

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

JAN 07 2013

In the Matter of the Joint Application of)
Mid-Kansas Electric Company, LLC,)
Lane-Scott Electric Cooperative, Inc.,)
Prairie Land Electric Cooperative, Inc.,)
Southern Pioneer Electric Company,)
Victory Electric Cooperative Association, Inc.,)
Western Cooperative Electric Association, Inc., and)
Wheatland Electric Cooperative, Inc., Joint Applicants,)
for an Order approving the transfer of Certificates of)
Convenience with respect to all of Mid-Kansas' retail)
electric services and for other related relief.)

by
State Corporation Commission
of Kansas

Docket No. 13-MKEE-447-MIS

DIRECT TESTIMONY

OF

BRUCE MUELLER

WHEATLAND ELECTRIC COOPERATIVE, INC.

JANUARY 7, 2013

1 **Q. Please state your name.**

2 A. My name is Bruce Mueller.

3 **Q. By whom are you employed and what is your business address?**

4 A. I am employed by Wheatland Electric Cooperative, Inc. ("Wheatland") as general
5 manager. My business address is P.O. Box 230, Scott City, Kansas.

6 **Q. Would you summarize your educational background?**

7 A. I hold a Bachelor of Business Administration in finance from Texas State
8 University and a Master of Business Administration in management from the
9 University of Houston-Victoria.

10 **Q. Please summarize your work experience.**

11 A. I have over 28 years of experience working in the investor-owned electric and
12 electric cooperative industries.

13 **Q. Are you also an officer of Mid-Kansas Electric Company, LLC ("Mid-
14 Kansas")?**

15 A. Yes. I am member of the Board of Directors of Mid-Kansas. I have served in that
16 position since February 2012.

17 **Q. Do you serve on any other boards for public utilities?**

18 A. Yes. Wheatland is a member of both Sunflower Electric Power Corporation
19 (Sunflower) and Mid-Kansas. I serve as a Director on the Sunflower Board of
20 Directors also.

21 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to provide background information on Wheatland
2 and support for relief sought in the Joint Application filed by Mid-Kansas and its
3 Members¹, including Wheatland.

4 **1. HISTORICAL INFORMATION ON WHEATLAND**

5 **Q. Please provide an overview of your testimony.**

6 A. My testimony will primarily focus on a brief overview of Wheatland.

7 **Q. Please provide a brief overview of Wheatland.**

8 A. Wheatland is an electric cooperative formed under the Kansas Electric
9 Cooperative Act. It was formed for the purpose of supplying electric energy and
10 promoting and extending the use of such energy in rural areas of western
11 Kansas. Wheatland was formed in 1948 and has been providing electric retail
12 service in the western Kansas for over 63 years.

13 **Q. Would you provide a summary of the service area and the nature of service
14 Wheatland provided before the acquisition of Aquila-WPK by Mid-Kansas?**

15 A. Prior to the acquisition, Wheatland provided retail electric service in six western
16 Kansas counties, with approximately 17,000 meters. Its service territory ran from
17 the middle of Scott County and the western one-fourth of Gray County on the
18 eastern end to the middle of Kiowa County, Colorado on the western end.
19 Wheatland also served various cities within its certificated territory. Although it

¹ The six Kansas entities, collectively referred to as Members of Mid-Kansas, and their headquarters are as follows: Lane-Scott Electric Cooperative, Inc., Dighton, Kansas; Southern Pioneer Electric Company, a subsidiary of Pioneer Electric Cooperative, Inc., Ulysses, Kansas; Prairie Land Electric Cooperative, Inc., Norton, Kansas; Victory Electric Cooperative Association, Inc., Dodge City, Kansas; Western Cooperative Electric Association, Inc., WaKeeney, Kansas; Wheatland Electric Cooperative, Inc., Scott City, Kansas.

1 did not operate generation or transmission lines, it operated and maintained
2 approximately 3,500 miles of distribution line and 600 miles of 115 kV, 69 kV and
3 34.5 kV lines.

4 **Q. Would you provide a summary of the area served and scope by Wheatland**
5 **after the acquisition of the Aquila-WPK by Mid-Kansas?**

6 A. After the acquisition, pursuant to a service contract with Mid-Kansas, Wheatland
7 increased the number of meters by approximately 16,000 and continues to serve
8 approximately that number of meters in the Wheatland division. Through the
9 acquisition, the service territory was extended easterly to approximately Great
10 Bend from the eastern edge of the original Wheatland service territory. With the
11 acquisition of Aquila-WPK, the number of customers served is approximately
12 36,000.

13 **Q. Prior to the acquisition, was Wheatland a deregulated cooperative?**

14 A. No. However, Wheatland's board of directors is contemplating putting the matter
15 to a vote with its membership.

16 **Q. Why did the six Members of Mid-Kansas elect to pursue the acquisition of**
17 **Aquila-WPK?**

18 A. Wheatland, like the other Members, saw the acquisition as an opportunity to
19 increase its service territory and serve more residential customers. Aquila-WPK's
20 service territory was located in the general vicinity of Wheatland's service
21 territory. The expansion into this territory could be done at a far less of a cost to
22 Wheatland than any other utility as we were already serving in the general area.
23 It increased the number of customers per mile for distribution lines and allowed

1 Wheatland to spread the general overhead costs across a larger number of
2 customers. There were a number of synergies associated with the acquisition, all
3 of which resulted in cost savings to both Wheatland's existing customers and
4 those customers acquired in the acquisition.

5 **Q. Do you believe the synergies that you anticipated have been realized?**

6 A. Yes. We firmly believe the acquisition has been good for both the existing and
7 acquired customers. There have been cost savings as anticipated, and the
8 increases in costs have been slowed as a result of the synergies and ability to
9 spread costs across a larger segment of customers. Also, the diversity in
10 customers has been beneficial as economic conditions change throughout
11 western Kansas.

12 **Q. Do you believe Wheatland is capable of succeeding to a portion of Mid-
13 Kansas' certificated service territory as contemplated in the Application?**

14 A. Yes. Wheatland has been serving the customers in the Wheatland division since
15 the acquisition in 2007. We have great confidence in our ability to service the
16 customers and provide quality electric services.

17 **Q. Is Wheatland asking the Commission to approve the transfer of the territory
18 Wheatland is currently serving pursuant to its service contract with Mid-
19 Kansas?**

20 A. Yes.

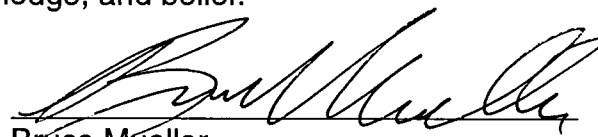
21 **Q. Does this conclude your testimony?**

22 A. Yes.

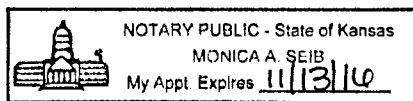
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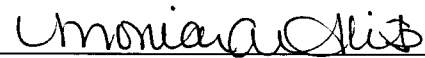
STATE OF KANSAS)
COUNTY OF ELLIS) ss:

Bruce Mueller, of lawful age, being first duly sworn, deposes and says that he is the Bruce Mueller referred to in the foregoing document entitled "Direct Testimony of Bruce Mueller" before the State Corporation Commission of the State of Kansas and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge, and belief.


Bruce Mueller

SUBSCRIBED AND SWORN to before me this 20th day of
DECEMBER, 2012.




Notary Public

My appointment expires: 11/13/16