

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

**In the Matter of the Joint Application of )  
Sunflower Electric Power Corporation )  
and Wheatland Electric Cooperative, Inc. )  
for Approval of a Local Access Charge )  
and a 34.5kV Formula-Based Rate. )**

**Docket No. 25-SEPE-309-TAR**

**DIRECT TESTIMONY**

**PREPARED BY**

**TIM REHAGEN**

**UTILITIES DIVISION**

**KANSAS CORPORATION COMMISSION**

**June 5, 2025**

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**I. Introduction, Qualifications and Purpose of Testimony**

**Q. Would you please state your name and business address?**

A. My name is Tim Rehagen. My business address is 1500 Southwest Arrowhead Road, Topeka, Kansas, 66604.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Kansas Corporation Commission (Commission) as a Senior Auditor.

**Q. Would you please describe your educational background and business experience?**

A. I received a Bachelor of Arts degree with an emphasis in Accounting from Columbia College in St. Louis, Missouri, in March 2012. I began employment with the Commission as an Auditor in June 2012. In November 2016, I was promoted to my current position of Senior Auditor.

**Q. Have you ever testified before the Commission?**

A. Yes, I filed testimony before the Commission in Docket Nos. 12-MKEE-410-RTS, 13-MKEE-699-RTS, 14-WTCT-142-KSF, 14-BHCG-502-RTS, 15-KCPE-116-RTS, 15-WSEE-115-RTS, 16-MKEE-023-TAR, 17-WSEE-147-RTS, 18-KGSG-560-RTS, 18-SPEE-477-RTS, 20-SPEE-169-RTS, 21-SPEE-411-RTS, 22-SPEE-501-TAR, 23-SPEE-792-RTS, 24-SPEE-688-RTS and 25-MTLT-161-KSF.

1 **Q. What were your responsibilities in Staff's review of the Application filed in Docket**  
2 **No. 25-SEPE-309-TAR (25-309 Docket)?**

3 A. My responsibilities were to analyze, audit and review Sunflower Electric Power  
4 Corporation (Sunflower) and Wheatland Electric Cooperative, Inc.'s (Wheatland)  
5 (collectively referred to as the Joint Applicants) proposed change to the Local Access  
6 Charge (LAC) rate for Wheatland's Eastern Division (Wheatland East), and the Joint  
7 Applicants' request to implement an annual Formula Based Rate (FBR) for Wheatland  
8 East's 34.5kV and lower wholesale sub-transmission facilities. I examined the Joint  
9 Applicants' filing for accuracy and adherence to traditional regulatory accounting  
10 principles and issued discovery regarding the proposed LAC rate calculation and FBR  
11 template. My responsibilities were carried out under the direction of the Chief of  
12 Accounting and Financial Analysis, Chad Unrein.

13  
14 **II. Executive Summary**

15 **Q. What is the purpose of your testimony in this proceeding?**

16 A. The purpose of my testimony is to present and support Staff's recommendations for the  
17 following:

- 18 • The approval of Wheatland's revised 34.5kV LAC rate calculation, which corrects  
19 various errors and inconsistencies in the original LAC rate calculation (discussed  
20 below).
- 21 • The implementation of the Joint Applicants' proposed annual FBR template for  
22 Wheatland East which would establish a monthly unit demand LAC, thereby enabling

1 Wheatland to annually and methodically recover the revenue requirement related to  
2 its Local Access Delivery System (LADS).

- 3 • The establishment of Wheatland's proposed 34.5kV FBR Protocols, as detailed in the  
4 Joint Applicants' revised filing (discussed below).

### 6 **III. LAC Rate**

#### 7 **Q. Please provide an overview of Wheatland's proposed LAC rate.**

8 A. On February 5, 2025, the Joint Applicants filed an Application with the Commission  
9 requesting approval of an updated LAC rate to be charged to wholesale customers receiving  
10 service from Wheatland East's LADS system. These wholesale customers procure  
11 purchased power from third-party power suppliers. In the process of delivering purchased  
12 power to the wholesale customers, the power must be transmitted across Wheatland's  
13 LADS. The proposed LAC rate is intended to compensate Wheatland for the utilization of  
14 its Eastern Division LADS system by the aforesaid wholesale customers. In its original  
15 Application, Wheatland requested a monthly LAC rate of \$2.95 per kilowatt-month.<sup>1</sup>  
16 Wheatland later submitted a revised monthly LAC rate of \$3.09 per kilowatt-month.<sup>2</sup>

#### 17 **Q. Please discuss Wheatland's revised LAC rate calculation.**

18 A. On May 30, 2025, the Joint Applicants submitted a revised LAC rate in response to a  
19 conference call that occurred between the Commission Staff and the Joint Applicants on  
20 May 16, 2025, during which Staff informed the Joint Applicants of various errors and  
21 inconsistencies found in the Application, which included the following:

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<sup>1</sup> See Exhibit JED-1 of Joshua Dan's direct testimony for the calculation of the \$2.95 rate.

<sup>2</sup> See Exhibit JED-1\_revised of Joshua Dan's revised testimony for the calculation of the \$3.09 rate.

- 1 • Several erroneous references in the Source column in Exhibit JED-1 of Joshua Dan's  
2 direct testimony. This column contains references to the workpapers and other  
3 documents (e.g., Trial balance, statement of operations, supplementary company  
4 records, etc.) from which each of the dollar amounts in the exhibit was sourced.
- 5 • The transposition of the transmission and distribution depreciation expense totals on  
6 lines 46 and 47 of Workpaper 1 (WP-1) of Exhibit JED-1.<sup>3</sup>
- 7 • Inconsistencies between various stipulations in Wheatland's proposed 34.5kV FBR  
8 Protocols and its proposed 34.5kV FBR template.<sup>4</sup>
- 9 • The incorrect principal payment total of \$2,681,958 in Workbook M of Exhibit JED-1,  
10 which was updated to the correct amount of \$3,147,024.<sup>5</sup>
- 11 • The Cash Patronage Capital amount of \$130,858, which was composed solely of  
12 Evergy's Other Capital Credits and Patronage Dividends. Evergy updated this amount  
13 so that it also includes Cash Received from G&T/Lenders. The updated amount is  
14 \$348,394.

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<sup>3</sup> In Exhibit JED-1, Workpaper 1 of Joshua Dan's direct testimony, the transmission depreciation expense and distribution depreciation expense totals were \$3,457,869.67 and \$57,082.44, respectively. However, Workbook L of Exhibit JED-1 revealed that these totals were incorrectly interchanged. Staff confirmed with Wheatland that the data in Workbook L are correct and that the transmission and distribution depreciation expense amounts are \$57,082.44 and \$3,457,869.67, respectively. The Joint Applicants subsequently corrected this error in their revised LAC rate calculation.

<sup>4</sup> Section D.2.a of Wheatland's proposed Protocols (as presented in Exhibit JED-4 of Joshua Dan's direct testimony) states that Wheatland's administrative and general expense is to be allocated to its 34.5kV system using the labor (LAB) allocator. Section D.2.b states that depreciation and amortization expense is to be directly assigned to the 34.5kV system with the LAB allocator used to allocate general plant depreciation expense. The language of these two sections appears to have been lifted from the 34.5kV FBR Protocols of Prairie Land Electric Cooperative, Victory Electric Cooperative Association, Inc. and Western Cooperative Electric, and does not align with Wheatland's proposed methodology for calculating 34.5kV depreciation expenses (discussed below) and directly assigning A&G expenses to the 34.5kV system (if applicable). Wheatland modified the Protocols language so that it aligns with the proposed FBR template.

<sup>5</sup> Wheatland stated in a discovery response that this error was due to a data input error in the internal spreadsheet that contained the principal payment data.

1 After correcting these errors, Wheatland's revised LAC rate amounted to \$3.09 per  
2 kilowatt-hour.

3 **Q. Please discuss Staff's additional concerns with the original LAC rate.**

4 A. Staff noticed that Wheatland's methodology for allocating depreciation expense to its  
5 34.5kV facilities differs from the methodology employed by Prairie Land Electric  
6 Cooperative, Victory Electric Cooperative Association, Inc. and Western Cooperative  
7 Electric (collectively referred to as "the other cooperatives") in their respective 34.5kV  
8 Formula-Based Rate templates. These other cooperatives allocate depreciation expense by  
9 directly assigning all transmission depreciation expense and distribution depreciation  
10 expense (if applicable) to their 34.5kV system, while depreciation expense on general plant  
11 is allocated using the labor allocator.<sup>6</sup> Wheatland is proposing to allocate depreciation  
12 expense to its 34.5kV system by multiplying total depreciation expense (transmission,  
13 distribution and general combined) by its net plant allocator.<sup>7</sup>

14 **Q. Please discuss Staff's position on Wheatland's proposed methodology for allocating**  
15 **depreciation expense to the 34.5kV system.**

16 A. While Wheatland's methodology differs from what has been applied historically by the  
17 other cooperatives, Staff still agrees with Wheatland's use of it in this filing. First,  
18 Wheatland's methodology directly assigns distribution depreciation expense to its 34.5kV  
19 system, just as the other cooperatives do in their FBR filings.<sup>8</sup> Second, the use of a net

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<sup>6</sup> The labor allocator equals total 34.5kV payroll expenses divided by total company payroll expenses (excluding A&G payroll).

<sup>7</sup> The net plant allocator equals plant in service assigned to the 34.5kV system divided by total company plant in service.

<sup>8</sup> The other cooperatives have never actually allocated any distribution depreciation expense to their 34.5kV systems because none of their distribution plant has ever been designated as "34.5kV" plant. Still, the methodology itself remains the same.

1 plant allocator to allocate depreciation expense is appropriate as depreciation is related to  
2 property, plant and equipment. Third, while only a portion of Wheatland's transmission  
3 depreciation expense is being assigned to its 34.5kV system, the 14.29% net plant allocator  
4 assigns a larger portion of general plant depreciation to the 34.5kV system than the 4.52%  
5 labor allocator would. This results in a 34.5kV depreciation expense total (and  
6 consequently, an LAC rate) that is not drastically different from what would have been  
7 produced by utilizing the other cooperatives' methodology.<sup>9</sup> Therefore, Staff finds  
8 Wheatland's depreciation allocation method reasonable. Furthermore, Staff did not  
9 identify any cross-subsidization concerns with Wheatland's proposed LAC methodology  
10 in regard to its retail customers.<sup>10</sup> For all these reasons, Staff concludes that Wheatland's  
11 revised LAC rate calculation is just and reasonable and, accordingly, recommends its  
12 approval by the Commission.

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<sup>9</sup> Allocating more general plant depreciation expense to the 34.5kV facilities via the net plant allocator partially compensates for any transmission depreciation expense not attributed to 34.5kV system. Wheatland's calculated 34.5kV depreciation expense amounts to \$598,439 (Exhibit JED-1, Line 12). Staff determined that applying the other cooperatives' methodology for allocating depreciation expense would have yielded a total of \$722,517. By applying Wheatland's methodology and allocating \$598,439 of depreciation expense, the resulting LAC rate is \$3.09 per kilowatt hour. If the \$722,517 of depreciation expense had been allocated, then the resulting LAC rate would have been \$3.16 per kilowatt hour. So Staff contends that the differences in the resulting rates is negligible.

<sup>10</sup> According to Kansas law, the services rendered to wholesale customers on the 34.5 kV system have been designated "transmission service." This was established in Docket No. 11-GIME-597-GIE (*See* the Order Addressing Joint Motion to Approve Stipulation and Agreement issued in the 11-597 Docket on January 11, 2012). Even though Wheatland has elected to deregulate from the jurisdiction, regulation, and control of the Commission, the Commission still retains jurisdiction over charges related to transmission services (*See* K.S.A. 66-104d(f)). *See* pages 13 and 14 of Joshua Dan's direct testimony in the current Docket for further explanation as to why only the LAC rates will be directly impacted by the 34.5kV FBR.

**IV. Formula Based Rate**

**Q. Please explain the Joint Applicants' proposed FBR mechanism.**

A. The Joint Applicants are proposing the implementation of a 34.5kV FBR mechanism for Wheatland East. This mechanism would be utilized to calculate LAC rates for Wheatland East on an annual basis and would facilitate the review process and ensure that future rates are just and reasonable and indicative of the costs of rendering service over Wheatland East's 34.5kV LADS facilities. Wheatland's proposed LAC rate calculation in the current filing would serve as the template for future FBR filings.<sup>11</sup>

**Q. Please discuss Staff's position on the Joint Applicants' proposal to establish an annual FBR mechanism.**

A. Staff concludes that Wheatland's revised FBR template, as presented in Joshua Dan's revised testimony, will result in just and reasonable rates for its wholesale customers, and that an annually recurring FBR filing will provide several additional advantages compared to more sporadic, infrequent filings submitted via the traditional rate case process.<sup>12</sup> Specifically, Staff concurs that an FBR mechanism would effectively reduce the regulatory lag and costs inherent in the traditional rate case process. Further, Staff agrees that an annual FBR will allow for a more frequent review of Wheatland's rates and therefore, is more likely to produce rates that closely resemble Wheatland's cost of service. Additionally, the more frequent review of Wheatland's rates will minimize the risk of rate shock for wholesale customers. For all these reasons, Staff believes the proposed FBR

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<sup>11</sup> See Exhibit JED-3\_revised in Joshua Dan's revised testimony for the proposed FBR template, which is based on the revised LAC rate calculation in Exhibit JED-1\_revised.

<sup>12</sup> See pages 20 and 21 of Joshua Dan's direct testimony for a detailed explanation of the benefits of an annual FBR filing as opposed to the traditional rate case process.



mechanism is just and reasonable and therefore, recommends that the Commission approve Wheatland's revised 34.5kV FBR template along with its revised 34.5kV Protocols.

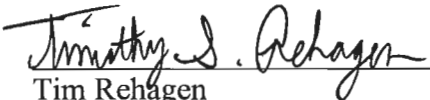
**Q. Does this conclude your testimony?**

**A. Yes.**

STATE OF KANSAS                     )  
  ) ss.  
COUNTY OF SHAWNEE            )

**VERIFICATION**

Tim Rehagen, being duly sworn upon his oath deposes and states that he is a Senior Auditor of the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that (he/she) has read and is familiar with the foregoing Direct Testimony, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.

  
\_\_\_\_\_  
Tim Rehagen  
Senior Auditor  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 3rd day of June, 2025.

  
\_\_\_\_\_  
Notary Public



## **CERTIFICATE OF SERVICE**

25-SEPE-309-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing testimony was electronically delivered this 5th day of June, 2025, to the following:

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