC rates.

a. WESTERN DIVISION

6. Wheatland was not providing transmission service over its 34.5kV sub-transmission system in the Western Division until the City of Garden City, Kansas terminated its all-requirements contract with Wheatland and selected the Kansas Municipal Energy Agency (KMEA) as its new wholesale power supplier in late 2012. On December 17, 2013, Wheatland filed a joint application with Sunflower for approval of a special contract for a LAC for KMEA in Docket No. 14-SEPE-287-CON (14-287 Docket). In the 14-287 Docket the Commission approved the settlement of a special contract LAC rate with the requirement that

Victory, Western, and Wheatland. Southern Pioneer Electric Company is a not-for-profit corporation wholly owned by Pioneer Electric Cooperative, Inc.

⁴ Order Adopting Stipulation and Agreement, Docket No. 06-MKEE-524-ACQ, dated February 23, 2007.

⁵ Certificate and Order, Docket No. 13-MKEE-447 MIS, issued on November 21, 2013.

Wheatland file an application for a LAC based upon a Cost of Service Study no later than December 31, 2015.⁶

7. The special contract LAC is billed to KMEA under, and service to KMEA is facilitated through, the Commission-approved Sunflower Open Access Transmission Tariff (OATT).⁷ Under the Sunflower OATT it is the single point of contact for wholesale service and has transmission provider responsibility for administering local delivery service over Wheatland's 34.5 kV and lower voltage distribution facilities to wholesale customers in its Western Division. Under this OATT there are two *pro forma* local delivery service agreements that must be executed by a network customer, such as KMEA, when requesting service. A network customer must enter into a Network Integrated Transmission Service Agreement (NITSA) and a Network Operating Agreement (NOA). Further, network customers must be charged a Commission-approved LAC to ensure Wheatland is compensated for delivery across its 34.5kV and lower voltage system.

8. KMEA, to serve Garden City, Kansas, is the only supplier serving a Wheatland qualified wholesale customer in the Western Division that has a NITSA and a NOA with Sunflower.⁸ Other than the special contract LAC approved in the 14-287 Docket, Wheatland does not have a Commission approved LAC tariff for its Western Division.

b. EASTERN DIVISION

⁶ Settlement Agreement, Docket No. 14-SEPE-287-CON, ¶8(b); Order Granting Joint Motion for Approval of Settlement Agreement, Docket No. 14-SEPE-287-CON (approving Settlement Agreement).

⁷ The latest version of the Sunflower OATT was approved in Docket No. 13-SEPE-701-TAR.

9. After the spin down of Wheatland's respective distribution and 34.5kV sub-transmission in the 08-099 Docket, Mid-Kansas established a wholesale LAC tariff for Wheatland's 34.5kV in the Eastern Division by order of the Commission on January 11, 2010, in Docket No. 09-MKEE-969-RTS (09-969 Docket).⁹ In the 09-969 Docket, Mid-Kansas and its members, including Wheatland, agreed to designate Mid-Kansas as the agent and single point of contact for administering the LAC tariff.¹⁰ Such services must be provided under the Mid-Kansas OATT.¹¹

10. Mid-Kansas filed an application for approval of a revised OATT and *pro forma* local access delivery service agreements in Docket No. 12-MKEE-650-TAR (12-650 Docket). The 12-650 Docket sets forth the method for wholesale customers to take service over the 34.5kV facilities of the Mid-Kansas members (including Wheatland's Eastern Division). The revised Mid-Kansas OATT was approved on October 31, 2012, and specifically states that Mid-Kansas is responsible for administration and billing of the approved LAC for the wholesale customers under the Mid-Kansas OATT.

11. Subsequent to the 12-650 Docket, Mid-Kansas transferred Wheatland's respective retail certificate to Wheatland in the 13-447 Docket. In the 13-447 Docket, Wheatland adopted

⁸ See Settlement Agreement in Docket No. 14-SEPE-287-CON.

⁹ Order Approving Unanimous Stipulation and Agreement, Docket No. 09-MKEE-969-RTS, issued January 11, 2010; Stipulation and Agreement, Docket No. 09-MKEE-969-RTS, ¶ III(D)(7). At the time of such order, Mid-Kansas was the certificated retail service provider.

¹⁰ See also Docket No. 11-GIME-597-GIE.

¹¹ See Docket No. 11-GIME-597-GIE.

that LAC tariff from the 09-969 Docket and it is still currently used in the Eastern Division to charge wholesale transmission customers for service over the 34.5kV sub-transmission system.¹²

II. LOCAL ACCESS CHARGE TARIFF

12. As mentioned above in paragraph 6, Wheatland is required by Commission Order in the 14-287 Docket to file an application for a LAC based upon a Cost of Service Study no later than December 31, 2015. On the 27 day of October, 2015, the Board of Trustees of Wheatland unanimously passed a resolution to integrate all business operations, including all rates and tariffs, between the Western Division and the Eastern Division. For a more detailed explanation of the resolution see the filed Direct Testimony of Bruce Mueller. Pursuant to the 14-287 Docket and Wheatland's Board of Trustees' resolution, Wheatland now comes before the Commission requesting approval of one system wide LAC tariff and rate included therein that applies to 34.5kV service over Wheatland's entire 34.5kV sub-transmission system.¹³

13. System wide, if a Wheatland qualified wholesale customer chooses to purchase power from a third-party supplier, that supplier will need to transport wholesale power across Sunflower's or Mid-Kansas's transmission systems that are administered by The Southwest Power Pool (SPP). Wheatland owns the 34.5 kV and lower voltage sub-transmission facilities (service administered by Sunflower and Mid-Kansas for their members) between the

¹² Amended Order Approving Unanimous Settlement Agreement, Docket No. 13-MKEE-447-MIS, issued October 15, 2013; Unanimous Settlement Agreement, Docket No. 13-MKEE-447-MIS, ¶ 11.

¹³ To avoid doubt, a reference to "system wide" is a reference to Wheatland's entire electric service system, without specificity as to the Western Division or Eastern Division, essentially ending the operation of two separate divisions and operating as one Wheatland system delivering electric services with one rate for the entire system.

transmission facilities of Sunflower and Mid-Kansas (service administered by SPP for Sunflower and Mid-Kansas), and the wholesale customer of Wheatland. The proposed LAC tariff would allow Wheatland to be compensated for that customer's use of Wheatland's 34.5kV facilities to access and flow electric energy from the SPP controlled transmission facilities to the delivery point of the wholesale customer on Wheatland's 34.5kV system. To go the "last mile," the wholesale customer would have to access the 34.5 kV and lower voltage local access system owned by Wheatland in order to receive delivery of power.

14. While Wheatland currently has a LAC tariff for its Eastern Division, other than in the special contract approved in the 14-287 Docket, Wheatland does not have a LAC tariff rate for the wholesale customers in its Western Division.

15. Wheatland has retained the services of C. H. Guernsey & Company (Guernsey) to perform a Cost of Service Study for Wheatland's system wide 34.5kV sub-transmission facilities and determine a just and reasonable rate for service over such facilities, and to be included in the requested system wide LAC tariff. A copy of the requested LAC tariff and the red-lined version are sponsored exhibits to the filed direct testimony of Bruce Mueller. Guernsey's Cost of Service Study finds that the local access tariff rate should be the coincident peak billing demand of \$1.66 per kW, and as more fully described in the tariff. The Cost of Service Study proposed rate is just and reasonable and in the best interest of the public. This rate will provide Wheatland with sufficient revenues and cash flows to meet its financial obligations while

maintaining reliable service to its customers. The proposed rate is reasonably necessary in order to maintain sufficient and efficient service to Wheatland's customers and maintain Wheatland's financial integrity. For a more detailed explanation of the Cost of Service Study see the filed Direct Testimony of Bernard A. Cevera and the filed Direct Testimony of Radona Smythe.

16. The tariff rate is based on the calculated revenue requirement of \$2,549,910.00 for all of Wheatland's 34.5kV facilities, and translates to \$1,324,812.00 of revenue from LAC wholesale customers for the cost associated with the "last mile" service over its 34.5kV and lower voltage facilities. This revenue requirement has been determined utilizing an Operating Times Interest Earned Ratio (TIER) of 1.97.

17. There are three wholesale customers that are currently affected by this Application and each has been provided notice of this filing.

18. In addition to the undersigned counsel, communications and correspondents with regard to this application should be addressed to:

Bruce W. Mueller, General Manager Wheatland
Electric Cooperative, Inc., P.O. Box 230, Scott City,
Kansas 67871 or bmueller@weci.net.

III. CONCLUSION

19. The proposed system wide LAC tariff is in the public interest and should be approved by the Commission. The system wide LAC tariff results in just and reasonable rates for Wheatland and its customers and is not unjustly discriminatory or unduly preferential. The

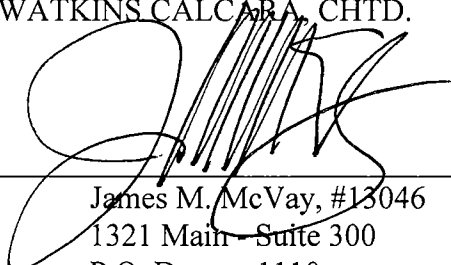
LAC tariff provides an efficient mechanism for recovering the costs of the 34.5kV sub-transmission facilities that are necessary to ensure continued adequate, efficient, and reliable utility service, and to maintain the financial integrity of Wheatland.

WHEREFORE, Wheatland respectfully requests the Commission to approve the attached Local Access Charge tariff, and such other and further relief as the Commission may deem just and reasonable.

RESPECTFULLY SUBMITTED

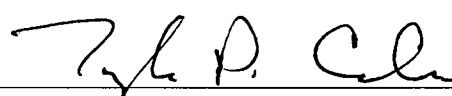
WATKINS CALCARA, CHTD.

By



James M. McVay, #13046
1321 Main - Suite 300
P.O. Drawer 1110
Great Bend, Kansas 67530
(620) 792-8231 telephone
(620) 792-2775 facsimile
jmcvay@wcrf.com

By



Taylor P. Calcara, #25561
1321 Main - Suite 300
P.O. Drawer 1110
Great Bend, Kansas 67530
(620) 792-8231
tcalcara@wcrf.com

Attorneys for
Wheatland Electric Cooperative, Inc.

VERIFICATION

STATE OF KANSAS)
)
COUNTY OF BARTON) ss:


James M. McVay, of lawful age, being first duly sworn on oath states:

That he is General Counsel for Wheatland Electric Cooperative, Inc.; 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.


James M. McVay

SUBSCRIBED AND SWORN to before me this 22nd day of December, 2015.




Notary Public

My Commission expires: November 24, 2018

CERTIFICATE OF SERVICE

I hereby certify that on this 22nd day of December, 2015, a copy of the above and foregoing Application was mailed, postage prepaid and properly addressed, to:

and the original sent to:

Kansas Corporation Commission
15000 SW Arrowhead Road
Topeka, Kansas 66604-4027

By


James M. McVay, #13046