

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

In the Matter of the Joint Application of)	
Sunflower Electric Power Corporation and)	
Mid-Kansas Electric Company, Inc. for an)	Docket No. 19-SEPE-054-MER
Order Approving the Merger of Mid-Kansas)	
Electric Company, Inc. into Sunflower)	
Electric Power Corporation.)	

ERRATA TO SETTLEMENT EXHIBIT SA-1

COMES NOW Kansas Electric Power Cooperative, Inc. (“KEPCo”) and makes this errata filing to correct certain clerical errors contained in Exhibit SA-1 to the Unanimous Settlement Agreement filed on March 4, 2019 in the above-captioned matter. Specifically, the term “Zonal Customer” is defined in the Unanimous Settlement Agreement and, therefore, should have been capitalized in Exhibit SA-1. In order to avoid any confusion caused by inconsistencies between the Unanimous Settlement Agreement and Exhibit SA-1, KEPCo makes this errata filing on behalf of the settling parties. For the convenience of the parties and the State Corporation Commission of the State of Kansas (“Commission”), these corrections are provided in advance of the hearing instead of making such corrections at hearing. A redline version of Exhibit SA-1 setting out the corrections is attached hereto as **Attachment A**. A clean copy of Exhibit SA-1 as corrected is attached hereto as **Attachment B**. KEPCo has contacted the parties to the proceeding and no party opposes this errata filing.

WHEREFORE, KEPCo makes this errata filing.

Respectfully submitted,

/s/ *Susan B. Cunningham*

Susan B. Cunningham KS #14083
Senior Vice President, Regulatory and
Government Affairs, and General Counsel
Kansas Electric Power Cooperative, Inc.
600 SW Corporate View
Topeka, KS 66615
O: (785) 271-4815
M: (785) 817-1864
Email: scunningham@kepcos.org

*Attorney for Kansas Electric Power
Cooperative, Inc.*

Attachments

VERIFICATION
(K.S.A. 53-601)

STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

I, Susan B. Cunningham, verify under penalty of perjury that I have caused the foregoing Errata to Settlement Exhibit SA-1 to be prepared on behalf of Kansas Electric Power Cooperative, Inc.; that I have read and reviewed the filing; and that the contents thereof are true and correct to the best of my information, knowledge, and belief.

/s/ Susan B. Cunningham

Susan B. Cunningham

Executed on this 18th day of March, 2019.

CERTIFICATE OF SERVICE

A true and correct copy of the above and foregoing Errata to Settlement Exhibit SA-1 was electronically served on this 18th day of March, 2019, to the persons appearing on the Commission's service list as last modified on March 7, 2019.

/s/ Susan B. Cunningham

Susan B. Cunningham

ERRATA TO SETTLEMENT EXHIBIT SA-1
DOCKET NO. 19-SEPE-054-MER

ATTACHMENT A

EXHIBIT SA-1

Per paragraph 17(d)(i)., Transition Method for Convergence of Transmission

Zones:

The Transition Method is as set forth herein and as reflected in the supporting example calculations:

- a. **Transition Period.** The “Transition Period” shall begin on the effective date of any subsequent Converged TFR approved or accepted by FERC that will supersede the separate Sunflower and Mid-Kansas Legacy TFRs and continue for two years. For example, if Joint Applicants, in the SPP filing at FERC that will seek to consolidate the Sunflower and Mid-Kansas transmission zones and converge the transmission rates, request, and FERC permits, the filing and rates to become effective January 1, 2020, the Transition Period will run from January 1, 2020 until December 31, 2021, inclusive.
- b. **Legacy True-Up Adjustments.** During the Transition Period, the Legacy True-Up Adjustments shall be the Annual True-Up Adjustments for Sunflower and Mid-Kansas determined separately for each transmission zone using the Legacy TFR formulas. For example, if the Converged TFR becomes effective January 1, 2020, Legacy True-Up Adjustments will be determined separately for Sunflower and Mid-Kansas for the 2018 and 2019 Rate Years in accordance with the Legacy TFR Protocols. For clarity, only the calculation of the Legacy True-up Adjustments will follow the Legacy TFR protocols. The procedural schedule will be in accordance with any newly approved protocols.
- c. **Corrections during the Transition Period.** Legacy True-Up Adjustments shall be limited to the adjustments, including interest at the applicable FERC-authorized interest rate (Applicable Rate), to reflect any under-collection or over-collection of

ATRRs in the final two Rate Years of the Sunflower and Mid-Kansas Legacy TFRs, plus any corrections to Annual True-Up Adjustment calculations under the Legacy TFRs to be applied during the Transition Period, for errors discovered before the effective date established by FERC for the convergence of the TFRs (*i.e.*, True-Up Adjustments for the 2018 and 2019 Rate Years plus any corrections during the Transition Period).

- d. **Corrections after the Transition Period.** Corrections discovered by the Combined Company or wholesale transmission customers after the Transition Period that would impact prior Annual True-Up Adjustments shall be included in the annual true-up adjustments proposed under the Converged TFR. For example, if an error discovered after the end of the Transition Period resulted in an overstatement of the actual ATRR determined for an Annual True-Up Adjustment under a Legacy TFR, the correction necessary for that error shall be included with the Converged TFR's True-Up Adjustment for the Converged TFR. The parties acknowledge that this treatment of corrections is intended solely to provide the Combined Company with the benefit of administrative convenience.
- e. **Load Ratio Share.** Annually, the Joint Applicants submit zonal load ratio share (LRS) information to SPP. During the Transition Period, Joint Applicants shall also prepare LRS information for (i) the Converged TFR, (ii) the standalone Sunflower zone, and (iii) the standalone Mid-Kansas zone. The standalone LRS information shall reflect the zonal LRS information that would have existed had the Joint Applicants not caused to be established a Converged TFR. The standalone LRS information will be used to calculate the Transition Adjustment. Parties acknowledge, for example, the 2019 load ratio shares are used to allocate transmission revenue requirements billed in 2020.

- f. **Adjustments to Load Ratio Share.** The Combined Company shall be allowed to propose a reasonable adjustment to the allocation of any relevant Legacy True-Up Adjustments to address customer migration, subject to the condition that complete supporting documentation for any such adjustments shall be provided to the impacted wholesale transmission customers. Approval shall not be unreasonably withheld.
- g. **Transition Method applies to WPA.** The parties agree that, during 2020, under the Wholesale Power Agreement (WPA) between Sunflower and KEPCo, the Transmission Charge that Sunflower shall assess KEPCo shall reflect the ATRR including the Sunflower LRS of the Sunflower Legacy True-Up Adjustment. As the WPA is KCC jurisdictional and not FERC jurisdictional, information regarding the WPA calculations will not be included with the information filed at FERC. At KEPCo's request, Sunflower shall provide to KEPCo workpapers supporting the Sunflower Legacy True-Up Adjustment applied for the calculation of the Transmission Charge under the WPA.
- h. **Allocation of Base Plan Legacy True-Up to Projects.** The parties recognize that in the Legacy TFR, the base plan true-up in the FBR requires allocation to eligible individual base plan projects in order to be allocated properly in the SPP RRR file, including to the Sunflower and Mid-Kansas zones. The Converged TFR will calculate the projected revenue requirement by project. During the Transition Period, the Converged TFR projected revenue requirement by project will be used to allocate the Sunflower base plan true-up to the eligible Sunflower projects and the Mid-Kansas base plan true-up to the eligible Mid-Kansas projects. For this purpose, 'Sunflower projects' and 'Mid-Kansas projects' pertain to projects as they appear in the Annual Projections in the standalone Sunflower

and Mid-Kansas Legacy TFRs, respectively.

- i. **Allocation of Base-Plan Legacy True-Up to Zones**. After the base plan Legacy True-up Adjustment is allocated to each qualifying project, the base plan Legacy True-up is allocated to the various SPP zones and to the SPP regional charges in accordance with the SPP parameters for each project. Following this process, Sunflower will calculate the percent of the Base Plan True-Ups allocated to the Sunflower zone on a standalone basis, the Mid-Kansas zone on a standalone basis, and to the Converged zone on a converged basis (Base Plan Zonal Percent).
- j. **Zonal True-Up Adjustment**. During the Transition Period, Sunflower will calculate a Zonal True-Up Transition Adjustment for each ~~zonal-customer~~Zonal Customer. The Zonal Legacy True-up Adjustment (see section b. and section c.) for Sunflower will be allocated to each ~~zonal-customer~~Zonal Customer using the stand-alone LRS information for the Sunflower zone (see section e.). The Zonal Legacy True-up Adjustment (see section b. and section c.) for Mid-Kansas will be allocated to each ~~zonal-customer~~Zonal Customer using the stand-alone LRS information for the Mid-Kansas zone (see section e.). The Sunflower and Mid-Kansas Zonal Legacy True-Up Adjustments will be added together and allocated to each Zonal Customer using the LRS information for the Converged TFR (see section e.). The Zonal True-Up Transition Adjustment for each ~~zonal-customer~~Zonal Customer is the difference between the sum of the Sunflower and Mid-Kansas stand-alone Zonal Legacy True-up Adjustments allocated to that customer and the Converged Zonal Legacy True-up Adjustment allocated to that customer.
- k. **Base Plan True-Up Adjustment**. During the Transition Period, Sunflower will

calculate a Base Plan True-Up Transition Adjustment for each ~~zonal customer~~Zonal Customer. The zonal impact of the base plan Legacy True-up Adjustment is calculated by multiplying the base plan Legacy True-up Adjustment (see section b. and section c.) by the Base Plan Zonal Percent (see section i.) for each of Sunflower, Mid-Kansas, and the Converged zone. The base plan True-up Transition Adjustment is then calculated for each ~~zonal customer~~Zonal Customer following the same process as described for the Zonal True-Up Adjustment.

l. **Reallocation of Imbalance.** The base plan True-up Adjustment, for the zone as a whole, can result in an imbalance from the calculated net cost shift to or from the SPP region. To the extent this cost shift occurs, the result of the Transition Adjustment would be an imbalance, which could result in the Combined Company either over- or under-collecting costs associated with the Legacy True-Up Adjustments. To eliminate this imbalance, the imbalance shall be reallocated to each ~~zonal customer~~Zonal Customer based on their LRS in the Converged zone.

m. **Net Transition Adjustment.** The net Transition Adjustment for each ~~zonal customer~~Zonal Customer will be the sum of the Zonal True-Up Adjustment (see section j.), the Base Plan True-Up Adjustment (see section k.), and the Reallocation of Imbalance (see section l.)

n. **Settlement and Timing.** The Transition Adjustment calculation is dependent on LRS data that will not be finalized until after the end of the calendar year (see section e.). For example, 2018 Legacy True-Up Adjustments distributed in 2020 rely on LRS data for 2019 that will not be available until after the end of 2019. The stand-alone LRS data will be prepared concurrently with the Converged LRS information that is required to be submitted to SPP for the Converged TFR in

January. The Allocation of Base Plan Legacy True-Up to Projects relies on data from the Converged TFR and the SPP RRR file. Complete RRR file data may not be available until as late as February (for example February of 2020 for the 2020 distribution of the 2018 Legacy True-Up Adjustments). Note that some data will be available with the posting of the Converged TFR projected rate for Sunflower. Zonal Customers shall be notified when data is available to complete the calculations. Interested parties may request and review the calculation prior to settlement. Settlement (payments or invoices) will be issued to ~~zonal customers~~ Zonal Customers in 12 equal monthly amounts beginning after all interested parties have completed their review.

[EXAMPLE CALCULATIONS TO FOLLOW]

ERRATA TO SETTLEMENT EXHIBIT SA-1
DOCKET NO. 19-SEPE-054-MER

ATTACHMENT B

EXHIBIT SA-1

Per paragraph 17(d)(i)., Transition Method for Convergence of Transmission

Zones:

The Transition Method is as set forth herein and as reflected in the supporting example calculations:

- a. **Transition Period.** The “Transition Period” shall begin on the effective date of any subsequent Converged TFR approved or accepted by FERC that will supersede the separate Sunflower and Mid-Kansas Legacy TFRs and continue for two years. For example, if Joint Applicants, in the SPP filing at FERC that will seek to consolidate the Sunflower and Mid-Kansas transmission zones and converge the transmission rates, request, and FERC permits, the filing and rates to become effective January 1, 2020, the Transition Period will run from January 1, 2020 until December 31, 2021, inclusive.
- b. **Legacy True-Up Adjustments.** During the Transition Period, the Legacy True-Up Adjustments shall be the Annual True-Up Adjustments for Sunflower and Mid-Kansas determined separately for each transmission zone using the Legacy TFR formulas. For example, if the Converged TFR becomes effective January 1, 2020, Legacy True-Up Adjustments will be determined separately for Sunflower and Mid-Kansas for the 2018 and 2019 Rate Years in accordance with the Legacy TFR Protocols. For clarity, only the calculation of the Legacy True-up Adjustments will follow the Legacy TFR protocols. The procedural schedule will be in accordance with any newly approved protocols.
- c. **Corrections during the Transition Period.** Legacy True-Up Adjustments shall be limited to the adjustments, including interest at the applicable FERC-authorized interest rate (Applicable Rate), to reflect any under-collection or over-collection of

ATRRs in the final two Rate Years of the Sunflower and Mid-Kansas Legacy TFRs, plus any corrections to Annual True-Up Adjustment calculations under the Legacy TFRs to be applied during the Transition Period, for errors discovered before the effective date established by FERC for the convergence of the TFRs (*i.e.*, True-Up Adjustments for the 2018 and 2019 Rate Years plus any corrections during the Transition Period).

- d. **Corrections after the Transition Period.** Corrections discovered by the Combined Company or wholesale transmission customers after the Transition Period that would impact prior Annual True-Up Adjustments shall be included in the annual true-up adjustments proposed under the Converged TFR. For example, if an error discovered after the end of the Transition Period resulted in an overstatement of the actual ATRR determined for an Annual True-Up Adjustment under a Legacy TFR, the correction necessary for that error shall be included with the Converged TFR's True-Up Adjustment for the Converged TFR. The parties acknowledge that this treatment of corrections is intended solely to provide the Combined Company with the benefit of administrative convenience.
- e. **Load Ratio Share.** Annually, the Joint Applicants submit zonal load ratio share (LRS) information to SPP. During the Transition Period, Joint Applicants shall also prepare LRS information for (i) the Converged TFR, (ii) the standalone Sunflower zone, and (iii) the standalone Mid-Kansas zone. The standalone LRS information shall reflect the zonal LRS information that would have existed had the Joint Applicants not caused to be established a Converged TFR. The standalone LRS information will be used to calculate the Transition Adjustment. Parties acknowledge, for example, the 2019 load ratio shares are used to allocate transmission revenue requirements billed in 2020.

- f. **Adjustments to Load Ratio Share.** The Combined Company shall be allowed to propose a reasonable adjustment to the allocation of any relevant Legacy True-Up Adjustments to address customer migration, subject to the condition that complete supporting documentation for any such adjustments shall be provided to the impacted wholesale transmission customers. Approval shall not be unreasonably withheld.
- g. **Transition Method applies to WPA.** The parties agree that, during 2020, under the Wholesale Power Agreement (WPA) between Sunflower and KEPCo, the Transmission Charge that Sunflower shall assess KEPCo shall reflect the ATRR including the Sunflower LRS of the Sunflower Legacy True-Up Adjustment. As the WPA is KCC jurisdictional and not FERC jurisdictional, information regarding the WPA calculations will not be included with the information filed at FERC. At KEPCo's request, Sunflower shall provide to KEPCo workpapers supporting the Sunflower Legacy True-Up Adjustment applied for the calculation of the Transmission Charge under the WPA.
- h. **Allocation of Base Plan Legacy True-Up to Projects.** The parties recognize that in the Legacy TFR, the base plan true-up in the FBR requires allocation to eligible individual base plan projects in order to be allocated properly in the SPP RRR file, including to the Sunflower and Mid-Kansas zones. The Converged TFR will calculate the projected revenue requirement by project. During the Transition Period, the Converged TFR projected revenue requirement by project will be used to allocate the Sunflower base plan true-up to the eligible Sunflower projects and the Mid-Kansas base plan true-up to the eligible Mid-Kansas projects. For this purpose, 'Sunflower projects' and 'Mid-Kansas projects' pertain to projects as they appear in the Annual Projections in the standalone Sunflower

and Mid-Kansas Legacy TFRs, respectively.

- i. **Allocation of Base-Plan Legacy True-Up to Zones**. After the base plan Legacy True-up Adjustment is allocated to each qualifying project, the base plan Legacy True-up is allocated to the various SPP zones and to the SPP regional charges in accordance with the SPP parameters for each project. Following this process, Sunflower will calculate the percent of the Base Plan True-Ups allocated to the Sunflower zone on a standalone basis, the Mid-Kansas zone on a standalone basis, and to the Converged zone on a converged basis (Base Plan Zonal Percent).
- j. **Zonal True-Up Adjustment**. During the Transition Period, Sunflower will calculate a Zonal True-Up Transition Adjustment for each Zonal Customer. The Zonal Legacy True-up Adjustment (see section b. and section c.) for Sunflower will be allocated to each Zonal Customer using the stand-alone LRS information for the Sunflower zone (see section e.). The Zonal Legacy True-up Adjustment (see section b. and section c.) for Mid-Kansas will be allocated to each Zonal Customer using the stand-alone LRS information for the Mid-Kansas zone (see section e.). The Sunflower and Mid-Kansas Zonal Legacy True-Up Adjustments will be added together and allocated to each Zonal Customer using the LRS information for the Converged TFR (see section e.). The Zonal True-Up Transition Adjustment for each Zonal Customer is the difference between the sum of the Sunflower and Mid-Kansas stand-alone Zonal Legacy True-up Adjustments allocated to that customer and the Converged Zonal Legacy True-up Adjustment allocated to that customer.
- k. **Base Plan True-Up Adjustment**. During the Transition Period, Sunflower will calculate a Base Plan True-Up Transition Adjustment for each Zonal Customer.

The zonal impact of the base plan Legacy True-up Adjustment is calculated by multiplying the base plan Legacy True-up Adjustment (see section b. and section c.) by the Base Plan Zonal Percent (see section i.) for each of Sunflower, Mid-Kansas, and the Converged zone. The base plan True-up Transition Adjustment is then calculated for each Zonal Customer following the same process as described for the Zonal True-Up Adjustment.

- l. **Reallocation of Imbalance.** The base plan True-up Adjustment, for the zone as a whole, can result in an imbalance from the calculated net cost shift to or from the SPP region. To the extent this cost shift occurs, the result of the Transition Adjustment would be an imbalance, which could result in the Combined Company either over- or under-collecting costs associated with the Legacy True-Up Adjustments. To eliminate this imbalance, the imbalance shall be reallocated to each Zonal Customer based on their LRS in the Converged zone.
- m. **Net Transition Adjustment.** The net Transition Adjustment for each Zonal Customer will be the sum of the Zonal True-Up Adjustment (see section j.), the Base Plan True-Up Adjustment (see section k.), and the Reallocation of Imbalance (see section l.)
- n. **Settlement and Timing.** The Transition Adjustment calculation is dependent on LRS data that will not be finalized until after the end of the calendar year (see section e.). For example, 2018 Legacy True-Up Adjustments distributed in 2020 rely on LRS data for 2019 that will not be available until after the end of 2019. The stand-alone LRS data will be prepared concurrently with the Converged LRS information that is required to be submitted to SPP for the Converged TFR in January. The Allocation of Base Plan Legacy True-Up to Projects relies on data from the Converged TFR and the SPP RRR file. Complete RRR file data may

not be available until as late as February (for example February of 2020 for the 2020 distribution of the 2018 Legacy True-Up Adjustments). Note that some data will be available with the posting of the Converged TFR projected rate for Sunflower. Zonal Customers shall be notified when data is available to complete the calculations. Interested parties may request and review the calculation prior to settlement. Settlement (payments or invoices) will be issued to Zonal Customers in 12 equal monthly amounts beginning after all interested parties have completed their review.

[EXAMPLE CALCULATIONS TO FOLLOW]