

Consumer Facts

KANSAS CORPORATION COMMISSION PUBLIC MEETING

Kansas Corporation Commission Procedure: The utility company files an application and proposal. The three member commission acts as a fact-finder. The Commissioners make a decision balancing interests of the parties, after taking comments from the public, receiving non-binding recommendations from staff and hearing testimony from interveners.

Mid-Kansas Electric Company, LLC (MKEC)

Docket No. 09-MKEE-969-RTS

KCC Meeting & Public Hearing

Wednesday, September 16, 2009

6:30 - 9:00pm

Southwest Medical Center
315 W. 15th St., Conference Room #2
Liberal, KS

Video Conferencing Sites:

Lane County Courthouse-Lane County Library, Community Room, 144 S. Lane St., Dighton, KS

Clifton/Clyde High School, 616 N. High, Clyde, KS

Dodge City Public Library, Lois Flanagan Room, 1001 N. 2nd Ave., Dodge City, KS

Ellsworth High School, 211 W. 11th St., Ellsworth, KS

Public discussion begins at 6:30 with a question and answer period. The public hearing begins thereafter when customers may make formal statements to the Commission under oath.

Technical Hearing:

November 23, 2009

10:00 am

Kansas Corporation Commission
1500 SW Arrowhead Road
Topeka, KS 66604

KCC Website

Check out the KCC Website at:

<http://kcc.ks.gov/>

Click **Docket Filings** on the left side. Under Docket # Search, type in **09-MKEE-969-RTS**. Scroll down to all the information filed by each party.

Written Inquiries or Comments

Written comments and questions will be accepted through November 19, 2009. Comments should reference Docket No. 09-MKEE-969-RTS and be sent to the Kansas Corporation Commission, Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, Kansas 66604, public.affairs@kcc.ks.gov, or by calling 1-800-662-0027. These comments and responses will be made part of the record in this docket.

MKEC Application

Mid-Kansas Electric Company, LLC, (MKEC) filed an application on June 15, 2009 requesting an increase of \$16.4 million in retail rates affecting MKEC's former Aquila-WPK customers. The affected MKEC customers are serviced by Prairie Land Electric Cooperative, Inc., Victory Electric Cooperative Association, Lane-Scott Electric Cooperative, Inc., Western Cooperative Electric Association Inc., and Southern Pioneer Electric Company. These five organizations plus Wheatland Electric Cooperative, Inc., constitute MKEC's members and together own MKEC.

The request also includes \$10 million in wholesale rates, of which \$6.9 million applies to wholesale rates to the MKEC members for service to the former Aquila-WPK customers. The remaining \$3.1 million is proposed to be recovered through increases in transmission revenues from other third-party transmission customers.

MKEC states the proposed rate changes are sought to meet increased costs of service and to make needed capital improvements to the electric system to assure continuing, adequate, efficient and reliable utility service.

History

MKEC was organized by five electric cooperatives (Wheatland, Prairie Land, Victory, Lane Scott, and Western) and one company (Southern Pioneer), for the purpose of acquiring the electric generation, transmission, and distribution assets of Aquila, Inc.

In February 2007, the Commission approved MKEC's acquisition of Aquila's assets, with an agreement by MKEC to operate under the current rate structure Aquila had in place until March 2009.

In May 2009, the Commission issued an order allowing MKEC to file a general rate case consisting of a wholesale rate to the MKEC members and six "divisional" retail rate structures that reflect the cost of service for each of the six MKEC members.

Affected Customers

The requested rate increase will only affect those customers previously served by Aquila-WPK and currently served by the five affected members listed below. Approximately 41,000 residential consumers and 13,000 industrial/commercial customers are affected.

MKEC members affected by the rate application are:

- Lane-Scott Electric Cooperative, Inc., Dighton
- Southern Pioneer Electric Company, Ulysses
- Prairie Land Electric Cooperative, Inc., Norton
- Victory Electric Cooperative Association, Inc., Dodge City
- Western Cooperative Electric Association Inc., WaKeeney

MKEC is not proposing a change in the retail rate to its retail customers served by Wheatland Electric Cooperative, Inc., Scott City.

Proposed Increase in Retail Rates

According to the MKEC application, the proposed increase in retail rates totals an average rate increase of 11.7% for the five affected members. The \$16.4 million includes: (1) \$6.9 million increase due to the establishment of a wholesale rate for sales from MKEC to the five affected members; and (2) \$9.5 million increase in distribution costs. Increases for the individual affected members vary and are dependent on each member's specific cost to serve its respective MKEC customers, with proposed retail rate increases shown below.

Lane-Scott Electric Cooperative, Inc.	\$358,000	10.3%
Southern Pioneer Electric Company	\$8,665,000	16.1%
Prairie Land Electric Cooperative, Inc.	\$2,107,000	7.9%
Victory Electric Cooperative Assn., Inc.	\$4,449,000	11.2%
Western Cooperative Electric Assn., Inc.	\$785,000	4.9%
Total		11.7%

The application includes an energy cost recovery mechanism which could periodically result in adjustments on bill due to factors such as the cost of fuel.

For more information contact:

Mid-Kansas Electric Company, LLC.....785-628-2845

Lane-Scott Electric Cooperative, Inc.....620-397-2321

Southern Pioneer Electric Company.....620-356-1211

Prairie Land Electric Cooperative, Inc.....785-877-3323

Victory Electric Cooperative Association, Inc.....602-227-2139

Western Cooperative Electric Association, Inc.....785-743-5561

Agenda

KANSAS CORPORATION COMMISSION PUBLIC MEETING

Mid-Kansas Electric Company, LLC (MKEC)

Docket No. 09-MKEE-969-RTS

Date/Time: September 16, 2009 - 6:30 pm

Location: Southwest Medical Center
315 W. 15th Street, Conference Room #2
Liberal, KS

**Part One:
Informational
Session**

6:30-6:40 Opening Remarks: KCC Convenor
Matt Spurgin, KCC Litigation Counsel
Tonight's procedure and background information.

6:40-6:55 **MKEC:** presentation on application

6:55-7:00 CURB Comments

7:00-7:50 Question & answer between the public and MKEC

- Dodge City
- Dighton
- Ellsworth
- Clifton/Clyde
- Liberal

(Note: KCC staff and CURB are available as a resource)

Conclude the informational session

7:50-8:00 Break

**Part Two:
Public Hearing
Legal Proceeding**

8:00 *or ten minutes after conclusion of part one*
Thomas E. Wright, Chairman, Presiding

Invitation to make statements to the commission

Those desiring to make statements will be sworn in.
Please speak from the microphone.

8:50-9:00 **Concluding remarks**

Court reporter is present.