

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.

| Docket No. ER12-140-000

OFFER OF SETTLEMENT

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602 (2012), the Kansas Power Pool ("KPP") joined by the Southwest Power Pool, Inc. ("SPP") for the limited purposes stated herein, submits this Offer of Settlement to the Commission for approval. KPP has been authorized to state that neither SPP nor any of the intervenors in this proceeding (Sunflower Electric Power Corporation and Mid-Kansas Electric Company, LLC ("MKEC"), Westar Energy Inc. and its affiliate Kansas Gas and Electric Company ("Westar"), and the Kansas Corporation Commission ("KCC"), collectively, "Intervenors") opposes the Offer of Settlement.¹ As the party whose filing initiated this proceeding and whose tariff provisions must be modified to implement the settlement, SPP joins this Offer of Settlement only for the limited purpose of submitting the revised tariff sheets needed to implement it. If approved by the Commission without material condition or modification, or if approved by the Commission with condition or modification acceptable to KPP and SPP, this Offer of Settlement will resolve all issues set for hearing in Docket No. ER12-140-000. The Offer of Settlement represents a fair and equitable resolution of all issues that have been raised in this proceeding.

Comments on this Offer of Settlement are due no later than September 12, 2012.

¹ As discussed below, each of the Intervenors was involved in the settlement of a related proceeding before the KCC, which forms the basis for this Offer of Settlement.

ARTICLE I BACKGROUND

On October 20, 2011, SPP submitted for filing, pursuant to Section 205 of the Federal Power Act, modifications to its Open Access Transmission Tariff (“OATT”) to include formula rate provisions for calculating KPP’s annual transmission revenue requirements (“ATRR”) to be included in SPP’s zonal transmission rates. As calculated by KPP in its testimony submitted with the October 20 filing, its proposed formula produced an initial ATRR of \$528,917 for KPP, based on 2009 cost data. On November 9, 2011, Westar filed a motion to intervene and protest. On November 10, 2011, motions to intervene and protests were filed by the KCC and MKEC. On November 23, 2011, KPP submitted an answer to the protests, in which it updated its ATRR calculation to reflect 2010 cost data that had become available and corrected certain errors pointed out by some of the Intervenors. KPP’s updated and corrected calculation of the initial ATRR was \$440,265.

On December 15, 2011, the Commission issued an order conditionally accepting the revised tariff sheets for filing, suspending them for a nominal period, to become effective December 20, 2011, subject to refund, and establishing hearing and settlement judge procedures.² At the parties’ request, the Honorable Michael J. Cianci, Jr. was appointed Settlement Judge.

On January 23, 2012, KPP and the staff of the KCC entered into a letter agreement pursuant to which KPP committed to make a filing with the KCC for approval of KPP’s proposed ATRR formula. KPP made that filing on February 17, 2012 in KCC docket number 12-KPPE-630-MIS. The filing in the KCC docket proposed essentially the same ATRR formula

² Southwest Power Pool, Inc., 137 FERC ¶ 61,197 (2011).

that SPP filed on behalf of KPP in Docket No. ER12-140, but with further minor correction the resulting initial ATRR calculated by KPP in the KCC filing was \$432,438. Westar and MKEC both intervened in the KCC proceeding.

On May 4, 2012, SPP submitted an informational filing to the Commission to notify all parties in this proceeding that it would adjust KPP's filed ATRR to \$432,438, effective as of December 20, 2011, the effective date granted in the Commission's December 2011 order. SPP explained that it made this change to be consistent with the initial ATRR that KPP calculated in its KCC filing.

On June 1, 2012, as the result of negotiations among KCC staff, MKEC, Westar and KPP in the KCC proceeding, a Stipulation and Agreement was submitted to the KCC reflecting a settlement entered into by KPP, KCC staff and MKEC. Westar was not a party to the Stipulation and Agreement, but it did not oppose the settlement. The Stipulation and Agreement provided for a stated ATRR of \$350,243 for KPP's transmission facilities, in lieu of the proposed formula for determining KPP's ATRR. The Stipulation and Agreement also obligated the parties thereto (*i.e.*, KCC staff, MKEC and KPP) to "pursue all reasonable efforts" to obtain this Commission's approval or acceptance of the agreed-upon stated ATRR.

On June 29, 2012, the KCC issued an order approving the Stipulation and Agreement.

ARTICLE II REPLACEMENT OF FORMULA WITH STATED ATRR

In this Offer of Settlement, KPP proposes the stated ATRR for KPP of \$350,243.00 that was agreed to by the parties to the KCC settlement and accepted by KCC,³ to take the place of

³ KPP proposes this stated ATRR to settle this proceeding on a "black-box" basis. The settlement in the KCC proceeding set forth certain bases for calculation of that amount, which the KCC found to be consistent with its own rate-making principles, which differ from those of the Commission. In this Offer of Settlement, KPP proposes that the Commission accept the \$350,243 stated ATRR as just and reasonable, but does not propose that the Commission

the proposed formula pursuant to which KPP's ATRR would have been calculated annually. This stated revenue requirement is lower than the initial KPP ATRR of \$432,438.00 (based on 2010 costs) that would have resulted from the proposed formula and that SPP is currently including in the Westar Zonal Annual Transmission Revenue Requirement ("Westar Zonal ATRR"). The revised OATT provisions necessary to accomplish the substitution of this stated ATRR for the proposed formula are attached to this Offer of Settlement as Attachment A. These revisions will supersede the proposed tariff changes that were submitted in this docket and accepted by the Commission for filing, subject to refund. The revised OATT provisions shall become effective December 20, 2011, subject to the issuance of an order from the Commission approving or accepting this Offer of Settlement without condition or modification unacceptable to KPP or SPP. Because the revised OATT provisions in Attachment A are not being filed through SPP's eTariff system, subsequent to the issuance of a Final Order (as defined in Article III hereof) (i) approving or accepting, without condition or modification, this Offer of Settlement, including the revised OATT provisions in Attachment A, or (ii) approving the Offer of Settlement with conditions or modifications that are not unacceptable to KPP and SPP, SPP shall make the appropriate filing with the Commission to incorporate into its current effective eTariff the revised OATT provisions attached to this Offer of Settlement as Attachment A (and if applicable, as modified by Commission order and acceptable to KPP and SPP).

Inasmuch as KPP's ATRR will now be a stated component of the Westar Zonal ATRR, this component of the Westar Zonal ATRR cannot be changed absent a filing with the Commission under section 205 or 206 of the Federal Power Act ("FPA"). However, it is understood that certain components of the Westar Zonal ATRR other than KPP's stated ATRR

adopt the underlying principles set forth in the KCC settlement. Notwithstanding the black-box nature of this Offer of Settlement, KPP specifies that it is based on a 2.36% depreciation rate, which KPP will only change pursuant to a Section 205 filing.

may change periodically pursuant to the SPP OATT without the need for filings with the Commission, and all such changes to the Revenue Requirements and Rates File shall be posted on SPP's website.

Simultaneously with this filing, KPP and SPP are submitting to the Chief Administrative Law Judge a request to implement the stated KPP ATRR on an interim basis pending Commission approval of the Offer of Settlement. It is intended that such interim implementation will commence on the first day of the first full month following issuance of an order by the Chief Administrative Law Judge granting the motion for interim implementation. KPP is authorized to state that none of the Intervenors oppose such request for interim implementation of the stated ATRR.

ARTICLE III CONDITIONS PRECEDENT TO EFFECTIVENESS OF SETTLEMENT

Neither this Offer of Settlement, which includes Attachment A hereto, nor any of the provisions of this Offer Settlement, shall become effective unless and until: (1) the Commission shall have issued a Final Order approving all of the terms and provisions of the Offer of Settlement, including acceptance of the revised OATT revisions attached hereto, without modification or condition, unless KPP and SPP accept in writing any modification or condition; and (2) the Commission in its order approving or accepting the Settlement has waived the requirement that SPP and/or KPP comply with any otherwise applicable regulations to the extent necessary only to effectuate all provisions of the Settlement, including, but not limited to, any waivers of Sections 35.13, 35.14, 35.18, 35.24 and 35.25 of the Commission's regulations, 18 C.F.R. §§ 35.13, 35.14, 35.18, 35.24 and 35.25. For purposes of this Offer of Settlement, an order shall be deemed a "Final Order" as of the date rehearing is denied by the Commission, or if

rehearing is not sought, the day following the date by which any request for rehearing would have been required to be filed with the Commission.

ARTICLE IV RESERVATIONS

This Offer of Settlement is submitted pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602, and is privileged, inadmissible as evidence in any proceeding, and of no effect unless it is approved and made effective as to all of its terms and conditions without modification in accordance with Article III hereof.

If this Offer of Settlement is not accepted or approved in its entirety without modification or conditions it shall be deemed to be withdrawn, shall not be considered to be part of the record in this proceeding, and shall be null and void and of no force and effect, unless KPP and SPP accept in writing such modification or condition, including any required changes to the revised OATT provisions in Attachment A.

No element of this Offer of Settlement constitutes precedent or should be deemed "settled practice" as that term was interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

ARTICLE V MODIFICATIONS TO SETTLEMENT; STANDARD OF REVIEW

Nothing contained herein shall be construed as affecting in any way the right of KPP unilaterally to make an application, or request SPP to make an application, of any type to the Commission seeking to modify, in whole or in part, the KPP ATRR.

KPP proposes that the Commission apply the "just and reasonable" standard of review rather than the "public interest" standard of review when acting on any proposed modifications to the Offer of Settlement under this Article V.

Respectfully submitted,

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August 23, 2012

ATTACHMENT A

Attachment H

ATTACHMENT H
ANNUAL TRANSMISSION REVENUE REQUIREMENT FOR NETWORK
INTEGRATION TRANSMISSION SERVICE

SECTION I: General Requirements

1. The Zonal Annual Transmission Revenue Requirement (“Zonal ATRR”) for each Transmission Owner for purposes of determining the charges under Schedule 9, Network Integration Transmission Service, is specified in Column (3) Section I, of Table 1. The Base Plan Zonal Annual Transmission Revenue Requirement (“Base Plan Zonal ATRR”) used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued a Notification to Construct (“NTC”) prior to June 19, 2010 is specified in Column (4) Section I, of Table 1. The Base Plan Zonal ATRR used to determine the zonal charges under Schedule 11 for Base Plan Upgrades issued an NTC on or after June 19, 2010 is specified in Column (5) of Section I, Table 1. The amount of Zonal ATRR and Base Plan Zonal ATRR that is included in Columns (3), (4), and (5) and reallocated to the Region-wide Annual Transmission Revenue Requirement (“Region-wide ATRR”), in accordance with Attachment J, is specified in Column (6) of Section I, Table 1.

Table 1
(See Note A below)

(1) Zone	(2)	(3) Zonal ATRR	(4) Base Plan Zonal ATRR	(5) Base Plan Zonal ATRR after June 19, 2010	(6) ATRR Reallocated to Balanced Portfolio Region-wide ATRR
1	American Electric Power –West (Total)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
1a	American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File		
1b	East Texas Electric Cooperative, Inc.	\$2,733,879			

1c	Tex-La Electric Cooperative of Texas, Inc.	\$588,874			
1d	Deep East Texas Electric Cooperative, Inc.	\$428,131			
1e	Oklahoma Municipal Power Authority	\$748,647			
1f	AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc and AEP Southwestern Transmission Company, Inc)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
2	Reserved for Future Use				
3	City Utilities of Springfield, Missouri	\$8,651,509	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
4	Empire District Electric Company	\$14,075,000	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
5	Grand River Dam Authority	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
6	Kansas City Power & Light Company	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
7	Oklahoma Gas and Electric (Total)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
7a	Oklahoma Gas and Electric	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
7b	Oklahoma Municipal Power Authority	\$368,501	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
8	Midwest Energy, Inc.	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations Company	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$14,267,100	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
11	Southwestern Public Service Company (Total)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

11a	Southwestern Public Service Company	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
11b	Tri-County Electric Cooperative	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
12	Sunflower Electric Power Corporation	\$14,484,045	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
13	Western Farmers Electric Cooperative	\$20,719,639	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
14	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy) (Total)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
14a	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
14b	Prairie Wind Transmission, LLC.	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
14c	Kansas Power Pool	\$350,243 See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
15	Mid-Kansas Electric Company (Total)	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric Company	\$15,142,441	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
15b	ITC Great Plains	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
15c	Prairie Wind Transmission, LLC.	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
16	Lincoln Electric System	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
17	Nebraska Public Power District	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File
18	Omaha Public Power District	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

19	Total				See Att. H tab, posted RRR File
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Note A: The Annual Transmission Revenue Requirements (“ATRR”) for each Zone are set forth in the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website.

- For the purposes of determining the Region-wide Charges under Schedule 11, the Region-wide ATRR, as shown in Line 5 of Section I, Table 2, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”), and (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”).

Table 2
(See Note B below)

1	Base Plan Region-wide ATRR (NTC prior to June 19, 2010)	See Att. H tab, posted RRR File
2	Base Plan Region-wide ATRR (NTC on or after June 19, 2010)	See Att. H tab, posted RRR File
3	Total Balanced Portfolio Region-wide ATRR Total, Column (6), Section I, Table 1	See Att. H tab, posted RRR File
4	Balanced Portfolio Region-wide ATRR	See Att. H tab, posted RRR File
5	Region-wide ATRR (Line 1 + Line 2 + Line 3 + Line 4)	See Att. H tab, posted RRR File

Note B: The Region-wide ATRRs are set forth in the RRR File posted on the SPP website.

- A Transmission Owner’s revenue requirement referenced or stated in this Attachment H shall not be changed absent a filing with the Commission, accompanied by all necessary cost support, unless such Transmission Owner utilizes Commission-approved formula rate processes contained in this Tariff to determine its revenue requirements.
- A new or amended revenue requirement referenced or stated in this Attachment H shall not be filed with the Commission by the Transmission Provider unless such revenue

requirements have been provided by or for a Transmission Owner. Such revenue requirements shall have been accepted or approved by the applicable regulatory or governing authority except in the event of a simultaneous filing with the Commission by the Transmission Owner and Transmission Provider.

5. If a Transmission Owner has a Commission-approved formula rate, the successful completion of its approved annual formula rate update procedures shall constitute regulatory acceptance sufficient to authorize the Transmission Provider to update that Transmission Owner's revenue requirements posted on the SPP website. Such update by the Transmission Provider shall not require a filing with the Commission, provided that the Transmission Owner posts the populated formula rate for public review and comment as required under the applicable protocols and/or procedures contained in this Attachment H. The Transmission Provider shall follow any special procedures related to updating a Transmission Owner's revenue requirements as outlined in Section II of this Attachment.
6. The Transmission Provider shall allocate the accepted or approved revenue requirement associated with a Base Plan Upgrade, in accordance with Attachment J to this Tariff, to the Base Plan Region-wide ATRRs in Section I, Table 2 above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.

SECTION II: Transmission Owner-Specific Requirements

1. Westar Energy, Inc.

For Westar Energy, Inc., the ATRR for purposes of the Network Integration Transmission Service shall be calculated using the rate formula set forth in Attachment H Addendum 3 of this Tariff ("Westar Formula Rate"). The results of the formula calculation shall be posted on the Transmission Provider's website and in an accessible location on Westar's OASIS website by October 15 of each calendar year and shall be effective on January 1 of the following year. The Zonal Revenue Requirement to be used for the Westar zone, Column (3) of Section I, Table 1 of this Attachment H, shall be calculated by taking the SPP Zonal Revenue Requirement as identified on the Projected Net Revenue Requirements page, line 10 of the Westar Formula Rate; less the sum of the current year's revenue requirement associated with all transmission facilities owned by Westar in other pricing zones when such revenue requirements are included in the

revenue requirements specified in the Westar Formula Rate on the Projected Net Revenue Requirements page, line 10; plus the previous calendar year's total firm Point-To-Point transmission revenue allocated to Westar under Attachment L provided such Point-to-Point transmission revenue is deducted from Westar's ATRR under Section 34.1 of this Tariff.

The revenue requirements for Base Plan Funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9 of the Westar Formula Rate.

The revenue requirements for Balanced Portfolio funded projects owned by Westar shall be the amount contained on the Projected Net Revenue Requirements page, line 9a of the Westar Formula Rate. Following its posting of the updated revenue requirements by October 15 of each calendar year as discussed above, the Transmission Provider shall immediately update the various Base Plan and Balanced Portfolio funded costs and allocations contained in the Tariff and file them with the Commission no later than December 15 of each calendar year with a requested effective date of January 1.

2. Southwestern Public Service Company

For Southwestern Public Service Company ("SPS"), the Existing Zonal ATRR for Zone 11 in Column (3), of Section I, Table 1 of this Attachment H shall be calculated using: (1) the formula rate as specified in Attachment O – SPS of the Xcel Energy Operating Companies Joint Open Access Transmission Tariff ("Xcel Energy OATT"), (2) will be equal to the Current Year Revenue Requirement with True Up as specified on line 6, page 1 of Attachment O – SPS of the Xcel Energy OATT, (3) and subject to the Implementation Procedures in Appendix 1 of Attachment O – SPS of the Xcel Energy OATT. The results of the formula calculation shall be posted on the SPP website and in an accessible location on SPS's OASIS website by October 1 of each calendar year and shall be effective on January 1 of the following year. The Existing Zonal ATRR for Zone 11, in Column (3), Section I, Table 1 of this Attachment H shall not be subject to adjustment pursuant to section 34.1 for the previous calendar year's total firm Point-to-

Point transmission revenue allocated to SPS under Attachment L when determining the monthly zonal Demand Charge for Zone 11.

3. American Electric Power

The American Electric Power ATRR for purposes of the Network Integrated Transmission Service shall be (i) calculated using the formula rate set forth in Addendum 1 to this Attachment H, (ii) posted on the SPP website by May 25 of each calendar year, and (iii) effective on July 1 of such year.

4. Nebraska Public Power District: Formula Rate Implementation Protocols and Formula Rate Template

Section 1. Annual Updates

The Formula Rate Template set forth in Addendum 7 and these Formula Rate Implementation Protocols (“Protocols”) together comprise the filed rate by Southwest Power Pool (“SPP”) for calculating Nebraska Public Power District’s (“NPPD”) Zonal ATRR for Transmission Service under the SPP OATT. NPPD must follow the instructions specified in the Formula Rate Template to calculate the rates for NITS, the rates for Schedule 1 Service, the rates for Point-to-Point services over facilities in SPP Zone 17 and the ATRR for Base Plan Upgrades and other network upgrades.

The initial Zonal ATRR and the initial rates will be in effect for a partial year from the effective date of NPPD’s transfer of operational control of its transmission facilities to SPP until December 31, 2009. The Formula Rate shall be recalculated each year with the resulting rates to become effective on and after January 1 of each year through December 31 of such year. The resulting rates implemented each January 1 will be subject to review and true-up as further provided in the Protocols.

No later than September 1, 2009 and September 1 of each year thereafter, NPPD, upon initial approval of NPPD's Board of Directors, shall determine its projected Zonal ATRR, and resulting rates for the following calendar year, in accordance with the Protocols and the Formula Rate Template of Addendum 7 of this Attachment H. NPPD will post such determination on its website and will send such determination to SPP for posting on the publicly accessible portion of the SPP website. Contemporaneously, NPPD shall provide notice to its wholesale customers and interested parties of its projected Zonal ATRR and resultant rates, including all inputs in sufficient detail to identify the components of NPPD's Zonal ATRR. Commencing September 1 of each year, such parties may submit written questions and answers will be provided by NPPD within ten (10) business days. NPPD will post on the NPPD website responses to any such inquiries and information regarding frequently asked questions. No later than September 30 of each year, NPPD will hold a meeting with wholesale customers and interested parties to explain the formula rate input projections and provide an opportunity for oral and written comments. Written comments must be submitted no later than October 30. No later than December 15 of each year, NPPD will provide to SPP for posting on the publicly accessible portion of the SPP website NPPD's final Zonal ATRR and resulting rates to become effective January 1 of the following calendar year.

Section 2. True-Up Adjustments

On or before June 1, 2010 and on or before June 1 of each year thereafter, NPPD will calculate the True-Up Adjustment with supporting data inputs in sufficient detail to identify the projected and actual cost of each element of NPPD's Zonal ATRR and actual revenues. NPPD will reflect the True-Up Adjustment as a line item in its Zonal ATRR noticed on September 1, 2010 and in the ATRR noticed on September 1 of each year thereafter. The True-Up Adjustment will be determined in the following manner:

- (1) Actual transmission revenues associated with transactions included in the Divisor of the Formula Rate Template for the previous calendar year will be compared to the Actual Zonal ATRR. The Actual Zonal ATRR shall be calculated in accordance with the Formula Rate Template and actual data for the previous year. For each year, NPPD will complete and make available for review, on its website, actual data as recorded in accordance with FERC's Uniform System of Accounts, including an affidavit of the Chief Financial Officer of NPPD attesting to the accuracy of the cost and revenue data set forth therein. In addition, NPPD shall provide an explanation of any change in accounting policies and practices that NPPD employed during the preceding twelve-month period that affect transmission accounts or the allocation of common costs to transmission. Actual costs incurred during the applicable calendar year will be compared to actual revenues recovered during such period to determine whether there was any under-recovery or over-recovery. The True-Up Adjustment and related calculations shall be posted no later than June 1 on NPPD's website and on the publicly accessible portion of the SPP website. Commencing June 1 of each year, any interested party may submit written questions and answers will be provided by NPPD within ten (10) business days. NPPD will post on the NPPD website responses to any such inquiries and information regarding frequently asked questions. Written comments must be submitted no later than July 15 of each year. NPPD will post on the NPPD website the final True-Up Adjustment no later than September 1 of each year.
- (2) Interest on any over-recovery or under-recovery of the Zonal ATRR shall be based on the interest rate equal to NPPD's actual short-term debt costs, capped at the applicable interest rate set forth in 18 C.F.R. §35.19a of the Commission's regulations. The interest rate equal to NPPD's actual short-term debt costs shall be calculated in accordance with Worksheet K to the Formula Rate Template.

- (3) The Zonal ATRR for transmission services for the following year shall be the sum of the projected Zonal ATRR for the following year and a True-Up Adjustment for the previous year, including interest as explained above.

Section 3. NPPD Formula Rate Blank Template

NPPD's Formula Rate Template to be used for calculating the Zonal ATRR and NITS rates, Schedule 1 rates, Point-to-Point rates, ATRR Base Plan Upgrade and other network upgrades set forth in Attachment H – Addendum 7. The provisions of such Formula Rate Template are not subject to changes except through a filing under Section 205 or 206 of the Federal Power Act.

5. Omaha Public Power District

For the Omaha Public Power District (“OPPD”), the ATRR for purposes of the Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control, and Dispatch Service, and for the determination of Point-to-Point rates shall be calculated using the Formula-based Rate Template set forth in Attachment H - Addendum 8 of this Tariff. The ATRR and rates calculated pursuant to the formula-based rate template shall be revised annually. The results of such annual calculations shall be posted on OPPD's OASIS website and in a publically accessible location on the Transmission Provider's website by May 15 of each calendar year. Written comments will be accepted until June 15 and the annual revenue requirement and rates shall become effective from August 1 of such year through July 31 of the following year. Initially, the rates calculated pursuant to the formula-based rate template and incorporated into this SPP OATT will be in place through July 31, 2009.

6. Lincoln Electric System

For the Lincoln Electric System (“LES”), ATRR of Network Integration Transmission Service, Base Plan Upgrades, Scheduling, System Control and Dispatch Service, and for the determination of Point-to-Point rates shall be calculated using the Formula Rate

Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES' OASIS website and in a publicly accessible location on the Transmission Provider's website by May 15 of each calendar year. Written comments will be accepted until June 15 and the annual revenue requirement and rates shall become effective from August 1 of such year through July 31 of the following year. Supporting data for completion of the formula rate template will be available from LES upon request. Initially, the rates calculated pursuant to the formula-based rate template and incorporated into this SPP OATT will be in place through July 31, 2009.

Addendum to Attachment H

ADDENDUM 16 TO ATTACHMENT H
Reserved for Future Use

Winfield Annual Transmission Revenue Requirements Analysis				
			Source	
1	Gross Plant in Service	-\$ -	-Investment Analysis Worksheet	
2	Accumulated Depreciation	-	-Investment Analysis Worksheet	
3	Net Plant in Service	-\$ -	-Investment Analysis Worksheet	
4	ATRR Component	Amount		Value
5	Operation and Maintenance Expenses	#DIV/ 0!	-Westar Transmission O&M as % of Gross Plant in Service	#DI ∞/ 0!
6	A&G	#DIV/ 0!	-Westar Transmission Related A&G as % of Gross Plant in Service	#DI ∞/ 0!
7	Depreciation	-	-Westar Transmission Depreciation Exp. as % of Gross Plant in Service	#DI ∞/ 0!
8	Property Taxes (in-lieu)	#DIV/ 0!	-Westar Transmission Related Property Taxes as % of Gross Plant in Service	#DI ∞/ 0!
9	Return	-	-Westar Weighted Cost of Capital Applied to Net Plant in Service	0.0 0%

10	Annual Transmission Revenue Requirement	#DIV/0!		
11				
11				
11	Resulting Ratio of ATRR to Gross Plant In Service - %	#DIV/0!		-Line 10 divide by Line 1
12	Westar Gross ATRR (before credits)/ Gross Plant in Service - %	#DIV/0!		-At 11.3 % ROE, 8.18% ROR

Winfield Transmission Investment:

Facility Reproduction Cost New Indexed to Original Cost

Line Section	Length miles	Proposed	Install Date	Reproduction Cost New \$2010	HWI-Transmission Plant [2010 HWI = 617]	Estimated Original Installed Cost	Westar Proxy Depreciation Rate	Service Years (assume plant added at mid-year)	Estimated Accumulated Depreciation at 12/31/2010	Net Plant in Service at 12/31/2010	Annual Depreciation
WESTAR INTERCONNECTION-TIE SUB	3.00		1991			\$-			\$-	\$-	\$-

WESTAR INTERCONNECTION-TIE SUB	9. 06		19 91			-\$ -			-	-	-
WESTAR INTERCONNECTION- STROTHERS SUB	6. 72		19 91			-\$ -			-	-	-
STROTHERS SUB-TIE SUB	2. 34		19 91			-\$ -			-	-	-
TIE SUB-WEST SUB	3. 23		19 80			-\$ -			-	-	-
TIE SUB-EAST SUB	5. 62		19 67			-\$ -			-	-	-
WEST SUB-VIKING SUB	3. 30		19 91			-\$ -			-	-	-
EAST SUB-VIKING SUB	2. 08		19 91			-\$ -			-	-	-
Total lines	35 3 5					-\$ -			-\$ -	-\$ -	-\$ -
STROTHER SUBSTATION			19 90			-\$ -			-\$ -	-\$ -	-\$ -
TIE SUBSTATION											
Strother Tie 69 kV GCB			20 07			-\$ -			-\$ -	-\$ -	-\$ -
Oak Sub Tie 69 kV GCB			20 05			-\$ -			-\$ -	-\$ -	-\$ -
Transformer Breaker 69 kV GCB			20 07			-\$ -			-\$ -	-\$ -	-\$ -
Weaver Sub Tie 69 kV			20			-\$			-\$	-\$	-\$

GCB			06			-			-	-	-
West-Sub-Tie-69-kV-GCB			20 07			-\$			-\$	-\$	-\$
East-Sub-Tie-69-kV-GCB			19 90			-\$			-\$	-\$	-\$
Bus-Tie-69-kV-GCB			19 90			-\$			-\$	-\$	-\$
Balance-of-Tie-Sub-69-kV			19 90			-\$			-\$	-\$	-\$
WEST-SUBSTATION			19 90			-\$			-	-	-
VIKING-SUBSTATION			19 90			-\$			-	-	-
EAST-SUBSTATION			19 90			-\$			-	-	-
Total Substations						-\$			-\$	-\$	-\$
						-			-	-	-
Total Transmission Plant in Service						-\$			-\$	-\$	-\$
						-			-	-	-

			—Rate Formula Template									Act ual Gross Rev
			-Utilizing FERC Form 1 Data									Page 1 of

2	-Transmission	207.58-g	-	-	-		TP	0.00 000	-					
3	-Distribution	207.75-g	-	-	-				-					
4	-General	207.99-g	-	-	-		W/ S	0.00 000	-					
4 a	-Intangible	205.5g	-	-	-		W/ S	0.00 000	-					
5	-Common	356.1	-	-	-		W/ S	0.00 000	-					
6	TOTAL GROSS PLANT	(sum lines 1-5)	\$ -	\$ -	\$ -				\$ -					
	ACCUMULATED DEPRECIATION	(Note Q)												
7	-Production	219.20- 24.e	-	-	\$ -				\$ -					
8	-Transmission	219.25e	-	-	-		TP	0.00 000	-					
9	-Distribution	219.26e	-	-	-				-					
1 0	-General	219.28.e	-	-	-		W/ S	0.00 000	-					
1 0 a	-Intangible	Workpap er	-	-	-		W/ S	0.00 000	-					
1 1	-Common	356.1	-	-	-		W/ S	0.00 000	-					
1 2	TOTAL ACCUM. DEPRECIATION	(sum lines 7- 11)	\$ -	\$ -	\$ -				\$ -					

19a	Unamortized Extraordinary Property Loss	Account 182.1 (Note-S)	-	-	-		TE	0.00 000	-				
19b	Transmission Storm Damage Reserve	Account 228.1 (Note-S)	-	-	-		TE	0.00 000	-				
20	TOTAL ADJUSTMENTS	(line 19 + line 19a - line 19b)	-\$	-\$	-\$				-\$				
			-	-	-				-				
21	LAND HELD FOR FUTURE USE	214.x.d (Note-B)	-\$	-\$	-\$		TP	0.00 000	-\$				
			-	-	-				-				
	WORKING CAPITAL												
22	-CWC	calculate d (Note C)							-\$				
									-				
23	-Materials & Supplies	227.8.c (Note-B)	-	-	-		TP	0.00 000	-				
									-				
23a	-Stores Expense	227.16.c (Note-B)	-	-	-		W/ S	0.00 000	-				
									-				
24	-Prepayments (Account 165)	111.57.c (Note-C)	-	-	-		GP	0.00 000	-				
									-				
25	TOTAL WORKING CAPITAL	(sum lines 23 - 24)	-\$	-\$	-\$				-\$				
			-	-	-				-				
26	Rate Base	(sum lines 18, 20, 21, &							-\$				
									-				

			25}																	
			—Rate Formula Template																	Act ual Gross Rev
			-Utilizing FERC Form 1 Data																	Pag e-2 of 5
			Actual Gross Revenue Requirements																	
			For the 12 months ended- December 31, 2009																	
			WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)																	
			(WESTAR)																	
		(1)	(2)	(3)	(4)	(5)			(6)	(7)										
					Kan sas Gas and															
L i n e			Form No. 1	Wes tar Ener gy, Inc	Elec tric Co mp any														Tra ns mis sion	
N o t	-	-	Page, Line, Col.	(WE N)	(WE S)	Co mp any Tot	-	All oca tor	-	-	(Col 5 tim es									

					at				Col 6)				
	O&M												
1	—Transmission (Note D)	(Worksheets A-4 & Worksheet A-6)	-	-	\$-			1.0000	\$-				
2	—Less Account 561	321.84.b thru 321.92.b	-	-	-			1.0000	-				
2 a	—Less Account 565 (Note E)	321.96.b	-	-	-			1.0000	-	0			# D + V / 0 +
3	—A&G	323.197.b	-	-	-		W/ S	0.0000	-				
3 a	—Less: Actual PBOP	(Note R)	-	-	-		W/ S	0.0000	-				
4	—Plus: PBOP adder	(Note R)	-	-	-		W/ S	0.0000	-				
5	—Less FERC Annual Fees	Included as part of line 6b	-	-	-		W/ S	0.0000	-				
6	—Less EPRI	335 (Note F)	-	-	-		W/ S	0.0000	-				
6 a	—Less Total Advertising Costs	323.191(b) (Note F)	-	-	-		W/ S	0.0000	-				
6	—Less Total	323.189(b)	-	-	-		W/ S	0.0000	-				

b	Regulatory Commission Expenses	b) (Note F)	-	-	-	\$	000	-					
7	— Plus Transmission Related Reg. Comm. Exp.	351.h (Note F)	-	-	-	TE	0.00 000	-					
8	— Plus Safety Advertising	(Note F)	-	-	-	W/ S	0.00 000	-					
9	— Common	356.1	-	-	-	CE	0.00 000	-					
10	— Transmission Lease Payments		-	-	-		1.00 000	-					
11	TOTAL O&M	(sum lines 1, 3, 4, 7-10 less lines 2, 2a, 3a, 5-6b)	\$ -	\$ -	\$ -			\$ -	0			# D + V / 0 +	
	DEPRECIATION EXPENSE												
12	— Transmission	336.7.f or Worksheet A-8	-	-	\$ -	TP	0.00 000	\$ -	-			# D + V / 0 +	
13	— General	336.10.f	-	-	-	W/ S	0.00 000	-					
13a	— Intangible	336.1f	-	-	-	W/ S	0.00 000	-					

14	-Common	336.11.b	-	-	-		CE	0.00 000	-				
14a	Amortization of Property Loss	Acct. 407- Unrecove red Plant and Regulator y Study Costs (Note S)	-	-	-		TE	0.00 000	-				
15	TOTAL DEPRECIATION	(Sum lines 12- 14a)	\$ -	\$ -	\$ -				\$ -				
	TAXES OTHER THAN INCOME TAXES (Note G)												
	-LABOR RELATED												
16	Payroll	263.i	-	-	\$ -		W/ S	0.00 000	\$ -	-			# D + V / 0 +
17	Highway and vehicle	263.i	-	-	-		W/ S	0.00 000	-				
	-PLANT RELATED												
18	Property (Note P)	263.i	-	-	-		GP	0.00 000	-	-			# D + V / 0

7	Calculation = line 24 * line 30								-				
28	ITC adjustment	{line 25 * line 26}			\$	NP	0.00 000		-				
29	Total Income Taxes	{line 27 plus line 28}							\$				
30	RETURN					NA			\$		\$0. 00		# D + V / 0 +
	{ Rate Base (page 2, line 16) * Rate of Return (page 4, line 24) plus Incentive Return (page 4, line 28)}												
31	Interest on Network Credits				\$	DA	1.00 000		\$				
32	GROSS REV. REQUIREMENT	{sum lines 11,15, 22, 29, 30 & 31}			\$				\$				# D + V / 0 +
		—Rate Formula Template										Act ual Gro	

											ss Rev			
		Utilizing FERC Form 1 Data										Page 3 of 5		
		Actual Gross Revenue Requirements												
		For the 12 months ended— December 31, 2009												
		WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)												
		{WESTAR}												
		SUPPORTING CALCULATIONS												
		(1)	(2)	(3)	(4)	(5)		(6)	(7)					
					Kan sas Gas and									
L i n e			Form No. 1	Wes tar Ener gy Inc	Elec tric Co mp any					Tra ns mis sion				
N o t	-	-	Page, Line, Col.	{WE N}	{WE S}	Co mp any Tot al	-	All oca tor	-	-	{Col 5 tim es Col 6}			

25	-Transmission	(line 13 less line 19)	-	-	-					\$-				
26	-Distribution	(line 14 less line 20)	-	-	-									
27	-General & Intangible	(line 15 less line 21)	-	-	-					\$-				
28	-Common	(line 16 less line 22)	-	-	-					-				
29	TOTAL NET PLANT	(sum lines 24-28)	\$-	\$-	\$-		NP =	0.00 0%	\$-					
-														
-		—Rate Formula Template											Actual Gross Rev	
		Utilizing FERC Form 1 Data											Page 4 of 5	
		Actual Gross Revenue Requirements												
		For the 12 months ended—December 31, 2009												
		WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)												
		(WESTAR)												

SUPPORTING CALCULATIONS													
	(1)	(2)	(3)	(4)	(5)		(6)	(7)					
				Kan sas Gas and									
Line		Form No. 1	Wes tar Ener gy Inc	Elec tric Co mp any					Tra ns mis sion				
Note:	-	Page, Line, Col.	(WE N)	(WE S)	Co mp any Tot al	-	All oca tor	-	(Col 5 tim es Col 6)	-	-		
	WAGES & SALARY ALLOCATOR (W&S)												
			\$	\$	\$	TP		Alle cati on					
1	-Production	(Worksheet A-10)	-	-	-\$ -	0. 00 00 0		0					
2	-Transmission	(Worksheet A-10)	-	-	-	0. 00 00 0		0					
3	-Distribution	(Worksheet A-10)	-	-		0. 00		0	W& S				

26	Less: Total Accumulated Depreciation	{Worksheet A-11}			-													
27	—Net Incentive Plant	{line 25 less line 26}			-\$													
28	Incentive Return	{Worksheet A-11}								-								
		—Rate Formula Template																Actual Gross Rev
		Utilizing FERC Form 1 Data																Page 5 of 5
		Actual Gross Revenue Requirements																
		For the 12 months ended—December 31, 2009																
		WESTAR ENERGY, INC. (Westar Energy and Kansas Gas and Electric)																
		{WESTAR}																
		NOTES																
		General Note: References to pages in this formula rate are indicated as: (page#, line#, col.#).																

	<p>—rates to be used in the formula rate template shall be weighted averages for the calendar year determined by weighting the statutory tax rates by the number days each such tax rate was in effect during the calendar year for which the costs are being determined.</p>									
	<p>—Inputs Required:</p>	<p>FIT=</p>	<p>35.00%</p>							
		<p>SIT=</p>	<p>7.05%</p>	<p>—(State Income Tax Rate or Composite SIT)</p>						
		<p>p=</p>	<p>0.00%</p>	<p>—(percent of federal income tax deductible for state purposes)</p>						
I	<p>Removes transmission plant determined by Commission order to be state jurisdictional according to the seven-factor test (until FERC Form 1 balances are adjusted to reflect application of seven factor test).</p>									
J	<p>Unless otherwise specified, OATT refers to the Westar and SPP OATTs.</p>									
K	<p>Removes dollar amount of transmission plant included in the development of OATT ancillary services rates and generation step-up facilities, which are deemed to be included in OATT ancillary services. For these purposes, generation step-up facilities are those</p>									
	<p>—facilities at a generator substation on which there is no through-flow when the generator is shut down.</p>									
L	<p>Removes dollar amount of transmission expenses included in the OATT ancillary services rates. Costs related to Ancillary 1, Scheduling and Control, Acct 561 is shown on Actual Gross Rev,</p>									

4	Luminaires Installed	7 3	7 6	8 0	8 1	8 9	9 7	9 6	0 1	0 6	0 6	0 9	1 7	1 8	2 8	3 0	3 1	3 4	3 8	4 0	4 8	6 2	6 0	6 8	7 2	7 3
5	—Street Lighting	3 3	2 2	2 2	2 2	2 2	2 2	2 2	2 2	2 2	2 2	2 2	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3	3 3
5	—Underground	7 7	7 7	7 7	8 8	8 8	8 8	8 8	9 9	9 9	9 9	9 9	0 0	0 0	0 0	1 1	2 2	2 2	2 2	2 2	3 3	4 4	4 4	4 4	5 5	5 5
5		3 3	2 2	6 6	6 6	0 4	4 4	8 8	3 3	3 3	6 6	1 1	2 2	8 8	0 0	1 1	5 5	6 6	3 3	1 1	0 0	5 5	6 6	-	-	-
6		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

E-3

COST TRENDS OF ELECTRIC UTILITY CONSTRUCTION NORTH-CENTRAL REGION (1973=100)

Line	CONSTRUCTION AND EQUIPMENT	FERC	COST INDEX NUMBERS																							
			1996			1997			1998			1999			2000			2001		2002						
			+	..	+	..	+	..	+	..	+	..	+	..	+	..	+	..	+	..	+	..				
			1996	1997	1997	1998	1998	1999	1999	2000	2000	2001	2001	2002	2002											
3	Transmission Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	—Total Transmission Plant	35	35	5	36	36	6	7	7	7	7	6	7	7	9	8	9	0	0	1	1	4	4	4	4	4
3	—Station Equipment	35	35	5	35	35	5	6	6	6	6	6	7	7	9	8	9	0	0	1	1	4	4	4	4	4
3	—Towers & Fixtures	31	31	2	32	32	2	3	3	3	3	4	4	4	5	6	5	6	7	8	8	7	8	8	8	8
3	—Poles & Fixtures	38	39	9	39	40	0	1	1	0	0	0	0	0	0	0	0	1	2	3	3	4	4	4	4	4
3	—Overhead Conductors & Devices	41	40	1	41	40	1	2	3	2	2	8	0	8	3	1	3	4	5	4	4	5	4	4	4	4
3	—Underground Conduit	30	29	9	30	30	0	0	1	1	2	2	2	2	3	3	3	3	5	5	6	5	6	6	6	6
3	—Underground Conductors & Devices	43	43	3	43	44	4	4	4	4	4	4	5	5	4	5	5	6	4	5	6	4	5	6	6	6
4		5	7	7	9	2	2	3	5	4	6	9	0	8	2	3	4	7	1	0						
4		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Distribution Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	—Total Distribution Plant	31	31	1	31	31	1	2	2	2	2	2	2	2	2	3	3	3	3	3	3	3	3	3	3	3
4	—Station Equipment	35	35	5	35	35	5	7	7	7	7	7	7	7	7	8	8	8	8	8	8	8	8	8	8	8
4	—Poles, Towers & Fixtures	35	35	5	35	36	6	6	6	6	6	7	7	7	7	8	7	8	9	9	1	1	1	1	1	1

4	—Overhead Conductors & Devices	36	36	6	36	36	7	7	8	7	7	6	7	6	0	8	4	4	4	4	4
5	—Underground Conduit	29	29	9	30	30	0	0	1	1	1	2	2	3	3	3	3	4	5	5	7
6	—Underground Conductors & Devices	29	30	0	30	30	0	0	0	0	1	1	1	1	2	2	3	1	2	2	2
4	—Line Transformers	23	23	3	21	22	2	2	2	2	2	2	2	2	2	2	2	2	3	4	4
8	—Pad Mounted Transformers	30	31	1	31	32	2	2	2	2	2	2	2	2	2	2	2	2	5	5	6
5	—Services Overhead	30	30	0	29	30	0	1	1	1	1	1	1	1	2	2	3	3	4	4	4
5	—Services Underground	23	23	3	23	23	3	3	3	3	2	3	3	3	4	4	4	4	4	6	6
5	—Meters Installed	19	19	9	19	21	1	1	1	1	2	0	1	0	0	0	1	3	5	7	7
5	—Street Lighting-Overhead	36	37	7	38	38	8	8	8	8	9	9	9	9	0	0	1	7	6	3	2
5	—Mast Arms & Luminaires Installed	38	40	9	41	40	0	0	0	0	0	0	0	0	1	1	1	2	2	3	3
5	—Street Lighting-Underground	36	37	7	38	38	8	8	8	8	9	9	9	9	0	0	0	1	2	5	5
6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

E-3
COST TRENDS OF ELECTRIC UTILITY CONSTRUCTION NORTH-CENTRAL REGION (1973=100)

Line	CONSTRUCTION AND EQUIPMENT	FERC	COST INDEX NUMBERS																		
			2003		2004		2005		2006		2007		2007		2008		2009		2010		
			Ja	J	Ja	J	Ja	J	Ja	J	Ja	J	Ja	J	Ja	J	Ja	J	Ja	J	
3	Transmission Plant	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	—Total Transmission Plant	-	4	4	4	4	4	4	5	5	2	-	5	5	6	6	6	5	6	6	-
3	—Station Equipment	3	4	4	4	4	4	4	5	5	2	-	5	5	6	6	6	6	6	6	-

Kansas Power Pool Protocols

For the Kansas Power Pool ("KPP"), the annual transmission revenue requirement for purposes of Network Integration Transmission Service, Base Plan Upgrades, and for the determination of Point to Point rates shall be calculated using the Formula Rate Template set forth in Attachment H—Addendum 16 of this Tariff. The annual transmission revenue requirement and rates calculated pursuant to the formula rate template shall be revised annually. The results of such annual calculations shall be posted in a publicly accessible location on the Transmission Provider's website by May 15 of each calendar year. Written comments will be accepted until June 15 and the annual revenue requirement and rates shall become effective from August 1 of such year through July 31 of the following year. Supporting data for completion of the formula rate template will be available from KPP upon request. Initially, the rates calculated pursuant to the formula-based rate template and incorporated into this SPP OATT will be in place through July 31, 2012.

Attachment T

Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)

Rate Sheet for Point-To-Point Transmission Service

~~These Point To Point charges shall be calculated using information from the rate formula set forth in Attachment H, Addendum 3 (“Westar Formula Rate”) and in Attachment H, Addendum 16 (“Kansas Power Pool Formula Rate”) of this Tariff. The results for the Point-To-Point rates described herein shall be specifically set forth in the “Westar PTP Rate Att T” tab of the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website. These Point-To-Point charges shall be calculated using the Existing Zonal Annual Transmission Revenue Requirement (“Zonal ATRR”) for the Westar Energy Inc. rate zone as specified in Attachment H, Section I, Table 1, Line 14, Column (3), which is the sum of Existing Zonal ATRRs referenced in Attachment H, Section I, Table 1, Column (3) as being in the Westar Energy, Inc. rate zone. As a result of the rate formula set forth in Attachment H, Addendum 3 of this Tariff (“Westar, Inc. Formula Rate”) and the Westar Formula Rate Implementation Protocols set forth in Attachment H, Section II.1 of the Tariff, the Existing Zonal ATRR referenced in Attachment H, Section I, Table 1, Line 14a, Column (3) shall be posted on the SPP website by October 15 of each calendar year and shall be effective on January 1 of the following year. The results for the Point-To-Point rates described herein shall be specifically set forth in the “Westar PTP Rate Att T” tab of the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website.~~

Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider each month for Reserved Capacity at the sum of the applicable charges set forth in the RRR File, calculated pursuant to the Westar Formula Rate ~~and Kansas Power Pool Formula Rate~~ shown in Attachment H, Addendum 3, Parts 1 and 2, and ~~Addendum 16 and~~ described below:

1. Yearly delivery charge: the Zonal Annual Transmission Revenue Requirement, as referenced in Attachment H, Section I, Table 1, Line 14a, Column (3) of the Westar Zone less any amount reallocated in accordance with Section IV.A of Attachment J, divided by the 12-CP divisor identified on the Projected Net Revenue Requirements page, line 13 of the Westar Formula Rate (\$/kW/Yr) plus \$0.083/kW for Kansas Power Pool.
2. Monthly delivery charge: the yearly delivery charge divided by 12 months (\$/kW/Mo) plus \$0.007/kW for Kansas Power Pool.

3. Weekly delivery charge: the yearly delivery charge divided by 52 weeks (\$/kW/Wk) plus \$0.002/kW for Kansas Power Pool.
4. Daily delivery charge: Peak: the weekly delivery charge divided by 5 days (\$/kW/Day) plus \$0.0003/kW for Kansas Power Pool.
Off Peak: the weekly delivery charge divided by 7 days (\$/kW/Day) plus \$0.002/kW for Kansas Power Pool.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the Peak Rate specified for Weekly delivery multiplied by the highest amount in kilowatts of Reserved Capacity in any day during such week.

Non-Firm Point-To-Point Transmission Service

The Transmission Customer shall compensate the Transmission Provider for Non-Firm Point-To-Point Transmission Service up to the sum of the applicable charges set forth in the RRR File, calculated pursuant to the Westar Formula Rate and Kansas Power Pool Formula Rate shown in Attachment H, Addendum 3, Parts 1 and 2, and ~~Addendum 16 and~~ described below:

1. Monthly delivery charge: the yearly delivery charge for Firm Point-To-Point service specified divided by 12 months (\$/kW/Mo) plus \$0.070/kW for Kansas Power Pool.
2. Weekly delivery charge: the yearly delivery charge for Firm Point-To-Point service specified divided by 52 weeks (\$/kW/Week) plus \$0.002/kW for Kansas Power Pool.
3. Daily delivery charge: Peak: the weekly delivery charge divided by 5 days (\$/kW/Day) plus \$0.0003/kW for Kansas Power Pool.
Off Peak: the weekly delivery charge divided by 7 days (\$/kW/Day) plus \$0.0002/kW for Kansas Power Pool.
4. Hourly delivery charge: Peak: the daily delivery charge divided by 16 hours (\$/kW/Hr) plus \$0.020/MWh for Kansas Power Pool.
Off Peak: the daily delivery charge divided by 24 hours (\$/kW/Hr) plus \$0.010/MWh for Kansas Power Pool.

The total demand charge in any day, pursuant to a reservation for Hourly delivery, shall not exceed the rate specified for Daily delivery multiplied by the highest amount in kilowatts of Reserved Capacity in any hour during such day. In addition, the total demand charge in any

week, pursuant to a reservation for Hourly or Daily delivery, shall not exceed the rate specified for Weekly delivery multiplied by the highest amount in kilowatts of Reserved Capacity in any hour during such week.

EXPLANATORY STATEMENT

**UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION**

Southwest Power Pool, Inc.

| Docket No. ER12-140-000

EXPLANATORY STATEMENT

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's ("Commission") Rules of Practice and Procedure, 18 C.F.R. § 385.602, the Kansas Power Pool ("KPP") hereby submits this Explanatory Statement in support of the Offer of Settlement filed contemporaneously herewith. The Offer of Settlement is intended to resolve all issues set for hearing in Docket No. ER12-140-000. Nothing in this Explanatory Statement is intended to change or supersede the terms of the Offer of Settlement. To the extent there is any inconsistency between this Explanatory Statement and the Offer of Settlement, the Offer of Settlement shall control.

I. INTRODUCTION

This proceeding arises out of a filing made on October 20, 2011 by the Southwest Power Pool, Inc. ("SPP") in the above-captioned docket, to modify its Open Access Transmission Tariff ("OATT") to include formula rate provisions for calculating KPP's annual transmission revenue requirements ("ATRR") to be included in SPP's zonal transmission rates. On December 15, 2011, the Commission issued an order conditionally accepting the revised tariff sheets for filing, suspending them for a nominal period, to become effective December 20, 2011, subject to refund, and establishing hearing and settlement judge procedures.¹ At the parties' request, the Honorable Michael J. Cianci, Jr. was appointed Settlement Judge. Further background regarding the proceeding and the genesis of the Offer of Settlement is provided in the Offer of Settlement.

¹ *Southwest Power Pool, Inc.*, 137 FERC ¶ 61,197 (2011).

II. ARTICLE-BY-ARTICLE ANALYSIS

A. Article I – Background

This Article provides the procedural background relevant to the proceedings and is self-explanatory.

B. Article II – Stated KPP ATRR

Article II of the Offer of Settlement provides that the proposed formula pursuant to which KPP's ATRR would have been calculated annually will be replaced with a stated ATRR for KPP of \$350,243.00. This stated ATRR is lower than the initial KPP ATRR of \$432,438.00 (based on 2010 costs) that would have resulted from the proposed formula and that SPP is currently including in the Westar Zonal Annual Transmission Revenue Requirement ("Westar Zonal ATRR").² Article II summarizes the key substantive provisions of the Offer of Settlement, including (i) referencing the revised OATT provisions necessary to accomplish the substitution of this stated ATRR for the proposed formula (which are attached to the Offer of Settlement as Attachment A), (ii) noting that the stated ATRR cannot be changed without a filing at the Commission, and (iii) establishing the proposed effective date of the stated ATRR as December 20, 2011, which is the effective date established in the Commission's order setting this matter for hearing. Article II also notes that by motion submitted simultaneously herewith, KPP and SPP have requested the Chief Administrative Law Judge to authorize interim implementation of the Offer of Settlement pending Commission approval.

C. Article III – Conditions Precedent to Effectiveness of the Settlement

Article III states that the Offer of Settlement will not become effective unless and until:

(i) the Commission has issued a Final Order (as defined therein) accepting or approving all of the

² The initial ATRR calculated by KPP in the original filing dated October 20, 2011 was \$528,917. On May 4, 2012, SPP submitted an informational filing to the Commission to notify all parties in this proceeding that it would adjust KPP's filed ATRR to \$432,438, effective as of December 20, 2011, to be consistent with the ATRR calculated by KPP in its filing with the Kansas Corporation Commission (which is described in the Offer of Settlement).

terms and provisions of the Offer of Settlement without condition or modification, unless KPP and SPP accept in writing such condition or modification; and (ii) the Commission in its order approving or accepting the Offer of Settlement, including the revised OATT provisions, has waived compliance by SPP and/or KPP with any otherwise applicable regulations to the extent necessary to effectuate the Offer of Settlement.

D. Article IV – Reservations

Article IV provides that, pursuant to Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602, the Offer of Settlement is privileged and is inadmissible as evidence in any proceeding, and of no effect unless it is approved and made effective as to all of its terms and conditions without modification or condition, unless KPP and SPP accept in writing such modification or condition. Article IV provides further that no element of the Offer of Settlement constitutes precedent or should be deemed “settled practice” as that term was interpreted in *Public Service Commission of New York v. FERC*, 642 F.2d 1335 (D.C. Cir. 1980).

E. Article V – Standard of Review

Article V of the Offer of Settlement proposes that the standard of review for the Offer of Settlement or any changes thereto shall be the “just and reasonable” standard of review.

III. INFORMATION TO BE PROVIDED WITH SETTLEMENT AGREEMENTS

In accordance with the “Notice to the Public: Information to be Provided with Settlement Agreements” issued by the Chief Judge on October 23, 2003, KPP provides the following responses to the five questions posed in the notice.

1. What are the issues underlying the Settlement and what are the major implications?

The Offer of Settlement will resolve all outstanding issues in Docket No. ER12-140-000 regarding the justness and reasonableness of KPP’s proposed ATRR to be included in the Westar

Zonal ATRR under SPP's OATT. The Offer of Settlement is fair, reasonable, and in the public interest, and should be approved by the Commission.

2. Whether any of the issues raise policy implications?

The Offer of Settlement does not raise any policy implications and does not require the Commission to change any existing policy.

3. Whether other pending cases may be affected?

The Offer of Settlement will only affect the resolution of issues in Docket No. ER12-140-000.

4. Whether the settlement involves issues of first impression, or if there are any previous reversals on the issues involved?

The Offer of Settlement does not involve issues of first impression. KPP is not aware of any reversals of the issues involved.

5. Whether the proceeding is subject to the just and reasonable standard or whether there is *Mobile-Sierra* language making it the standard, i.e., the applicable standard of review?

Article V of the Offer of Settlement proposes that the standard of review for the Offer of Settlement shall be the "just and reasonable" standard of review.

IV. CONCLUSION

The Offer of Settlement is not opposed by any party to this proceeding and will resolve all issues in this proceeding, and is consistent with the Commission's policies encouraging settlements. Further, the Offer of Settlement is fair, reasonable and in the public interest and the parties' interests to resolve this proceeding without protracted litigation. Accordingly, the Commission should approve the Offer of Settlement without condition or modification.

Respectfully submitted,

/s/ Margaret A. McGoldrick

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Counsel for Kansas Power Pool

August 23, 2012

CERTIFICATE OF SERVICE

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing documents upon each person designated on the official service list compiled by the Secretary in this proceeding, in accordance with Rule 2010 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.2010.

Dated at Washington, D.C., this 23rd day of August, 2012.

/s/ Margaret A. McGoldrick

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