

Exhibit No.:
Issues: *Transmission Expense and
Revenue Forecast/Tracker
Property Tax Forecast/Tracker*
Witness: *Karen Lyons*
Sponsoring Party: *MoPSC Staff*
Type of Exhibit: *Rebuttal Testimony*
Case No.: *ER-2016-0285*
Date Testimony Prepared: *December 30, 2016*

MISSOURI PUBLIC SERVICE COMMISSION

COMMISSION STAFF DIVISION

AUDITING DEPARTMENT

REBUTTAL TESTIMONY

OF

KAREN LYONS

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2016-0285

*Jefferson City, Missouri
December 2016*

**** Denotes Highly Confidential Information ****

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TABLE OF CONTENTS
REBUTTAL TESTIMONY OF
KAREN LYONS
KANSAS CITY POWER & LIGHT COMPANY
CASE NO. ER-2016-0285

EXECUTIVE SUMMARY 4
TRANSMISSION EXPENSE-FORECAST AND TRACKER 5
SPP ADMINISTRATIVE FEES-FORECAST 18
TRANSMISSION REVENUE-FORECAST AND TRACKER 21
PROPERTY TAX FORECAST AND TRACKER 24

1 **REBUTTAL TESTIMONY**

2 **OF**

3 **KAREN LYONS**

4 **KANSAS CITY POWER & LIGHT COMPANY**

5 **CASE NO. ER-2016-0285**

6 Q. Please state your name, employment position, and business address.

7 A. Karen Lyons, Utility Regulatory Auditor with the Missouri Public Service
8 Commission (“Commission” or “PSC”), Fletcher Daniels State Office Building, 615 East 13th
9 Street, Kansas City, Missouri 64106.

10 Q. Are you the same Karen Lyons who has previously provided testimony in
11 this case?

12 A. Yes. I contributed to Staff’s Cost of Service Report (“COS Report”) filed in
13 the Kansas City Power & Light Company (“KCPL”) rate case designated as Case No.
14 ER-2016-0285 on November 30, 2016.

15 Q. What is the purpose of your rebuttal testimony?

16 A. KCPL proposes alternative regulatory treatment for transmission expense,
17 transmission revenue, and property tax expense. KCPL has identified transmission expense
18 and property taxes as two areas of its cost of service that are significantly increasing. For
19 transmission expense and transmission revenue, KCPL is proposing two options for recovery.
20 First, KCPL proposes that all transmission expense and transmission revenue incurred
21 through the Southwest Power Pool (“SPP”) and the Midcontinent Independent System
22 Operator, Inc. (“MISO”) regional transmission organizations, be flowed through the Fuel
23 Adjustment Clause (“FAC”). Staff witness David C. Roos addresses this proposal in his

1 rebuttal testimony in this case. Staff understands that the transmission expense included in
2 KCPL's proposal for special rate treatment includes transmission of electricity by others
3 (FERC Account 565), SPP Schedule 1-A fees (FERC Accounts 561 and 575), FERC
4 assessments (FERC Account 928), and transmission revenues (FERC Account 456.1).¹

5 Second, if the above components of KCPL's incurred transmission expense and
6 transmission revenue are not flowed through the FAC, KCPL proposes using a forecasted
7 average of 2017-2018 values for these items to develop an ongoing level of transmission
8 expense and transmission revenue to include in KCPL's cost of service. Further, KCPL
9 proposes to use a tracker mechanism to credit back to customers any deficiency in actual net
10 costs compared to the forecasted levels used to set rates.

11 A tracker is a deferral mechanism used when it is very difficult to determine a
12 particular level of costs to include in rates, or when other unusual circumstances apply. When
13 use of a tracker is authorized, a level of recovery for a cost is set in rates, and the Company
14 tracks the actual amount of incurred costs in this area until the utility's next rate proceeding.
15 Any amount under or over the set level of costs included in rates would be evaluated in the
16 next rate case for future recovery.

17 In this case, KCPL proposes that if actual costs are lower than the forecast, KCPL will
18 return the excess to its customers. If KCPL's actual costs are higher than the forecast, KCPL
19 will absorb the costs. This is commonly known as a one-way tracker.

20 Consistent with its proposal for transmission expense and transmission revenue,
21 KCPL proposes using an average of 2017-2018 forecast levels of property taxes to represent

¹ Rush Direct page 11.

Rebuttal Testimony of
Karen Lyons

1 an ongoing level of costs to include in its cost of service and use a “one-way tracker” as
2 described above.²

3 Staff is not opposed to the use of forecasted costs in rate applications, when the costs
4 are trued up to actual results during the pendency of the rate case, but cannot support the use
5 of forecasted costs to represent future *ongoing costs* in KCPL’s cost of service. Although
6 Staff is not opposed to tracking mechanisms considered on a case-by-case basis, KCPL’s
7 current tracker request, considers only costs that have been increasing, while failing to
8 consider other costs that may be declining. This selective use of trackers represents an unfair
9 ratemaking approach to deal with those isolated increasing costs which could be offset by
10 savings in other cost of service areas. KCPL’s proposed ratemaking treatment for these cost
11 increases identified in the Company’s direct testimony does not propose to consider any
12 offsetting or mitigating savings in other aspects of the cost of service; therefore, as explained
13 more fully in my Rebuttal Testimony, Staff cannot recommend the Commission approve
14 KCPL’s proposal for alternative regulatory treatment for transmission expense, transmission
15 revenue, and property taxes. Staff witness Mark L. Oligschlaeger addresses the general use of
16 cost trackers and forecasts in his rebuttal testimony.

17 I will respond to the following KCPL witnesses that address the proposed use of
18 forecasts and trackers:

- 19 • Darrin R. Ives – Transmission expense, transmission revenue, and
20 property tax forecasts and tracker
- 21 • Tim M. Rush – Transmission expense, transmission revenue, and
22 property tax forecasts and tracker
- 23 • John R. Carlson – Transmission forecast
- 24 • Ronald A. Klote – Property taxes and KCPL’s Accounting Schedules

² Rush Direct page 9 and 12.

1 **EXECUTIVE SUMMARY**

2 Q. Please summarize Staff's position with regard to KCPL's proposal to use a
3 forecast to represent future ongoing levels of costs and revenues.

4 A. KCPL is proposing to include forecasted levels and a one way tracker for
5 transmission expense, transmission revenue, and property tax expense, not just on a limited
6 basis during the pendency of this case, but for ongoing costs. Staff advocates use of historical
7 costs that are known and measurable, and ratemaking principles such as annualizations and
8 normalizations to develop an ongoing level of cost and revenue to include in a utility's cost of
9 service. The ratemaking principles relied on by Staff ensure that the relationship in time
10 between investment, revenue, and expense remains intact. KCPL's proposal to use forecasted
11 levels to represent future ongoing costs and revenues is based on assumptions that may or
12 may not occur, and consequently violates the known and measurable concept. In addition,
13 KCPL is proposing "single-issue" ratemaking, which would isolate certain areas of its cost of
14 service that it has identified as having significantly increasing costs, for special treatment
15 without any consideration of changes to its cost of service that will offset, in whole or in part,
16 any increases.

17 Q. What is Staff's recommendation concerning KCPL's proposal to include a
18 forecasted level of transmission expense, transmission revenue, and property tax expense to
19 represent an ongoing level in its cost of service?

20 A. Staff recommends the Commission reject KCPL's proposal to use 2017-2018
21 forecasts to represent an ongoing level of transmission expense, transmission revenue, and
22 property tax expense in KCPL's cost of service. In its direct filing, Staff used standard
23 ratemaking principles, using historical costs as a starting point to determine a reasonable level
24 for each of these areas for the update period, June 30, 2016, and will review these costs in the

1 true-up phase of this case, December 31, 2016. Staff's approach adjusts KCPL's historical
2 financial results to bring its recommended ratemaking allowance as close as possible to the
3 point in time new rates will be in effect, without the need for trackers.

4 Q. Please summarize Staff's position with regard to KCPL's proposal for
5 transmission expense, transmission revenue, and property tax cost trackers.

6 A. Current levels of transmission expense, transmission revenue, and property tax
7 costs are known and measurable, which Staff can use as the basis to determine an ongoing
8 level of expense and revenue. Trackers should only be used on a limited basis for costs that
9 are highly volatile, for costs for which there is no prior historical data, or for costs imposed on
10 utilities by a Commission rule that imposes an uncertain level of new costs. Transmission
11 expense, transmission revenue, and property tax costs are normal operating expenses and
12 revenues incurred by KCPL. Like its request for forecasted cost treatment, KCPL is
13 isolating certain costs for proposed tracker treatment but does not consider costs that may
14 decline in the future that may offset, in part, the cost increases. Staff recommends the
15 Commission deny KCPL's request for transmission expense, transmission revenue, and
16 property tax cost trackers.

17 **TRANSMISSION EXPENSE-FORECAST AND TRACKER**

18 Q. Please explain how Staff treated KCPL's transmission expense in its
19 direct filing.

20 A. Staff analyzed KCPL's transmission expense for the period of 2009 through
21 June 2016. Based on a discernable upward trend, Staff reflected a level of transmission

1 expense based on the 12-month period ending June 30, 2016, in Staff's Accounting
2 Schedules. Transmission expense will be further reviewed in the true-up phase of this case.³

3 Q. Why is Staff recommending the Commission not approve KCPL's request for
4 the use of forecasts to represent an ongoing level of costs to include in KCPL's cost of service?

5 A. Forecasts are developed using assumptions that may or may not be realized in
6 the future. As a result, the use of forecasts to develop an ongoing level of costs to include in a
7 utility's cost of service is neither known nor measurable. KCPL's proposal to use a forecast
8 to determine an ongoing level of costs also violates the matching principle by isolating
9 transmission expense without taking into consideration concurrent changes that will occur in
10 other areas of its cost of service. Consequently, KCPL's proposal disrupts the relationship in
11 time that occurs between its investment, expense, and revenue, without a corresponding
12 proposal to true-up the forecasts to actuals prior to the end of this rate case.

13 Q. Has the Commission recently addressed the known and measurable concept?

14 A. Yes. In Case No. WR-2016-0064, Hillcrest Utilities, the Commission stated
15 the following on page 18 of its Report and Order issued July 12, 2016:

16 Hillcrest has proposed that estimated property taxes in the amount of
17 \$2,972 be included in its cost of service in this case. That estimated
18 property tax will not be paid until approximately December 31, 2016,
19 so it is beyond the test and update periods for this case. **Since it occurs**
20 **after the update period, to be included in Hillcrest's cost of service**
21 **the expense must have been realized (known) and must be**
22 **calculable with a high degree of accuracy (measurable).** However,
23 the evidence shows that the 2016 property tax amount has not yet been
24 paid, is an estimate of the property tax costs, and could change during
25 the summer of 2016. Therefore, that property tax estimate is not
26 known and measurable, so it is inappropriate to include that amount in
27 the revenue requirement for this case.

28 **[Emphasis Added]**

³ Staff's Cost of Service Report, page 134.

Rebuttal Testimony of
Karen Lyons

1 Although the Commission specifically addresses property taxes in Case No.
2 WR-2016-0064, the Commission's Report and Order is applicable to other areas of utility cost
3 of service.

4 Q. You stated above that KCPL's proposal to use forecasted levels of
5 transmission expense violates the matching principle. Please explain.

6 A. A utility's rates are developed based on use of ratemaking adjustments known
7 as annualizations and normalizations to establish an ongoing investment, revenue, and
8 expense relationship. The amounts determined through the ratemaking adjustments are
9 intended to match the relationship with a utility's investment, revenue, and expense at a point
10 in time, and anticipates that the same relationship will continue in the foreseeable future,
11 allowing the utility the opportunity to earn its authorized return. KCPL's proposal to isolate
12 transmission expense by using forecasted levels without considering changes forecasted to
13 occur with other areas of its cost of service disrupts the relationship projected to occur among
14 its investment, revenue, and expense. To determine the revenue requirement in this case,
15 Staff consistently treated all areas of KCPL's cost of service, leaving the relationship between
16 KCPL's investment, expense, and revenue intact.

17 Q. Is Staff aware of any changes that could impact KCPL's proposed forecasted
18 level of transmission expense?

19 A. Yes. KCPL participates in transmission related cases brought before the
20 Federal Energy Regulatory Commission ("FERC"). The cases brought before the FERC can
21 result in changes, increases and decreases, to the level of transmission expense incurred by
22 KCPL. For example, in FERC Docket No. ER14-1174-000, KCPL received allocated

Rebuttal Testimony of
Karen Lyons

1 revenues based on a settlement agreement that was approved by the FERC on January 21,
2 2016. In response to Staff Data Request No. 0155.14, KCPL stated:

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Rebuttal Testimony of
Karen Lyons

1 On November 30, 2016, a settlement agreement was filed in FERC Docket ER16-791-000.
2 However, the FERC has not approved the settlement at the time of this filing.

3 As another example, on April 13, 2015, SPP filed with FERC, on behalf of the City of
4 Independence, revisions to its Open Access Transmission Tariff (“OATT”) to implement the
5 annual transmission revenue requirement (“ATTR”) for the City of Independence, Missouri
6 (“Independence Power & Light” or “IPL”) to be included in KCPL’s transmission pricing
7 zone, in FERC Docket No ER15-1499-000. In Case No. ER-2014-0370, KCPL proposed to
8 include this estimated impact of transmission expense in its cost of service, and Staff opposed
9 the estimated transmission expense related to IPL in the true-up. In Case No. ER-2014-0370,
10 the Commission stated the following on page 54 of its Report and Order:

11 KCPL’s correct annualized levels of transmission expense and revenue
12 to recognize in its revenue requirement on a Missouri jurisdictional
13 basis are the amounts stated in Ex. 256 HC, Lyons True-Up Rebuttal,
14 p. 14, lines 13-14. These amounts do not include any transmission
15 costs charged to KCPL by reason of Independence Power & Light
16 becoming a member of SPP.

17 Q. Has a settlement agreement been reached in FERC Docket ER15-1499-000?

18 A. Yes. On April 27, 2016, an *Offer of Settlement [including Pro Forma sheets]*
19 *of City of Independence, Missouri and Kansas City Power & Light Company under*
20 *ER15-1499* was filed, and FERC approved the offer on July 28, 2016. The IPL Settlement
21 accepts the placement of IPL into the KCP&L Zone 6 transmission-pricing zone with the
22 IPL ATRR being phased in as described below;⁴

- 23 • Period 1: For rates effective from June 1, 2015, through December 31, 2016,
24 the IPL ATRR will be \$3,000,000.
- 25 • Period 2: For rates effective from January 1, 2017, through December 31,
26 2017, the IPL ATRR will be \$3,750,000.

⁴ KCPL response to Staff Data Request No. 0157.1 in Case No. ER-2016-0285, see attached Schedule KL-r1.

Rebuttal Testimony of
Karen Lyons

- Period 3: For rates effective from January 1, 2018, through May 31, 2019, and continuing thereafter until changed, the IPL ATRR will be \$5,000,000.

Q. Does KCPL’s proposed 2017-2018 transmission forecast reflect the settlement amounts listed above?

A. No. In response to Staff Data Request No. 0157.2,⁵ KCPL responded:

* * * *

1. Please note that the SPP Schedule 9 charges paid to IPL for June 2015 through April 2016 have not yet been resettled by SPP and, thus, do not yet reflect the terms of the settlement agreement in ER15-1499. This can be seen in the attached file that contains the SPP Schedule 9 charges paid to IPL and is discussed in the footnotes in that file. SPP is aware that they still need to accomplish that resettlement, and our belief is that they will accomplish the resettlement prior to the true-up date

2. With regard to workpaper(s) “CS-45 – Transmission Exp by Others”, the annualized amount in CS-45 that was included in the Company’s Direct filing in this case does not reflect the settlement agreed to in ER15-1499. CS-45 replaces test year amounts with an average of the Projected 2017-2018 amounts for use as the annualized amounts. At the time of the Direct filing, the Projected 2017-2018 amounts for the IPL-related charges were based on the monthly actual SPP Schedule 9 charges that were being billed to us by SPP in 2015. Those charges were based on the original “as filed” IPL ATRR and, thus, did not reflect the settlement agreement in ER15-1499.

Likewise, the annualized amount in the Cutoff filing, which reflects amounts for 12-months-ended June 30, 2015, also does not reflect the settlement agreement in ER15-1499 for amounts prior to May 2015.

The Commission recognized that it would be inappropriate to include projected costs that could change in a future period in its *Report and Order* in Case No. WR-2016-0064. The FERC cases addressed above are just two examples of changes that periodically occur that can impact transmission expense. Consequently, KCPL’s proposal to use forecasted costs is

⁵ See attached Schedule KL-r2.

Rebuttal Testimony of
Karen Lyons

1 not representative of a known and measurable ongoing level of costs on which rates should be
2 set. I discuss the impact of the FERC cases on transmission revenue in more detail later in my
3 rebuttal testimony.

4 Q. Is Staff's recommended level of transmission expense for the known and
5 measurable update period of June 30, 2016 overstated based on the FERC settlement
6 agreement in FERC Docket ER15-1499-000?

7 A. Yes. As stated above, KCPL began paying IPL related charges based on IPL's
8 original filed ATRR. Staff's recommended level of transmission expense, as of the update
9 period, is based on the IPL's original filed ATRR, which is at a higher level than agreed to in
10 the settlement agreement. The reduced level of transmission expense agreed to in the
11 settlement agreement will be included in Staff's recommended level of transmission expense
12 at the true-up.

13 However, the amount referenced in Data Request 157.2 as "resettled" that was over
14 paid by SPP to IPL during June 2015 through April 2016 period have yet to be reimbursed
15 from SPP. As such, Staff's annualization of transmission costs, including transmission
16 revenue discussed later in this testimony, does not reflect any impact for the resettled amount
17 relating to this overpayment to IPL. At this time, KCPL does not have the actual amount for
18 the expected reimbursement for this overpayment, but does expect to have more information
19 on this situation during the course of the true-up. Staff has discussed this matter with KCPL
20 and will address in the true-up of this case as how to handle any amounts received for
21 this overpayment.

Rebuttal Testimony of
Karen Lyons

1 Q. Mr. Ives suggests that in order for KCPL to have a realistic opportunity to
2 achieve its Commission-authorized return, the Commission must use forecasted expenses.⁶

3 Do you agree?

4 A. No. Although Staff recognizes that there are areas of KCPL's cost of service
5 that have increased since KCPL's last rate case; there are also areas of its cost of service that
6 have decreased that offset the cost increases either in part or in whole. Since rates were
7 changed in KCPL's last rate case, Case No. ER-2014-0370, KCPL has experienced cost
8 increases that include but are not limited to net transmission costs, plant in service, and
9 property taxes. ** _____

10 _____ ** Staff witness Keith Majors addresses
11 KCPL's recent return on equity results in his rebuttal testimony in this case. KCPL's ability
12 to earn its authorized return on equity can be attributed, at least in part, to decreases in other
13 areas of its cost of service that offset the increases that occurred since its last rate case.

14 Q. In his direct testimony, Mr. Ives implies that customer growth and growth in
15 average customer usage are the only factors that can offset cost increases. Do you agree with
16 Mr. Ives?

17 A. No. While Staff agrees that transmission expense and property taxes have
18 increased since rates were last set in Case No. ER-2014-0370, the level of increase in future
19 periods, or whether increases will occur at all, is not yet known with certainty. As previously
20 discussed, there are other areas of KCPL's cost of service that can offset cost increases. For
21 example, over the last five years, KCPL has been able to refinance some of its long-term debt

⁶ Ives Direct, pages 17-18.

1 at a net savings.⁷ KCPL is also expecting future reductions in debt. KCPL provided the
2 following response to Midwest Energy Consumers Group (“MECG”) Data Request 3.5:

3 There are expected to be future opportunities to reduce debt borrowing
4 costs. KCP&L has taxable long-term debt maturing in 2017, 2018 and
5 2019 that it expects to refinance at lower cost when it matures. The
6 \$250 million 2007 5.85% Senior Notes mature on June 15, 2017. The
7 \$350 million 2008 6.375% Senior Notes mature on March 1, 2018.
8 The \$400 million 2009 7.15% Mortgage Bonds mature on April 1,
9 2019. Recent indicative new issue pricing for 10 year debt is around
10 2.86% and for 30 year debt it is around 3.83%. KCP&L also has a \$31
11 million 1.25% tax-exempt bond that matures July 1, 2017 which it does
12 not expect to refinance at a lower cost and is expected to be refinanced
13 by combining it with the 2017 Senior Note maturity. The maturing
14 long-term debt in 2017 through 2019 is expected to be refinanced with
15 some 10 year and some 30 year debt depending on market conditions.

16 Q. What is KCPL’s position on a transmission tracker?

17 A. KCPL’s primary proposal is to include transmission expense in its FAC. If the
18 Commission denies KCPL’s proposal to include transmission expense in its FAC, KCPL
19 proposes the following as stated on page 9 of KCPL witness Rush’s Direct Testimony:

20 To the extent the Commission rejects inclusion of any portion of SPP
21 transmission costs in the FAC, then in the alternative, the Company
22 requests inclusion of the projected transmission costs and revenues for
23 the average of 2017 and 2018, be included in base rates. If the actual
24 costs are less than forecasted expense levels included in rates, then the
25 difference will be credited to customers in the next rate case. If the
26 actuals are greater than the amount in rates, then the Company would
27 absorb the excess costs.

28 Q. Does Staff recommend the Commission approve KCPL’s request for a
29 transmission tracker outside of a FAC?

⁷ KCPL response to MECG Data Request 3.5 in Case No. ER-2016-0285.

Rebuttal Testimony of
Karen Lyons

1 A. No. Staff disagrees with certain transmission expense being included in
2 KCPL's FAC and does not recommend the Commission approve KCPL's alternative request
3 for a stand-alone tracker for transmission expense.

4 Q. Please explain why Staff believes a transmission expense tracker is
5 inappropriate in this instance.

6 A. Use of trackers should be considered on a case-by-case basis to allow the
7 Commission to take into account unusual conditions, such as high volatility of costs, costs for
8 which there is no historical data, or for uncertain level of costs imposed on utilities by new
9 Commission rules. KCPL's recent experience with transmission costs does not meet these
10 criteria. Similar to its request for forecasted transmission expense, KCPL's proposal for a
11 transmission expense tracker violates the known and measurable concept and the matching
12 principle. In this instance, Staff was able to use historical known and measurable costs for all
13 areas of KCPL's cost of service using regulatory adjustments such as annualizations and
14 normalizations to determine an ongoing and matched level of investment, expense and
15 revenue to include in KCPL's cost of service.

16 As an example of when trackers have appropriately been used in the past, Staff
17 recommended the use of a tracker in Case No ER-2010-0355 and Case No ER-2012-0174 for
18 operation and maintenance ("O&M") costs of Iatan 2. Staff recommended a tracker for
19 Iatan 2 O&M costs because of KCPL's limited operational experience with Iatan 2 and lack of
20 historical Iatan 2 O&M costs at the time of Case No ER-2010-0355 to reasonably determine
21 an annualized level of O&M expense. This tracker was only intended to cover the initial
22 years of operation of the Iatan 2 unit, until an adequate history of the unit's O&M expenses
23 existed. The tracker for Iatan 2 O&M was discontinued in Case No. ER-2014-0370. Iatan

Rebuttal Testimony of
Karen Lyons

1 Unit 2 O&M costs are now treated as a normal component of O&M expense in the cost of
2 service, just like the expenses associated with all the other power plants operated by KCPL.

3 An increase in expense is not considered a rare circumstance that would necessarily
4 warrant the use of a tracker. Consideration must be given to all areas of a utility's cost of
5 service to develop rates. Since KCPL rates were last set in Case No ER-2014-0370, KCPL
6 has experienced cost increases and customer growth decreases as discussed above and
7 confirmed by KCPL witness Ives. Even with the cost increases and declining customer
8 growth, ** _____

9 _____ ** Staff witness Majors addresses KCPL's return on
10 equity in his rebuttal testimony.

11 Q. Is this the first request for a transmission tracker by KCPL?

12 A. No. KCPL requested a transmission tracker in Case No. ER-2012-0174.
13 The Commission stated the following on page 31-32 of its *Report and Order* for Case Nos.
14 ER-2012-0174 (KCPL) and ER-2012-0175(GMO) (issued January 9, 2013):

15 "Rare" does not describe cost increases in the utility business generally.
16 Specifically, Applicants' evidence shows the following as to
17 transmission. Transmission is an ordinary and typical, not an abnormal
18 and significantly different, part of Applicants' activities. Also,
19 Applicants showed that paying more for transmission than in the
20 previous year is a foreseeably recurring event, not an unusual and
21 infrequent event. Thus, "items related to the effects of" transmission
22 cost increases are not rare and, therefore, are not extraordinary.

23 * * * *

24 Because Applicants have not shown that the projected transmission
25 increases are current and will be rare, Applicants have not carried their
26 burden of proving that the projected transmission increases are
27 extraordinary. If the increases—once they happen—prove to be less than
28 five percent of income, Applicants may apply for an accounting
29 authority order under the law they cite. If the projected transmission

1 increases prove to be more than five percent of income, they will be
2 subject to deferral without the Commission's order.

3 * * * *

4 For those reasons, the Commission concludes that denying a tracker is
5 consistent with the law and does not threaten safe and adequate service
6 at just and reasonable rates, so the Commission will not order a
7 transmission tracker. [Footnotes omitted].

8 In response to the Commission *Report and Order* in Case Nos. ER-2012-0174 and
9 ER-2012-0175, KCPL and GMO filed on September 20, 2013, for an Accounting Authority
10 Order ("AAO") for transmission expense and, in essence as an alternative, requested,
11 consistent with their interpretation of the Uniform System of Accounts ("USoA") General
12 Instruction No.7, a transmission tracker in order to defer and track transmission expense
13 above base rates. In Case No. EU-2014-0077, the Commission stated the following,
14 beginning on page 10 of its *Report and Order* (issued July 30, 2014):

15 In Missouri, rates are normally established based off of a historic test
16 year. The courts have stated that an AAO allows the deferral of a final
17 decision on current *extraordinary* costs until a rate case and therefore is
18 not retroactive ratemaking. Consistent with the language in General
19 Instruction No. 7, the Commission has evaluated the transmission costs
20 for which Companies seek an AAO to determine if they are an unusual
21 and infrequent occurrence. The Commission concludes they are not.

22 Companies began incurring transmission expenses when they began
23 providing retail electric service. Transmission costs are part of the
24 ordinary and normal costs of providing electric service and are
25 expected to continue in the foreseeable future. Furthermore, while the
26 transmission costs at issue may have a significant effect on Companies,
27 they are not "abnormal and significantly different from the ordinary
28 and typical activities" of the Companies. The increase in transmission
29 costs was anticipated and is indeed the norm for all electric utility
30 members of SPP. Therefore, the transmission costs are not
31 extraordinary.

32 * * * *

Rebuttal Testimony of
Karen Lyons

1 The Commission recognizes that its approval of an AAO is necessary
2 in order for Companies to receive its intended benefits from the
3 reporting of a deferral in published financial reports. Companies carry
4 the burden of proof. They failed to show by a preponderance of the
5 evidence that they are entitled to the requested AAO. Based upon the
6 competent and substantial evidence in the record, the Commission finds
7 and concludes that KCP&L's and GMO's application for an AAO, or
8 in the alternative a tracker, should be denied. [Footnotes omitted].

9 KCPL also proposed a transmission tracker in its last rate case, Case No ER-2014-0370.

10 The Commission denied KCPL's proposal for a transmission tracker in that case.

11 The Commission stated on page 54 of its *Report and Order* (issued September 2, 2015):

12 The evidence presented in this case showed that KCPL's transmission
13 costs, while having increased in recent years, are normal, ordinary and
14 recurring operation costs. These recurring costs are not abnormal or
15 significantly different from the ordinary and typical activities of the
16 company, so they are not extraordinary and, therefore, not subject to
17 deferral under the USoA. The Commission concludes that KCPL has
18 not met its burden of proof to demonstrate that projected transmission
19 cost increases are extraordinary, so its request for a transmission tracker
20 will be denied.

21 On September 6, 2016, the Missouri Court of Appeals Western District filed its opinion
22 affirming the Commission's decision in Case No. ER-2014-0370 regarding the treatment of
23 transmission expense.⁸

24 Q. In his Direct Testimony, Mr. Ives suggests that KCPL transmission expense is
25 beyond the Company's control.⁹ Does Staff agree?

26 A. No. Although Staff agrees that KCPL's transmission expense has increased in
27 recent years, Staff does not agree that KCPL has no control over reducing the impact of
28 increasing transmission expense. As one example, KCPL could have mitigated increased

⁸ 2016 WL 4626933 (September 6, 2016); Motions for Rehearing and/or Transfer to Missouri Supreme Court Denied/Overruled, November 1, 2016; Applications to Transfer in the Missouri Supreme Court filed by KCPL and MECG, November 15, 2016.

⁹ Ives Direct, page 17.

1 transmission expense with increases in transmission revenue by constructing the regional
2 transmission projects that were instead constructed by Transource Missouri, an affiliate of
3 KCPL, pursuant to a Stipulation and Agreement in Case Nos. EA-2013-0098 and
4 EO-2012-0367. In addition, as previously discussed, KCPL is a participant in several FERC
5 dockets that may impact the level of transmission expense it incurs in the future and is an
6 active participant in SPP planning and decision-making processes.

7 **SPP ADMINISTRATIVE FEES-FORECAST**

8 Q. Please explain how Staff treated KCPL's SPP administrative fees in its
9 direct filing.

10 A. For update period, June 30, 2016, Staff annualized SPP administrative fees
11 based on the current SPP 2016 administrative rate fee and applied the resulting rate to
12 KCPL's retail load and point to point MWhs for the 12 month period ending December 31,
13 2015. Staff also included an annualized amount for the NERC fees.

14 Q. How do KCPL's and Staff's positions differ with respect to the level of SPP
15 administrative fees to include in KCPL's cost of service?

16 A. KCPL's proposal for forecasted levels for transmission and related tracker
17 includes projections of SPP administrative fees, NERC assessment fees, and FERC
18 assessment fees. KCPL proposes to isolate these fees by using an average of 2017 and 2018
19 forecasts to include in its cost of service. Beginning on page 8 of his Direct Testimony,
20 KCPL witness Rush states:

21 To the extent the Commission rejects inclusion of **any portion of SPP**
22 **transmission costs** in the FAC, then in the alternative, the Company
23 requests inclusion of the projected transmission costs and revenues for
24 the average of 2017 and 2018, be included in base rates. If the actual
25 costs are less than forecasted expenses levels included in rates, then the
26 difference will be credited to customers in the next rate case. If the

Rebuttal Testimony of
Karen Lyons

1 actuals are greater than the amount in rates, then the Company would
2 absorb the excess costs [Emphasis added]

3 Mr. Rush does not specifically identify SPP administrative fees, NERC assessment fees, and
4 FERC assessment fees in his direct testimony, but KCPL's workpapers indicate it included
5 forecasted costs for all of these fees.

6 Q. Does Staff recommend the Commission approve KCPL's request for trackers
7 and the use of forecasts to represent an ongoing level of SPP administrative fees, NERC
8 assessment fees, and FERC assessment fees in KCPL's cost of service?

9 A. No. For the same reasons discussed above for transmission expense, Staff
10 does not recommend the Commission approve KCPL's request for trackers and the use of
11 forecasts to represent an ongoing level of SPP administrative fees, NERC assessment fees,
12 and FERC assessment fees. More specifically:

- 13 • KCPL's proposal to isolate certain expenses by tracking forecasted levels is
14 "single issue" ratemaking.
- 15 • Forecasted costs, without an associated true-up within the same rate case,
16 result in forecasted costs that are not known and measurable and are developed
17 by making assumptions that may or may not occur.
- 18 • The use of forecasted costs, as advocated by KCPL, disrupts the matching
19 relationship among investment, revenue, and expense. KCPL's proposal for
20 use of forecasted levels only applies to increasing cost items. It does not
21 account for costs that may decrease and offset the cost increases in part or in
22 whole.
- 23 • Trackers should be used when costs demonstrate high volatility over a period
24 of time, when there are new costs for which there is no historical data to
25 develop an ongoing level of costs, or when an uncertain level of new costs are
26 imposed on utilities by new Commission rules.

27 Q. Does KCPL provide justification why a tracker and the use of forecasted levels
28 of SPP administrative fees, NERC assessment fees, and FERC assessment fees are
29 appropriate to represent an ongoing level of costs?

Rebuttal Testimony of
Karen Lyons

1 A. Mr. Klote states on page 51 of his Direct Testimony, “KCP&L is using
2 projected SPP Schedule 1-A fees to be consistent with its requested treatment of transmission
3 expenses in this case.”

4 Q. Consistent with KCPL’s historical transmission expense, have SPP
5 administrative fees, NERC assessment fees, and FERC assessment fees increased
6 significantly during the historical period of 2010-2016?

7 A. Staff reviewed KCPL’s historical SPP administrative fees, NERC assessment
8 fees, and FERC assessment fees for the period of 2012-2015. At the time of this filing, Staff
9 did not have 2016 data. The FERC assessment fees do not significantly fluctuate from year to
10 year. This is supported by KCPL witness Carlson when he states the following on page 11 of
11 his Direct Testimony, “The Company does not expect to see much variability with the FERC
12 Schedule 12 Fees in the years to come.” KCPL does not specifically address NERC
13 assessment fees in testimony; however, upon review of KCPL’s historical incurred NERC
14 assessment fees, Staff found the fees have remained relatively flat. KCPL’s SPP
15 administrative fees have increased from year to year for the period of 2012-2015. The
16 following table shows KCPL’s historical SPP administrative fees, NERC assessment fees, and
17 FERC assessment fees.¹⁰

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19
20
21
22 *continued on next page*

¹⁰ KCPL response to Staff Data Request Nos. 0157 and 0167 in Case No. ER-2016-0156.

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Q. Does Staff expect KCPL's SPP administrative fees to increase in 2017 and if so, will Staff reflect the increase in this case?

4

5

A. Yes, Staff expects the cost KCPL incurs for SPP administrative fees to increase in 2017. SPP's Finance Committee recommended an administrative fee rate of 41.9 cents per MWh for 2017, an increase from 37 cents per MWh in 2016, in its October 25, 2016 committee meeting. SPP's Board of Directors approved this rate on December 6, 2016 and is effective January 1, 2017. Staff will utilize the 2017 rate when developing an annualized level of SPP administrative fees for the true-up.

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TRANSMISSION REVENUE-FORECAST AND TRACKER

12

Q. Please explain how Staff treated KCPL's transmission revenue in its direct filing.

13

14

A. Staff reflected a level of transmission revenue based on the 12-month period ending June 30, 2016 and will further review transmission revenue during the true-up phase in this case.¹¹

15

16

¹¹ Staff Cost of Service Report, pages 69-70.

Rebuttal Testimony of
Karen Lyons

1 Q. Is Staff's recommended level of transmission revenue for the known and
2 measurable update period of June 30, 2016 overstated based on the FERC settlement
3 agreement in FERC Docket ER15-1499-000 and FERC Docket ER14-1174-000?

4 A. Yes. In FERC Docket ER15-1499-000, and consistent with transmission
5 expense addressed above, KCPL received IPL related revenues based on IPL's original filed
6 ATRR. Staff's recommended level of transmission revenue, as of the update period, is based
7 on the IPL's original filed ATRR which is at a higher level than agreed to in the settlement
8 agreement. The reduced level of transmission revenue agreed to in the settlement agreement
9 will be included in Staff's recommended level of transmission revenue at the true-up.
10 In FERC Docket ER14-1174-000, KCPL will receive additional transmission revenue as a
11 result of the settlement agreement. Staff's recommended level of transmission revenue, as of
12 the update period, does not reflect the increase in transmission revenue that KCPL will
13 receive on a going forward basis as a result of the settlement. Staff's recommended level of
14 transmission revenue as of the true-up will reflect the settlement agreement.

15 Q. The FERC settlement agreement for FERC Docket ER14-1174-000 includes a
16 one-time payment to KCPL for transmission revenue. What is Staff's recommendation for
17 this one-time payment?

18 A. KCPL received a one-time payment for transmission revenue from SPP in May
19 2016. The payment represents transmission revenue for the two-year period of 2014-2015.
20 Staff recommends a two-year amortization of the payment of transmission revenue from SPP.

21 Q. How do KCPL's and Staff's positions differ with respect to the level of
22 transmission revenue to include in KCPL's cost of service?

Rebuttal Testimony of
Karen Lyons

1 A. Consistent with transmission expense and SPP administrative fees discussed
2 above, KCPL proposes to isolate transmission revenue by tracking an average of 2017 and
3 2018 forecasts.

4 Q. Does Staff recommend the Commission approve the use of trackers and
5 forecasts to represent an ongoing level of transmission revenue in KCPL's cost of service?

6 A. No. Staff does not recommend the use of trackers and forecasts to represent
7 KCPL's ongoing transmission revenue for the following reasons:

- 8 • KCPL's proposal to isolate certain expenses by tracking forecasted levels is
9 "single issue" ratemaking.
- 10 • Forecasted costs, without an associated true-up within the same rate case, are
11 not known and measurable and are developed by making assumptions that may
12 or may not occur.
- 13 • The use of forecasted costs, as advocated by KCPL, disrupts the matching
14 relationship among investment, revenue, and expense. KCPL's proposal for
15 use of forecasted levels only applies to increasing cost items: it does not
16 account for costs that may decrease and offset the cost increases in part or in
17 whole.
- 18 • Trackers should be used when costs demonstrate high volatility over a period
19 of time, when there are new costs for which there are no historical data to
20 develop an ongoing level of costs, or when uncertain levels of new costs are
21 imposed on utilities by new Commission rules.

22 Q. Do you agree with Mr. Klote when he states on page 34 of his Direct
23 Testimony that "By using this projected level, KCPL is better able to match the actual
24 transmission revenues levels with the rate period in which they are offsetting rates for
25 customers"?

26 A. No. Mr. Klote is incorrect by suggesting there is some form of matching
27 principle that occurs by isolating transmission revenue by using a forecast that purportedly
28 offsets rates for customers in a future rate period. As discussed above, the matching principle
29 is intended to match the relationship of utility investment, revenue, and expense at a point in

1 time with the anticipation a representative relationship will occur in the foreseeable future.
2 Isolating transmission revenues without considering potential changes in other areas of
3 KCPL's cost of service disrupts this relationship.

4 **PROPERTY TAX FORECAST AND TRACKER**

5 Q. Please explain how Staff treated KCPL's property tax expense in its
6 direct filing.

7 A. Staff's recommended treatment of property tax expense is to annualize
8 property taxes based upon property that is in-service on January 1, 2016, by multiplying the
9 property balance by Staff's property tax ratio derived from historical tax payments.

10 Q. Does Staff intend to true-up property taxes in this case?

11 A. Yes. Staff will use the same approach to determine the annualized property
12 taxes for 2017. The annualized level will be derived by applying the property tax ratio to
13 property that is in-service as of January 1, 2017. Staff's annualized level of property taxes for
14 the true-up represents property taxes KCPL will pay in December 2017.

15 Q. How do the Company and Staff positions differ with respect to KCPL's
16 proposed property tax forecast and tracker?

17 A. According to Mr. Rush, KCPL is requesting an annualized level of property
18 tax expense based on an average of 2017-2018 property tax budgets. Consistent with
19 transmission expense discussed above, KCPL is also requesting a one-way tracker.¹² KCPL's
20 request for a tracker using forecasted costs is based on what KCPL has identified as
21 increasing costs. Beginning on page 68 of his Direct Testimony, Mr. Klote states the
22 following:

¹² Tim M. Rush Direct Testimony, Page 12 in Case No. ER-2016-0285.

Rebuttal Testimony of
Karen Lyons

1 KCPL's Property Tax O&M expense has continued to increase
2 dramatically over the last five years; in 2011 KCP&L's Property Tax
3 O&M expense was \$72.2 million and in 2015 KCP&L's Property Tax
4 O&M expense was \$90.7 million. In each of the prior years the
5 Company's Property Tax O&M expense has increased by several
6 million dollars over the prior year amount.

7 Although Staff recognizes property taxes have increased, the use of a tracker is not justified
8 simply because a specific cost has increased. Cost decreases also occur outside of a rate case
9 that may offset a portion of cost increases that a utility may experience. Property taxes are
10 normal recurring operating costs that are incurred by KCPL. The methodology used by Staff
11 to annualize property taxes is consistent with the method used by KCPL and GMO in prior
12 rate cases.

13 During the period of 2011-2015, referenced by Mr. Klote above, KCPL was in the
14 middle of a heavy construction period that included capital improvements and additions that
15 are described in detail later in this testimony. The property tax increases that occurred as a
16 result of these capital improvements and additions were included in KCPL's rates. Any
17 capital additions contributing to property tax increases that occurred after the completion of
18 KCPL's last rate case in 2014 will be included in KCPL's rates that are set as a result of this
19 case. Staff's method of calculating an annualized level of property taxes accounts for actual
20 State property tax rates and plant additions that have contributed to the increase in KCPL's
21 property tax expense.

22 Q. Is Staff recommending the Commission approve KCPL's request to track
23 forecasted property taxes?

24 A. No. As discussed above, Staff is not recommending the Commission approve
25 tracking forecasted costs for the following reasons;

Rebuttal Testimony of
Karen Lyons

- 1 • KCPL’s proposal to isolate certain expenses by tracking forecasted levels is
2 “single issue” ratemaking.
- 3 • Forecasted costs, without an associated true-up within the same rate case, are
4 not known and measurable and are developed by making assumptions that may
5 or may not occur.
- 6 • The use of forecasted costs, as advocated by KCPL, disrupts the matching
7 relationship among investment, revenue, and expense. KCPL’s proposal for
8 use of forecasted levels only applies to increasing cost items: it does not
9 account for costs that may decrease and offset the cost increases in part or in
10 whole.
- 11 • Trackers should be used when costs demonstrate high volatility over a period
12 of time, when there are new costs for which there are no historical data to
13 develop an ongoing level of costs or for uncertain levels of new costs imposed
14 on utilities by new Commission rules.

15 Property taxes are set by a known and measurable formula and therefore can be reasonably
16 calculated. Property taxes are calculated using a ratio of actual property taxes paid to actual
17 plant in service and applying the ratio to plant in service as of January 1. For the update
18 period, June 30, 2016, the ratio was developed using KCPL’s plant in service as of January 1,
19 2015 and actual property taxes paid in 2015, and then applied to KCPL’s plant in service
20 balance as of January 1, 2016. For the true-up period, December 31, 2016, the ratio will be
21 developed using KCPL’s plant in service as of January 1, 2016 and actual property taxes paid
22 in 2016, and then applied to KCPL’s plant in service balance as of January 1, 2017. This
23 method ensures that all actual plant additions and actual property tax rates as of January 1,
24 2017 will be included in Staff’s annualized level of property tax expense and thus included in
25 KCPL’s cost of service. If the ratio between plant and property tax changes, Staff’s
26 recommended level of property tax recovery also changes. Any plant additions that will occur
27 after January 1, 2017, will not be paid by KCPL until December 31, 2018 and are therefore
28 outside the scope of this rate case. On page 120 in Staff’s Cost of Service report, Staff

Rebuttal Testimony of
Karen Lyons

1 witness Matthew R. Young discusses how Staff calculates KCPL's property taxes for
2 purposes of this proceeding.

3 Q. As previously discussed, Mr. Klote states that KCPL's property taxes have
4 increased over the last five years. Does Staff agree that KCPL's total property tax expense
5 increased in recent years?

6 A. Yes. KCPL has had significant capital additions over the past several years
7 which have led to an increase in property taxes. Examples include the addition of
8 environmental equipment to the Iatan 1 generating unit, the addition of the Iatan 2 coal fired
9 generating unit to KCPL's fleet, and most recently, Wolf Creek nuclear plant capital additions
10 and the environmental upgrades at the LaCygne generating station. As a result of these
11 additions, as well as other plant additions, KCPL's property taxes have increased over the
12 course of the past several years. Staff has reflected these property tax increases in rates in
13 previous KCPL rate cases, as well as in this rate case.

14 The table below identifies KCPL's actual plant in service values and actual property
15 taxes paid for the period of 2007-2014. It is clear that KCPL's property taxes have increased
16 over this period. However, KCPL has also had significant plant additions each year that
17 substantially caused those increased property taxes. The Iatan 1 Environmental Equipment
18 was placed in service April 2009 and first assessed for property taxes on January 1, 2010,
19 with actual payment to the taxing authorities on December 31, 2010. The significant increase
20 in the plant in service balances for 2010 confirms the addition of the Iatan 1 Environmental
21 Equipment. Likewise, Iatan 2 was placed in service in August 2010 and assessed for property
22 taxes on January 1, 2011, with actual payment to the taxing authorities on December 31,
23 2011. The 2011 increase in plant in service supports the addition of the Iatan 2 generating

Rebuttal Testimony of
Karen Lyons

1 plant. For the period of 2012-2014, KCPL had no specific capital additions similar to the
2 magnitude of the Iatan 1 environmental equipment or the Iatan 2 coal fired plant, but
3 significant plant additions still occurred which drove, at least in part, the increased property
4 taxes shown in these years:

5

Year	KCPL's Actual Plant in Service as of January 1	% Increase of Plant	KCPL's Actual Property Taxes Paid	% Increase of Property Taxes
2007	\$5,024,645,063	--	\$58,680,830	--
2008	\$5,194,688,703	3.4%	\$61,689,970	5.1%
2009	\$5,388,447,742 Iatan 1 upgrade in service	3.7%	\$58,555,722	-5.1%
2010	\$5,958,853,608 Iatan 2 in service	10.5%	\$61,124,950 Iatan 1 upgrade property taxes	4.4%
2011	\$7,132,499,729	19.7%	\$73,146,665 Iatan 2 property taxes	19.7%
2012	\$7,411,607,200	3.9%	\$75,663,105	3.4%
2013	\$7,558,388,922	2.0%	\$80,728,974	6.7%
2014	\$7,862,710,337	4.0%	\$86,045,140	6.6%
2015	\$8,294,358,314	5.5%	\$89,867,627	4.4%

6
7 Q. Has KCPL provided any support for its belief that property taxes will continue
8 to rise?

9 A. No. As mentioned earlier in this testimony, KCPL's witness Ronald A. Klote
10 stated an expectation that property taxes will continue to rise over the next five years based on
11 historical property taxes incurred by KCPL. KCPL did not provide an analysis to justify its
12 assertion that property taxes will continue to increase.

13 Q. Does Staff agree with Mr. Klote's assumption?

Rebuttal Testimony of
Karen Lyons

1 A. No. While Staff recognizes that property taxes increased for the period
2 2011-2015, the historical increase in property taxes does not necessarily lead to significantly
3 increased property taxes in the future.

4 Q. Is Staff aware of any plans by KCPL to add significant plant in the next few
5 years that would cause property tax to increase significantly?

6 A. Although KCPL will continue to make plant additions, the level of magnitude
7 of the construction projects is not expected to compare to its most recent projects such as
8 those previously discussed.

9 Q. Did KCPL provide any analysis to support Staff's claim that the level
10 of magnitude of the construction projects will not compare to KCPL's experience in the
11 recent past?

12 A. Yes. In response to Staff Data Request No. 0007, KCPL provided its
13 construction budget. ** _____
14 _____

15 _____ **

16 Q. How do cost increases and decreases that occur after a rate case impact a
17 utility?

18 A. Once costs are set in a rate case, any decrease in costs benefits the utility and
19 its shareholders. Likewise, if costs increase after a rate case, the utility and its shareholders
20 absorb the cost increases.

21 Q. As discussed above, KCPL is requesting a tracker based on forecasted levels
22 without taking into consideration cost decreases that may occur. Has KCPL experienced any
23 cost declines in other areas of its operations to offset potential cost increases?

Rebuttal Testimony of
Karen Lyons

1 A. Yes. KCPL benefits from any savings that are a result of a decrease in
2 expenses or increase in revenues that occurs outside of a rate case. The reduction of KCPL's
3 workforce after the completion of KCPL's 2012 rate case is an example. Recently, KCPL
4 refinanced its debt following Case No. ER-2014-0370. The use of a tracker as KCPL
5 proposes does not take into consideration any cost reductions that can offset increased
6 property tax costs.

7 Q. In his direct testimony, Mr. Rush suggests that KCPL does not have control
8 over property taxes. Does Staff agree?

9 A. While Staff agrees that KCPL has limited control over property taxes, KCPL
10 has the ability to dispute property tax assessment. KCPL and other utilities have the right to
11 appeal property tax assessments to the State Tax Commission. For example, Ameren
12 Missouri appealed its 2010 property tax assessment from the State Tax Commission and
13 reached a settlement in the summer of 2011, resulting in a refund.¹³ Although KCPL has not
14 had a formal appeal since 2008, KCPL has had informal discussions with assessors and
15 participated in an informal hearing with the State Tax Commission.¹⁴ If KCPL was granted a
16 property tax tracker, the incentive to participate in these discussions or appeal its property
17 assessments would likely be reduced.

18 Q. In its request for alternative regulatory treatment for transmission expense,
19 transmission revenue, and property taxes, did KCPL also request rate base treatment and
20 carrying costs?

21 A. Yes. According to KCPL witness Rush, KCPL is requesting rate base
22 treatment and carrying costs based on KCPL's short term interest rate on transmission

¹³ Gary S. Weiss Rebuttal Testimony Page 27, Lines 16-27 in Case No ER-2012-0166.

¹⁴ Case No. ER-2014-0370, Staff Data Request No. 0513.

1 expense, transmission revenue, and property taxes.¹⁵ Staff considers rate base treatment on a
2 case-by-case basis and generally is opposed to carrying costs. Since KCPL's request for
3 alternative ratemaking treatment is for normal operating costs and revenues that can be
4 reasonably calculated using historical costs and standard ratemaking principles, KCPL's
5 customers should receive the benefit of rate base treatment. If the Commission grants
6 KCPL's proposal for alternative ratemaking treatment for transmission expense, transmission
7 revenue, and property taxes, Staff recommends the Commission approve KCPL's request for
8 rate base treatment and deny its request for carrying costs.

9 Q. Are there any other reasons why Staff recommends the Commission not
10 approve KCPL's proposals for alternative regulatory treatment for transmission and
11 property taxes?

12 A. Yes. When discussing forward looking treatment for transmission costs and
13 property taxes, KCPL witness Darrin R. Ives states at page 18 of his direct testimony, "all of
14 these expenses are rapidly changing such that historical cost information is not likely to be
15 representative of future costs when the rates set by this case are in effect." In addition to
16 KCPL's proposal for a tracker based on forecasted levels of transmission and property taxes,
17 KCPL also proposed similar treatment for CIP and Cyber-Security costs. On September 9,
18 2016, KCPL filed a *Notice of Withdrawal of its Proposal to use Forecasted Expenses or a*
19 *Tracker for CIP/Cybersecurity Compliance Costs*. KCPL stated the following in the filing:

20 In light of a recent **moderation in the level of increases** in CIP/cyber-
21 security compliance costs, KCP&L hereby withdraws its request for
22 forward-looking rate treatment, including the use of forecasted non-
23 labor operations and maintenance expense levels or a tracker for
24 CIP/cyber-security compliance costs for purposes of this case.
25 [Emphasis added]

¹⁵ Tim M. Rush Direct Testimony, Page 14, Lines 8-12 in Case No. ER-2016-0285.

Rebuttal Testimony of
Karen Lyons

1 In Case No. ER-2014-0370, KCPL also proposed a tracker and an additional
2 annualized level based on KCPL's forecast of CIP and Cyber-Security costs for the same
3 reason - increasing costs - as it has in this case for transmission and property taxes. KCPL's
4 projection for these costs simply did not materialize. As previously stated, forecasts are based
5 on assumptions that may or may not occur. Consequently, the use of a forecast is not a
6 reasonable method to develop a level of costs to set rates. KCPL's notice to withdraw its
7 proposal in this case for a CIP and Cyber-Security tracker based on forecasted levels supports
8 Staff's assertions, as explained above, related to the use of trackers and the use of forecasted
9 costs for normal operating expenses.

10 Q. Please summarize Staff's position on KCPL's proposal to use alternative
11 regulatory mechanisms for transmission expense, transmission revenue, and property taxes.

12 A. KCPL's proposal to use forecasted costs and revenues are not known and
13 measurable and disrupt the relationship with KCPL's investment, revenue, and expense.
14 KCPL's proposal to isolate transmission expense, transmission revenue, and property taxes by
15 requesting forecasted levels does not take into consideration changes in other areas of its cost
16 of service that can offset these cost increases. Since KCPL's rates were last set in Case No.
17 ER-2014-0370, KCPL has experienced cost increases in several areas ** _____

18 _____ ** This occurred because other areas of KCPL's
19 cost of service declined. Staff notes that KCPL does not propose forecasted levels for costs
20 that may be declining in the future.

21 In Staff's opinion, a tracker should only be considered in situations when costs are
22 highly volatile, for which there is no historical data, or when uncertain levels of new costs are
23 imposed on utilities by new Commission rules. In this case, KCPL is requesting trackers for

Rebuttal Testimony of
Karen Lyons

1 normal, ordinary, and recurring operating expenses and revenues simply because KCPL
2 projects that the costs will increase. Therefore, Staff recommends the Commission deny
3 KCPL's proposal for trackers based on forecasted levels for transmission and property taxes
4 in this case.

5 Q. Does this conclude your rebuttal testimony?

6 A. Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

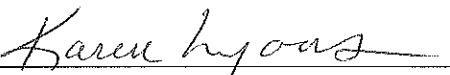
In the Matter of Kansas City Power & Light)
Company's Request for Authority to)
Implement A General Rate Increase for)
Electric Service) Case No. ER-2016-0285

AFFIDAVIT OF KAREN LYONS

STATE OF MISSOURI)
)
COUNTY OF JACKSON) ss.

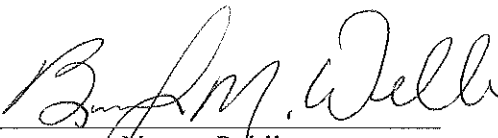
COMES NOW KAREN LYONS and on her oath declares that she is of sound mind and lawful age; that she contributed to the foregoing Rebuttal; and that the same is true and correct according to her best knowledge and belief.

Further the Affiant sayeth not.


KAREN LYONS

JURAT

Subscribed and sworn before me, a duly constituted and authorized Notary Public, in and for the County of Jackson, State of Missouri, at my office in Kansas City, on this 29th day of December, 2016.


Notary Public



BEVERLY M. WEBB
My Commission Expires
April 14, 2020
Clay County
Commission #12484070

Missouri Public Service Commission

Respond Data Request

Data Request No.	0157.1
Company Name	Kansas City Power & Light Company-Investor(Electric)
Case/Tracking No.	ER-2016-0285
Date Requested	10/19/2016
Issue	Expense - Miscellaneous Operations Expense
Requested From	Lois J Liechti
Requested By	Nicole Mers
Brief Description	IPL transmission expense
Description	1. Provide the settlement agreement that was reached between IPL and KCPL in FERC Docket ER15-1499. 2. Provide a detailed explanation on how the settlement benefited KCPL, including but not limited to, the difference in what KCPL projected it would pay for transmission expense and revenues received and the actual amount agreed to in the settlement. 3. DR requested by Karen Lyons (Karen.Lyons@psc.mo.gov).
Response	Please see the attached information.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **ER-2016-0285** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Kansas City Power & Light Company-Investor(Electric)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Kansas City Power & Light Company-Investor(Electric)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security :	Public
Rationale :	NA

KCPL
Case Name: 2016 KCPL Rate Case
Case Number: ER-2016-0285

Response to Lyons Karen Interrogatories - MPSC_20161019
Date of Response: 11/8/2016

Question: 0157.1

1. Provide the settlement agreement that was reached between IPL and KCPL in FERC Docket ER15-1499. 2. Provide a detailed explanation on how the settlement benefited KCPL, including but not limited to, the difference in what KCPL projected it would pay for transmission expense and revenues received and the actual amount agreed to in the settlement. 3. DR requested by Karen Lyons (Karen.Lyons@psc.mo.gov).

Response:

1. The attached file contains the *Offer of Settlement [including Pro Forma sheets] of City of Independence, Missouri and Kansas City Power & Light Company under ER15-1499* (“IPL Settlement”) that was filed at the Federal Energy Regulatory Commission (“FERC”) on April 27, 2016 by the City of Independence, Missouri (“Independence”) on behalf of the Settling Parties. This IPL Settlement as well as all other case filings and submissions in FERC Docket ER15-1499 are available by searching on the docket number in FERC’s online eLibrary at: http://elibrary.ferc.gov/idmws/docket_search.asp
2. On April 13, 2015, Southwest Power Pool, Inc. (“SPP”), on behalf of Independence and its municipal electric system, Independence Power & Light (“IPL”), filed at FERC to implement a stated annual transmission revenue requirement (“ATRR”) for Independence/IPL, to be included in the Kansas City Power & Light Company (“KCP&L”) transmission pricing zone (Zone 6) under the SPP Open Access Transmission Tariff (“OATT”). The proposed Independence/IPL ATRR in that April 13, 2015 filing was \$7,237,454.

Because Independence/IPL was being placed into the KCP&L (Zone 6) transmission pricing zone, KCP&L, as a Transmission Customer, was responsible for paying its Zonal Load Ratio Share (~88%) of IPL’s \$7,237,454 ATRR (~\$6.4 million per year). However, also because of Independence/IPL being placed in Zone 6, Independence, as a Transmission Customer, was responsible for paying its Zonal Load Ratio Share (~6%) of KCP&L’s ~\$34 million ATRR (~\$2.0 million per year). Thus, KCP&L would have been paying a “net” of approximately \$4.4 million annually (~\$6.4 million payment to IPL less ~\$2.0 payment from Independence).

KCP&L argued in its answering testimony that it filed on October 22, 2015 in ER15-1499 that Independence/IPL should be placed in its own zone, which would have been expense

and revenue neutral for KCP&L (i.e., no payment to IPL and no revenue from Independence).

In the alternative, KCP&L also argued in its October 22, 2015 answering testimony that the “as filed” \$7,237,454 IPL ATRR was higher than it should be. KCP&L proposed a revised IPL ATRR of approximately \$5 million. On December 10, 2015, FERC Staff filed its direct and answering testimony in ER15-1499 in which it also proposed an ATRR of approximately \$5 million for IPL. At an IPL ATRR of \$5 million, KCP&L, as a Transmission Customer, would have been responsible for paying approximately \$4.4 million annually for its Zonal Load Ratio Share (~88%). Thus, KCP&L would have been paying a “net” of approximately \$2.4 million annually (~\$4.4 million payment to IPL less ~\$2.0 payment from Independence).

When considering settlement options, KCP&L weighed the benefits and risks of the litigating the case (i.e., possible outcomes ranging from \$0 annual impact to ~\$4.4 net annual detrimental impact). KCP&L also considered the costs of litigation as well as policy rulings that could potentially impact future new member zonal placements.

In general, the IPL Settlement accepts the placement of Independence/IPL into the KCP&L (Zone 6) transmission pricing zone, with the IPL ATRR being phased in as described below:

- Period 1: For rates effective from June 1, 2015, through December 31, 2016, the IPL ATRR will be \$3,000,000.
- Period 2: For rates effective from January 1, 2017, through December 31, 2017, the IPL ATRR will be \$3,750,000.
- Period 3: For rates effective from January 1, 2018, through May 31, 2019, and continuing thereafter until changed, the IPL ATRR will be \$5,000,000.

Response by: Don Frerking, Regulatory Affairs

Attachment:

Q0157.1_ER15-1499 IPL Settlement.pdf

Q0157.1_Verification.pdf

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April 27, 2016

VIA E-FILING

The Honorable Kimberly D. Bose
Secretary
Federal Energy Regulatory Commission
888 First Street, NE
Washington, DC 20426

**Re: *Southwest Power Pool, Inc.*, Docket No. ER15-1499-001
Offer of Settlement**

Dear Secretary Bose:

Pursuant to Rule 602 of the Federal Energy Regulatory Commission's Rules of Practice and Procedure,¹ the City of Independence, Missouri ("Independence"), and Kansas City Power & Light Company ("KCP&L") submit for filing with the Commission an Offer of Settlement in Docket No. ER15-1499-001. The Offer of Settlement resolves all issues that the Commission set for hearing and settlement judge procedures.²

In accordance with Commission Rule 602(c)(1),³ Independence and KCP&L submit the following attached documents:

- The Offer of Settlement, including the following Appendices:
 - Appendix A: List of Parties that Support or Have Raised No Objection to the Offer of Settlement;
 - Appendix B: *Pro forma* versions of the revised Tariff provisions illustrating the revisions necessary to reflect the settlement ATRR levels; and,
 - Appendix C: Independence Settlement Depreciation Rates;

¹ 18 C.F.R. § 385.602.

² *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,211 (2015).

³ 18 C.F.R. § 385.602(c)(1).

- Explanatory Statement; and
- Draft Letter Order approving the Offer of Settlement

Independence respectfully requests that these materials be transmitted to the Honorable Karen V. Johnson, the Presiding Judge in this Docket No. ER15-1499-001, for certification to the Commission pursuant to Rule 602(b),⁴ and that Judge Johnson certify the Settlement to the Commission as uncontested.

Contemporaneously with this filing, Independence on behalf of itself, KCP&L, and the Southwest Power Pool, Inc., are separately filing an Unopposed Joint Motion for Authorization to Implement Settlement Rates on an Interim Basis Pending Commission Approval and Request for Waiver of Comment Period and Expedited Action pursuant to Rule 602(f)(2).⁵

In accordance with Rule 602(d)(2),⁶ the Settling Parties inform all participants that initial comments on the Settlement Agreement are due 20 calendar days after filing, or by May 17, 2016, and reply comments are due 30 days after filing, or by May 27, 2016.

Thank you for your attention to this matter. If you have any questions or need additional information, please contact the undersigned counsel.

Respectfully submitted,

/s/ Margaret A. McGoldrick

Margaret A. McGoldrick
Stephen C. Pearson
*Counsel for the City of Independence,
Missouri*

MAM/SCP:rlb

cc: The Honorable Acting Chief Judge Carmen A. Cintron
The Honorable Karen V. Johnson, Presiding Judge
Official Service List for ER15-1499

Enclosures

⁴ 18 C.F.R. § 385.602(b).

⁵ 18 C.F.R. § 385.602(f)(2).

⁶ 18 C.F.R. § 385.602(d)(2).

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

Southwest Power Pool, Inc.

| Docket No. ER15-1499-001

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, the City of Independence, Missouri ("Independence") and Kansas City Power & Light Company ("KCP&L") submit this Offer of Settlement to the Commission for approval. The parties in this proceeding that support or have not raised any objection to the Offer of Settlement are identified in Appendix A. KCP&L, Independence, and the other parties identified in Appendix A are referred to herein individually as a "Settling Party" and collectively as the "Settling Parties." If accepted or approved by the Commission without material condition or modification, or if accepted or approved by the Commission with condition or modification to which no Settling Party objects, this Offer of Settlement will resolve all issues set for hearing in this proceeding. 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 May 17, 2016.

**ARTICLE I
BACKGROUND**

On April 13, 2015, Southwest Power Pool, Inc. ("SPP") submitted for filing, pursuant to Section 205 of the Federal Power Act ("FPA"), modifications to its Open Access Transmission Tariff ("Tariff") to include Independence as an additional transmission owner ("TO") within the SPP Zone 6 pricing zone ("Zone 6") and to reflect Independence's proposed stated annual transmission revenue requirements ("ATRR") in SPP's zonal transmission rates for Zone 6.

Motions to intervene were filed by Independence, KCP&L, the Western Area Power

Administration, American Electric Power Service Corporation, Westar Energy, Inc. (“Westar”), Oklahoma Gas and Electric Company, Kansas Electric Power Cooperative (“KEPCo”), South Central MCN, LLC and the City of Springfield, Missouri. The Missouri Public Service Commission and the Kansas Corporation Commission filed notices of intervention. Comments were filed by Independence and Westar. Protests were filed by KCP&L and KEPCo. On May 19, 2015, Independence filed an answer. On May 20, 2015, SPP filed an answer. On May 29, 2015, KCP&L filed an answer.

On June 12, 2015, the Commission issued an order accepting SPP’s proposed Tariff revisions for filing, to be effective June 1, 2015, subject to refund, and establishing hearing and settlement judge procedures.¹ At the parties’ request, the Honorable Philip C. Baten was appointed Settlement Judge. On July 14, 2015, Judge Baten reported that after good faith negotiations the participants had reached an impasse, and recommended that settlement judge procedures be terminated and a presiding judge be designated to conduct a hearing. On July 16, the Chief Administrative Law Judge terminated settlement procedures, designated Judge Karen V. Johnson as the presiding judge and instituted Track II hearing procedures.

Pre-filed testimony was submitted by Independence, SPP, KCP&L and Commission Trial Staff. On February 18, 2016, Judge Johnson granted the active parties’ motion for a paper hearing, and on February 23, 2016, the pre-filed testimony and other exhibits were admitted into the record.

On March 25, 2016, in light of the fact that the active parties had reached a settlement in principle, Independence submitted an unopposed motion to suspend the procedural schedule. The motion was granted by the Acting Chief Judge on March 28, 2016. Pursuant to that order,

¹ *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,211 (2015).

the existing procedural schedule was suspended pending the filing of an Offer of Settlement, and Independence was directed to provide the Acting Chief Judge with a status report on April 27, 2016 if an Offer of Settlement was not filed on or before that date.

ARTICLE II TERMS OF SETTLEMENT

A. Inclusion of Independence in Zone 6 and Waiver of Future Cost-Shift Arguments

The Independence ATRR will be included in Zone 6, and will be combined with the KCP&L ATRR for purposes of determining Network Integration Transmission Service (“NITS”) and Point-to-Point (“PtP”) charges for Zone 6 transmission customers pursuant to Schedule 9 (NITS) and Schedules 7 and 8 (PtP) of the Tariff. No Settling Party shall raise or support, in any future proceeding, any argument that Independence should be established as a separate pricing zone under the Tariff or that KCP&L and its customers (or other Zone 6 customers) should otherwise be protected from “cost shifts” resulting from the inclusion of Independence’s ATRR in Zone 6. Forms of such “cost shift” arguments might include, but are not limited to: (i) that the Independence ATRR should be excluded from Zone 6; (ii) that the Independence ATRR should not be combined with the KCP&L ATRR for purposes of determining NITS and PtP charges for Zone 6 Transmission Customers pursuant to Schedules 7, 8, or 9 of the Tariff; and (iii) that the Independence ATRR should be limited to a level that would not exceed KCP&L’s ATRR, as each is expressed on a \$/MW-year (or equivalent) basis. Other than such cost-shift related challenges, Settling Parties retain the right to make cost-of-service challenges with respect to any proposed revisions to Independence’s ATRR to be included in Zone 6 in any future proceeding.

B. Revised ATRR

Independence’s ATRR will be phased in over three periods:

Period 1: For rates effective from June 1, 2015, through December 31, 2016, the Independence ATRR will be \$3,000,000.

Period 2: For rates effective from January 1, 2017, through December 31, 2017, the Independence ATRR will be \$3,750,000.

Period 3: For rates effective from January 1, 2018, through May 31, 2019, and continuing thereafter until changed, the Independence ATRR will be \$5,000,000.

With the exception of the depreciation rates specified in Appendix C, the settlement ATRRs for Periods 1 through 3 are established on a “black box” basis.

These settlement revenue requirements are lower than the proposed Independence ATRR of \$7,237,454.00 that was reflected in SPP’s April 13, 2015 filing in this docket. *Pro forma* versions of the revised Tariff provisions illustrating the revisions necessary to reflect the settlement ATRR levels are attached to this Offer of Settlement as Appendix B. Because the *pro forma* revised Tariff provisions in Appendix B are not being filed through the eTariff system and are merely illustrative because entries other than those setting forth the ATRRs for Independence may change, after Commission acceptance of the Offer of Settlement, SPP shall make the appropriate filings with the Commission necessary to revise its eTariff, to reflect and implement the settlement ATRR for each period set forth in Article II.B of this Offer of Settlement. SPP shall make the first of these filings within thirty (30) days following the issuance of a Final Order (as defined in Article III hereof) which will reflect the Independence ATRR for the then-effective period and any past periods. These revisions will supersede the proposed Tariff changes that were submitted in this docket and accepted by the Commission for filing, subject to refund.

C. Motion for Interim Rate Reduction

Simultaneously with this filing, Independence, KCP&L and SPP are submitting to the Acting Chief Administrative Law Judge a request to implement the reduced Independence ATRR(s) for the relevant period(s) on an interim basis pending Commission approval of the

Offer of Settlement. It is intended that such interim rate reduction will take effect 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 (“Interim Rate Relief Effective Date”). In the event that the Chief Administrative Law Judge does not grant the motion for interim rate relief, SPP will implement the settlement ATRRs on the next feasible SPP billing cycle after the date that the Offer of Settlement becomes effective, *i.e.*, the date the Commission issues a Final Commission Order, as that term is defined in Article III of this Offer of Settlement (“Alternative Rate Effective Date”).

In the event the Commission does not accept or approve the Offer of Settlement, or accepts or approves the Offer of Settlement with condition or modification to which any Settling Party objects, Independence’s proposed ATRR shall be reinstated, subject to refund, and SPP shall collect the difference between (1) the amounts collected using the settlement ATRR(s) on an interim basis, and (2) the amounts that would have been collected using Independence’s proposed ATRR, with interest calculated pursuant to 18 C.F.R. § 35.19a.

D. Refunds

Within sixty (60) days after issuance of a Final Order as described in Article III, Independence will request that SPP implement the refunds required under this Offer of Settlement and, in the next feasible SPP billing cycle after such request, SPP will implement the refunds in accordance with the Offer of Settlement and SPP’s settlement practices. Refunds to be paid by Independence shall be in an amount equal to the difference between the revenues actually distributed by SPP to Independence for the period beginning June 1, 2015, and ending on the later of the Interim Rate Relief Effective Date or the Alternative Rate Effective Date, and the revenues that SPP would have distributed to Independence if the settlement ATRR(s) for the

relevant period(s) had been in effect during those period(s), plus interest calculated pursuant to 18 C.F.R. § 35.19a.

E. Moratoria

1. Independence will not file for a rate increase pursuant to FPA Section 206, or request that SPP file on Independence's behalf for a rate increase pursuant to FPA Section 205, resulting in new or revised rates with an effective date prior to June 1, 2019. For the avoidance of doubt, a filing may be made prior to June 1, 2019, but the proposed effective date would not be earlier than June 1, 2019. Subject to the restrictions set forth in Section II.A, all Settling Parties retain full rights to protest any such filing.

2. With respect to the period prior to June 1, 2019, no Settling Party will file a complaint seeking a reduction in the Independence ATRR prior to June 1, 2019. For the avoidance of doubt, a filing may be made prior to June 1, 2019, but the proposed effective date would not be earlier than June 1, 2019.

3. With respect to the period prior to June 1, 2019, Independence will not file a complaint pursuant to FPA Section 206 with respect to KCP&L's base return on equity ("ROE") or otherwise request or support any decrease to KCP&L's ROE in Zone 6. For the avoidance of doubt, a filing may be made prior to June 1, 2019, but the proposed effective date would not be earlier than June 1, 2019. Nothing in this provision prevents Independence from intervening in any proceeding in which the ROE applicable to KCP&L's Zone 6 ATRR is, or may be reasonably expected to be, at issue. Nothing in this provision prevents Independence from opposing a KCP&L request for ROE incentives, or from taking any position with respect to any component of KCP&L's ATRR other than the ROE.

F. Uniform System of Accounts

1. For purposes of its rate filings while a Transmission Owner under the Tariff, Independence will support such filings with books, records, and data maintained in accordance with the Uniform System of Accounts. Notwithstanding Section II.F.2, to the extent Independence seeks recovery of costs not supported with books, records, and data maintained in accordance with the Uniform System of Accounts, Independence will bear the risks that such cost recovery will be disallowed, and Independence will not seek to defend against such disallowance on the grounds that Independence, as a municipal utility that is not subject to Commission jurisdiction under FPA Section 205, is not subject to the Uniform System of Accounts. However, Independence reserves the right to argue in support of its proposed cost recovery on any other grounds that could be offered by a FERC-jurisdictional SPP Transmission Owner.

2. Under no circumstances would a failure by Independence to maintain its books, records and data in accordance with the Uniform System of Account, by itself, constitute a violation of, or affect any of the other provisions of, this Offer of Settlement.

G. Miscellaneous

1. Unless specifically noted otherwise in this Offer of Settlement, all terms and conditions of the Tariff shall apply to Independence ATRRs for Periods 1 through 3 as set forth in Section II.B above, including but not limited to the provisions of Section 34.1 of the Tariff regarding PtP revenues for Transmission Owners utilizing a stated rate.

2. All historical transmission-related facilities charges paid by KCP&L to Independence (e.g., charges related to Blue Mills Substation load) shall cease, effective June 1, 2015. Any future transmission-related facilities charges between KCP&L and Independence outside of the context of the Tariff will be subject to specific future negotiation between KCP&L and Independence and any necessary regulatory approvals.

3. Independence shall implement the new depreciation rates set forth in Appendix C, with an effective date of June 1, 2015. The depreciation rates shall remain in effect until changed pursuant to an order by the Commission. Subject to the timing limitation in Section II.E.1, Independence reserves the right to seek changes to the depreciation rates in any future rate case. No Settling Party waives its right to contest any future depreciation rates proposed by Independence in any future rate case. For the avoidance of doubt as to the implementation of the new depreciation rates effective June 1, 2015, Independence shall not seek to adjust the accumulated reserve for depreciation reflected on its accounting books and records as of June 1, 2015 or otherwise seek to retroactively apply these new depreciation rates for periods prior to June 1, 2015.

ARTICLE III CONDITIONS PRECEDENT TO EFFECTIVENESS OF SETTLEMENT

Other than as provided for in Section II.C (interim rate reduction), neither this Offer of Settlement, which includes the Appendices hereto, nor any of the provisions of this Offer of Settlement, shall become effective unless and until the Commission shall have issued a Final Order accepting or approving all of the terms and provisions of the Offer of Settlement, including acceptance of the settlement ATRRs reflected in the *pro forma* Tariff sheets in Appendix B hereto, either (1) without modification or condition, or (2) with modifications or conditions that the Settling Parties have accepted (or have failed to object to) in accordance with this paragraph. Within fourteen (14) days after the issuance of an order that includes any modification or condition, Independence, KCP&L and SPP shall confer to determine whether, notwithstanding such condition or modification, the Offer of Settlement, as so conditioned or modified, is acceptable to them. If they agree that the Offer of Settlement as modified or conditioned is acceptable, within eighteen (18) days after the issuance of the orders they shall

inform all other Settling Parties of such agreement and of the Settling Parties' rights to object on or before the date that is twenty-eight (28) days after the issuance of the order. Absent any such objection, KCP&L, Independence and SPP shall coordinate and cooperate with each other and promptly file (or cause to be filed) any necessary documents with the Commission acknowledging and implementing the Settling Parties' acceptance of the modification or condition to the Offer of Settlement, including any necessary Tariff revisions. If, however, KCP&L or IPL determines that the modification or condition is not acceptable, the Offer of Settlement will be deemed to be withdrawn and of no force and effect. KCP&L and IPL will file a notice of such withdrawal with the Commission on or before the date that is twenty-eight (28) days after the issuance of the order.

If the Offer of Settlement is not withdrawn, each Settling Party retains its right to seek to restore the agreed-upon terms and conditions of the Offer of Settlement, through a request for rehearing or clarification with respect to any condition or modification imposed by the Commission, whether material or not.

For purposes of this Offer of Settlement, an order shall be deemed a "Final Order" as of the date that it is no longer subject to rehearing or judicial review.

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 inadmissible as evidence in any proceeding, and of no effect unless it is accepted or approved and made effective as to all of its terms and conditions in accordance with Article III hereof. The discussions between and among the parties that have produced this Offer of Settlement have been conducted with the explicit understanding, pursuant to Rule 602 of the Commission's Rules of Practice and Procedure, 18 C.F.R. § 385.602,

that all offers of settlement and discussions relating thereto shall be privileged and confidential, shall be without prejudice to the position of any Settling Party or participant presenting any such offer or participating in any such discussion, and are not to be used in any manner in connection with this proceeding, any other proceeding, or otherwise, except to the extent necessary to enforce its terms.

If this Offer of Settlement is not accepted or approved in its entirety as provided in Article III, 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.

ARTICLE V MODIFICATIONS TO SETTLEMENT; STANDARD OF REVIEW

The standard of review for any proposed changes to the terms of this Offer of Settlement unilaterally sought by any Settling Party shall be the “public interest” standard of review commonly referred to as the “*Mobile Sierra*” standard of review. *See United Gas Pipe Line Co. v. Mobile Gas Services Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008). The standard of review for any modifications to the Offer of Settlement proposed by any other person or entity, including any modifications resulting from the Commission acting *sua sponte*, will be the most stringent standard permitted by law.

ARTICLE VI GENERAL PROVISIONS

This Offer of Settlement represents a negotiated compromise of the various matters agreed to herein, for the sole purpose of the resolution of the matters agreed to herein. The Offer of Settlement raises no disputed issues of material fact, and should be approved as just and reasonable and in the public interest.

This Offer of Settlement, including attachments, constitutes the entire agreement with regard to the matters addressed in this proceeding and implies no right, duties or other restrictions not expressly set forth in this Offer of Settlement. No other agreement with regard to these matters shall be binding on the Settling Parties except by written amendment to this Offer of Settlement. The terms of this Offer of Settlement are being submitted as an integrated whole, and it is understood that each provision of this Offer of Settlement is in consideration and support of all the other provisions, and expressly conditioned upon acceptance by the Commission as provided for in Article III.

This Offer of Settlement is the result of settlement and compromise of all claims and actions expressly addressed in this Offer of Settlement, and neither this Offer of Settlement nor any Settling Party's performance hereunder shall be deemed to be an admission of any fact or of any liability.

No provision of this Offer of Settlement may be waived except through a writing signed by an authorized representative of the waiving Settling Party. Waiver of any one provision of this Offer of Settlement shall not be deemed to waive any other provision.

The descriptive headings of this Offer of Settlement are inserted for convenience only and do not constitute a part of the Offer of Settlement.

This Offer of Settlement may be executed in one or more counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

In the event that terms contained in this Offer of Settlement conflict with those of the Explanatory Statement attached hereto pursuant to Rule 602(c) of the Commission's Rules of Practice and Procedure,² the terms of this Offer of Settlement shall control.

² 18 CFR § 385.602(c).

Respectfully submitted,

/s/ Noel Symons

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Attorneys for City of Independence, Missouri

April 27, 2016

APPENDIX A

A. Parties That Support the Offer of Settlement

City of Independence, Missouri
Kansas City Power & Light Company
Southwest Power Pool, Inc.

B. Parties That Have Raised No Objection to the Offer of Settlement

American Electric Power Service Corporation
City of Springfield, Missouri
Kansas Corporation Commission
Kansas Electric Power Cooperative, Inc.
Missouri Public Service Commission
Oklahoma Gas and Electric Company
South Central MCN, LLC
Westar Energy, Inc.
Western Area Power Administration

APPENDIX B

FOR ILLUSTRATION PURPOSES – EFFECTIVE JUNE 01, 2015**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$7,237,454 <u>3,000,000</u>	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					
11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File
17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File

17b	Central Nebraska Public Power and Irrigation District	\$536,767	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	See Att. H tab, posted RRR File
19	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

2. For the purpose of determining the Region-wide Charges under Schedule 11, the Region-wide ATRR, as shown in Line 8 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”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) the Base Plan Region-wide ATRR to pay Upgrade Sponsors (reflected in Line 5) determined in accordance with Attachment Z2 of this Tariff, and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	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.

3. 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.
4. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate

actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.
3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1, line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.
4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.
- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 ($\$20,000,00 - \$19,500,000 = \$500,000$).
- There is a \$1,000,000 shortfall in revenue collection due to volume ($(500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00 \text{ per kW-year} = \$1,000,000$).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 ($\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)} = -\$500,000 \text{ (shortfall)}$)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

7. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

8. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE OCTOBER 01, 2015**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$7,237,454 <u>3,000,000</u>	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					

11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File

17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File
17b	Central Nebraska Public Power and Irrigation District	\$450,000	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	See Att. H tab, posted RRR File
19	Upper Missouri Zone – 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	See Att. H tab, posted RRR File
19a	Western-UGP	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	See Att. H tab, posted RRR File
19b	Basin Electric Power 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	See Att. H tab, posted RRR File
19c	Heartland Consumers 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	See Att. H tab, posted RRR File
19d	Missouri River Energy Services (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	See Att. H tab, posted RRR File
19d (i)	Missouri River Energy Services	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	See Att. H tab, posted RRR File
19d (ii)	Moorhead Public Service	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	See Att. H tab, posted RRR File
19d (iii)	Orange City Municipal Utilities	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	See Att. H tab, posted RRR File
19d (iv)	City of Pierre, South Dakota	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	See Att. H tab, posted RRR File
19d (v)	City of Sioux Center, Iowa	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	See Att. H tab, posted RRR File

19d (vi)	Watertown Municipal Utility Department	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	See Att. H tab, posted RRR File
19e	East River Electric Power Cooperative, 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	See Att. H tab, posted RRR File
19f	Corn Belt Power 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	See Att. H tab, posted RRR File
19g	NorthWestern Corporation (South Dakota)	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	See Att. H tab, posted RRR File
19h	Northwest Iowa Power 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	See Att. H tab, posted RRR File
19i	Harlan Municipal Utilities	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	See Att. H tab, posted RRR File
20	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

2. Table 2-A specifies the Region-wide ATRR for Network Upgrades needed prior to October 1, 2015 and Table 2-B specifies the Region-wide ATRR for Network Upgrades needed on or after October 1, 2015. The Region-wide ATRR, shown in Line 8 of Section I, Table 2-A, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) for transmission service beginning prior to October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors *as* determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any

Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

The Region-wide ATRR shown in Line 6 of Section I, Table 2-B, shall be the sum of (i) the Base Plan Region-wide ATRR (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide ATRR (reflected in Line 3 and Line 4) and (iii) for transmission service beginning on or after October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5).

As described in Schedule 11, the Region-wide Charges for Zones 1 through 18 shall be based upon Line 6 of Table 2-A and Line 6 of Table 2-B. The Region-wide Charges for Zone 19 shall be based upon Line 6 of Table 2-B.

Table 2-A

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	See Att. H tab, posted RRR File

Table 2-B

(See Note B below)

1	Base Plan Region-wide ATRR (NTC prior to June 19, 2010)	\$0
2	Base Plan Region-wide ATRR (NTC on or after June 19, 2010)	See Att. H tab, posted

		RRR File
3	Total ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	Region-wide ATRR (Line 1 + Line 2 + Line 3 + Line 4 + Line 5)	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.

3. 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.
4. 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-A and Table 2-B 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. 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.

2. 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.

3. 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.

4. 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.

5. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES' public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the

projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1, line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.

- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 ($\$20,000,00 - \$19,500,000 = \$500,000$).
- There is a \$1,000,000 shortfall in revenue collection due to volume ($(500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00 \text{ per kW-year} = \$1,000,000$).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 ($\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)} = -\$500,000 \text{ (shortfall)}$)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

6. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

7. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2016**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$7,237,454 <u>3,000,000</u>	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					

11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File

17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File
17b	Central Nebraska Public Power and Irrigation District	\$450,000	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
17c	Tri-State G&T Association	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	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	See Att. H tab, posted RRR File
19	Upper Missouri Zone – 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	See Att. H tab, posted RRR File
19a	Western-UGP	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	See Att. H tab, posted RRR File
19b	Basin Electric Power 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	See Att. H tab, posted RRR File
19c	Heartland Consumers 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	See Att. H tab, posted RRR File
19d	Missouri River Energy Services (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	See Att. H tab, posted RRR File
19d (i)	Missouri River Energy Services	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	See Att. H tab, posted RRR File
19d (ii)	Moorhead Public Service	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	See Att. H tab, posted RRR File
19d (iii)	Orange City Municipal Utilities	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	See Att. H tab, posted RRR File
19d (iv)	City of Pierre, South Dakota	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	See Att. H tab, posted RRR File

19d (v)	City of Sioux Center, Iowa	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	See Att. H tab, posted RRR File
19d (vi)	Watertown Municipal Utility Department	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	See Att. H tab, posted RRR File
19e	East River Electric Power Cooperative, 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	See Att. H tab, posted RRR File
19f	Corn Belt Power 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	See Att. H tab, posted RRR File
19g	NorthWestern Corporation (South Dakota)	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	See Att. H tab, posted RRR File
19h	Northwest Iowa Power 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	See Att. H tab, posted RRR File
19i	Harlan Municipal Utilities	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	See Att. H tab, posted RRR File
19j	Central Power 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	See Att. H tab, posted RRR File
20	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

- Table 2-A specifies the Region-wide ATRR for Network Upgrades needed prior to October 1, 2015 and Table 2-B specifies the Region-wide ATRR for Network Upgrades needed on or after October 1, 2015. The Region-wide ATRR, shown in Line 8 of Section I, Table 2-A, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) for transmission service beginning prior to October 1, 2015, the Base Plan

Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

The Region-wide ATRR shown in Line 8 of Section I, Table 2-B, shall be the sum of (i) the Base Plan Region-wide ATRR (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide ATRR (reflected in Line 3 and Line 4) and (iii) for transmission service beginning on or after October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

As described in Schedule 11, the Region-wide Charges for Zones 1 through 18 shall be based upon Line 8 of Table 2-A and Line 8 of Table 2-B. The Region-wide Charges for Zone 19 shall be based upon Line 8 of Table 2-B.

Table 2-A

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File

6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	See Att. H tab, posted RRR File

Table 2-B

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	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.

3. 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.
4. 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-A and Table 2-B above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.
7. For each Transmission Owner not using a formula rate, the amount of Schedule 7 and 8 revenue received under this Tariff and credited in the determination of the Transmission Owner's Commission-approved Zonal Annual Transmission Revenue Requirement is specified in Column (3) of Table 3. For each Transmission Owner not using a formula rate, the amount of point-to-point Schedule 11 revenue received under this Tariff and credited in the determination of the Transmission Owner's Commission-approved annual transmission revenue requirement for upgrades eligible for cost recovery under Schedule 11 is specified in Column (4) of Table 3. For a Transmission Owner using a formula rate that does not annually update the amount of point-to-point revenues received under this Tariff, Column (3) and Column (4) of Table 3 shall reflect any amount of such revenue embedded in its formula rate. For a Transmission Owner using a formula rate and where Schedule 7 and 8 revenues and/or point-to-point Schedule 11 revenue received under this Tariff are credited and annually updated in the determination of the Transmission Owner's Commission-approved Zonal Annual Transmission Revenue Requirement and/or annual revenue requirement for upgrades eligible for cost recovery under Schedule 11, respectively, the entry(ies) in Table 3 shall be Not Applicable (N/A).

Table 3

(1) Zone	(2) Zone Name / Transmission Owner	(3) Schedule 7/8 Credit Included	(4) Schedule 11 PTP Credit Included
1	American Electric Power –West		
1a	American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3	N/A	N/A
1b	East Texas Electric Cooperative, Inc.	\$0	\$0
1c	Tex-La Electric Cooperative of Texas, Inc.	\$0	\$0
1d	Deep East Texas Electric Cooperative, Inc.	\$0	\$0
1e	Oklahoma Municipal Power Authority	\$0	\$0
1f	AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc. and AEP Southwestern Transmission Company, Inc.)	N/A	N/A
1g	Coffeyville Municipal Light and Power (CMLP)	\$0	\$0
2	Reserved for Future Use		
3	City Utilities of Springfield, Missouri	N/A	N/A
4	Empire District Electric Company	N/A	\$0
5	Grand River Dam Authority	N/A	N/A
6	Kansas City Power & Light Company		
6a	Kansas City Power & Light Company	N/A	N/A
6b	City of Independence, Missouri	\$0	\$0
7	Oklahoma Gas and Electric		
7a	Oklahoma Gas and Electric	N/A	N/A
7b	Oklahoma Municipal Power Authority	\$0	\$0
8	Midwest Energy, Inc.	N/A	N/A
9	KCP&L Greater Missouri Operations Company		
9a	KCP&L Greater Missouri Operations Company	N/A	N/A
9b	Transource Missouri, LLC	N/A	\$0
10	Southwestern Power Administration	\$0	\$0
11	Southwestern Public Service Company		
11a	Southwestern Public Service Company	N/A	N/A
11b	Reserved for Future Use	N/A	N/A
11c	Lea County Electric Cooperative, Inc.	\$0	\$0
12	Sunflower Electric Power Corporation	N/A	N/A
13	Western Farmers Electric Cooperative	\$0	\$0
14	Westar Energy, Inc. (Kansas Gas & Electric		

(1) Zone	(2) Zone Name / Transmission Owner	(3) Schedule 7/8 Credit Included	(4) Schedule 11 PTP Credit Included
	and Westar Energy)		
14a	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)	N/A	N/A
14b	Prairie Wind Transmission, LLC	N/A	N/A
14c	Kansas Power Pool	\$0	\$0
15	Mid-Kansas Electric Company		
15a	Mid-Kansas Electric Company	N/A	N/A
15b	ITC Great Plains	N/A	N/A
15c	Prairie Wind Transmission, LLC	N/A	N/A
16	Lincoln Electric System	N/A	N/A
17	Nebraska Public Power District		
17a	Nebraska Public Power District	N/A	N/A
17b	Central Nebraska Public Power and Irrigation District	\$0	\$0
17c	Tri-State G&T Association	N/A	N/A
18	Omaha Public Power District	N/A	N/A
19	Upper Missouri Zone		
19a	Western-UGP	N/A	N/A
19b	Basin Electric Power Cooperative	\$0	\$0
19c	Heartland Consumers Power District	N/A	N/A
19d	Missouri River Energy Services (Total)		
19d (i)	Missouri River Energy Services	N/A	N/A
19d (ii)	Moorhead Public Service	N/A	N/A
19d (iii)	Orange City Municipal Utilities	N/A	N/A
19d (iv)	City of Pierre, South Dakota	N/A	N/A
19d (v)	City of Sioux Center, Iowa	N/A	N/A
19d (vi)	Watertown Municipal Utility Department	N/A	N/A
19e	East River Electric Power Cooperative, Inc.	N/A	N/A
19f	Corn Belt Power Cooperative	N/A	N/A
19g	NorthWestern Corporation (South Dakota)	N/A	\$0
19h	Northwest Iowa Power Cooperative	N/A	N/A
19i	Harlan Municipal Utilities	N/A	N/A
19j	Central Power Electric Cooperative	N/A	N/A

SECTION II: Transmission Owner-Specific Requirements

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES' public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference

multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1, line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.
- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 (\$20,000,00 - \$19,500,000 = \$500,000).
- There is a \$1,000,000 shortfall in revenue collection due to volume ((500,000 kW – 475,000 kW) x \$40.00 per kW-year = \$1,000,000).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 (\$500,000 (over recovery) - \$1,000,000 (shortfall) = -\$500,000 (shortfall))

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

6. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

7. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE MAY 01, 2016

**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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.	\$4,531,387				
1c	Tex-La Electric Cooperative of Texas, Inc.	\$1,844,377				
1d	Deep East Texas Electric Cooperative, Inc.	\$1,045,531				
1e	Oklahoma Municipal Power Authority	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$7,237,454 <u>3,000,000</u>	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					

11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File

17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File
17b	Central Nebraska Public Power and Irrigation District	\$450,000	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
17c	Tri-State G&T Association	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	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	See Att. H tab, posted RRR File
19	Upper Missouri Zone – 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	See Att. H tab, posted RRR File
19a	Western-UGP	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	See Att. H tab, posted RRR File
19b	Basin Electric Power 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	See Att. H tab, posted RRR File
19c	Heartland Consumers 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	See Att. H tab, posted RRR File
19d	Missouri River Energy Services (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	See Att. H tab, posted RRR File
19d (i)	Missouri River Energy Services	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	See Att. H tab, posted RRR File
19d (ii)	Moorhead Public Service	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	See Att. H tab, posted RRR File
19d (iii)	Orange City Municipal Utilities	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	See Att. H tab, posted RRR File
19d (iv)	City of Pierre, South Dakota	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	See Att. H tab, posted RRR File

19d (v)	City of Sioux Center, Iowa	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	See Att. H tab, posted RRR File
19d (vi)	Watertown Municipal Utility Department	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	See Att. H tab, posted RRR File
19e	East River Electric Power Cooperative, 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	See Att. H tab, posted RRR File
19f	Corn Belt Power 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	See Att. H tab, posted RRR File
19g	NorthWestern Corporation (South Dakota)	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	See Att. H tab, posted RRR File
19h	Northwest Iowa Power 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	See Att. H tab, posted RRR File
19i	Harlan Municipal Utilities	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	See Att. H tab, posted RRR File
19j	Central Power 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	See Att. H tab, posted RRR File
20	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

- Table 2-A specifies the Region-wide ATRR for Network Upgrades needed prior to October 1, 2015 and Table 2-B specifies the Region-wide ATRR for Network Upgrades needed on or after October 1, 2015. The Region-wide ATRR, shown in Line 8 of Section I, Table 2-A, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) for transmission service beginning prior to October 1, 2015, the Base Plan

Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

The Region-wide ATRR shown in Line 8 of Section I, Table 2-B, shall be the sum of (i) the Base Plan Region-wide ATRR (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide ATRR (reflected in Line 3 and Line 4) and (iii) for transmission service beginning on or after October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

As described in Schedule 11, the Region-wide Charges for Zones 1 through 18 shall be based upon Line 8 of Table 2-A and Line 8 of Table 2-B. The Region-wide Charges for Zone 19 shall be based upon Line 8 of Table 2-B.

Table 2-A

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File

6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	See Att. H tab, posted RRR File

Table 2-B

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	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.

3. 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.
4. 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-A and Table 2-B above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.
7. For each Transmission Owner not using a formula rate, the amount of (i) Schedule 7 and 8 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Schedule 7 and 8 revenues under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement is specified in Column (3) of Table 3. For each Transmission Owner not using a formula rate, the amount of (i) Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Point-To-Point Transmission Service Schedule 11 revenue under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved annual transmission revenue requirement for upgrades eligible for cost recovery under Schedule 11 is specified in Column (4) of Table 3. For a Transmission Owner using a formula rate that does not annually update the amount of point-to-point revenues received under this Tariff and revenues distributed and allocated under Attachment AU, Column (3) and Column (4) of Table 3 shall reflect any amount of such revenue embedded in its formula rate. For a Transmission Owner using a formula rate and where Schedule 7 and 8 revenues and revenues distributed and allocated under Attachment AU are credited and

annually updated to adjust the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement, the entry in Column (3) of Table 3 shall be Not Applicable (N/A). For a Transmission Owner using a formula rate and where Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and revenue distributed and allocated under Attachment AU are credited and annually updated to adjust the Transmission Owner's Commission approved annual revenue requirement for upgrades eligible for cost recovery under Schedule 11, the entry in Column (4) of Table 3 shall be Not Applicable (N/A).

Table 3

(1) Zone	(2) Zone Name / Transmission Owner	(3) Zonal ATRR Credit Included	(4) Schedule 11 Credit Included
1	American Electric Power –West		
1a	American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3	N/A	N/A
1b	East Texas Electric Cooperative, Inc.	\$0	\$0
1c	Tex-La Electric Cooperative of Texas, Inc.	\$0	\$0
1d	Deep East Texas Electric Cooperative, Inc.	\$0	\$0
1e	Oklahoma Municipal Power Authority	\$0	\$0
1f	AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc. and AEP Southwestern Transmission Company, Inc.)	N/A	N/A
1g	Coffeyville Municipal Light and Power (CMLP)	\$0	\$0
2	Reserved for Future Use		
3	City Utilities of Springfield, Missouri	N/A	N/A
4	Empire District Electric Company	N/A	\$0
5	Grand River Dam Authority	N/A	N/A
6	Kansas City Power & Light Company		
6a	Kansas City Power & Light Company	N/A	N/A
6b	City of Independence, Missouri	\$0	\$0
7	Oklahoma Gas and Electric		
7a	Oklahoma Gas and Electric	N/A	N/A

7b	Oklahoma Municipal Power Authority	\$0	\$0
8	Midwest Energy, Inc.	N/A	N/A
9	KCP&L Greater Missouri Operations Company		
9a	KCP&L Greater Missouri Operations Company	N/A	N/A
9b	Transource Missouri, LLC	N/A	\$0
10	Southwestern Power Administration	\$0	\$0
11	Southwestern Public Service Company		
11a	Southwestern Public Service Company	N/A	N/A
11b	Reserved for Future Use	N/A	N/A
11c	Lea County Electric Cooperative, Inc.	\$0	\$0
12	Sunflower Electric Power Corporation	N/A	N/A
13	Western Farmers Electric Cooperative	\$0	\$0
14	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)		
14a	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)	N/A	N/A
14b	Prairie Wind Transmission, LLC	N/A	N/A
14c	Kansas Power Pool	\$0	\$0
15	Mid-Kansas Electric Company		
15a	Mid-Kansas Electric Company	N/A	N/A
15b	ITC Great Plains	N/A	N/A
15c	Prairie Wind Transmission, LLC	N/A	N/A
16	Lincoln Electric System	N/A	N/A
17	Nebraska Public Power District		
17a	Nebraska Public Power District	N/A	N/A
17b	Central Nebraska Public Power and Irrigation District	\$0	\$0
17c	Tri-State G&T Association	N/A	N/A
18	Omaha Public Power District	N/A	N/A
19	Upper Missouri Zone		
19a	Western-UGP	N/A	N/A
19b	Basin Electric Power Cooperative	\$0	\$0
19c	Heartland Consumers Power District	N/A	N/A
19d	Missouri River Energy Services (Total)		
19d (i)	Missouri River Energy Services	N/A	N/A
19d (ii)	Moorhead Public Service	N/A	N/A
19d (iii)	Orange City Municipal Utilities	N/A	N/A
19d (iv)	City of Pierre, South Dakota	N/A	N/A
19d	City of Sioux Center, Iowa	N/A	N/A

(v)			
19d (vi)	Watertown Municipal Utility Department	N/A	N/A
19e	East River Electric Power Cooperative, Inc.	N/A	N/A
19f	Corn Belt Power Cooperative	N/A	N/A
19g	NorthWestern Corporation (South Dakota)	N/A	\$0
19h	Northwest Iowa Power Cooperative	N/A	N/A
19i	Harlan Municipal Utilities	N/A	N/A
19j	Central Power Electric Cooperative	N/A	N/A

SECTION II: Transmission Owner-Specific Requirements

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1,

line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.
- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 ($\$20,000,00 - \$19,500,000 = \$500,000$).
- There is a \$1,000,000 shortfall in revenue collection due to volume ($(500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00 \text{ per kW-year} = \$1,000,000$).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 ($\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)} = -\$500,000 \text{ (shortfall)}$)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

6. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

7. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2017**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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.	\$4,531,387				
1c	Tex-La Electric Cooperative of Texas, Inc.	\$1,844,377				
1d	Deep East Texas Electric Cooperative, Inc.	\$1,045,531				
1e	Oklahoma Municipal Power Authority	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$3, 000 750,000	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					

11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File

17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File
17b	Central Nebraska Public Power and Irrigation District	\$450,000	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
17c	Tri-State G&T Association	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	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	See Att. H tab, posted RRR File
19	Upper Missouri Zone – 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	See Att. H tab, posted RRR File
19a	Western-UGP	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	See Att. H tab, posted RRR File
19b	Basin Electric Power 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	See Att. H tab, posted RRR File
19c	Heartland Consumers 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	See Att. H tab, posted RRR File
19d	Missouri River Energy Services (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	See Att. H tab, posted RRR File
19d (i)	Missouri River Energy Services	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	See Att. H tab, posted RRR File
19d (ii)	Moorhead Public Service	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	See Att. H tab, posted RRR File
19d (iii)	Orange City Municipal Utilities	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	See Att. H tab, posted RRR File
19d (iv)	City of Pierre, South Dakota	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	See Att. H tab, posted RRR File

19d (v)	City of Sioux Center, Iowa	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	See Att. H tab, posted RRR File
19d (vi)	Watertown Municipal Utility Department	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	See Att. H tab, posted RRR File
19e	East River Electric Power Cooperative, 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	See Att. H tab, posted RRR File
19f	Corn Belt Power 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	See Att. H tab, posted RRR File
19g	NorthWestern Corporation (South Dakota)	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	See Att. H tab, posted RRR File
19h	Northwest Iowa Power 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	See Att. H tab, posted RRR File
19i	Harlan Municipal Utilities	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	See Att. H tab, posted RRR File
19j	Central Power 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	See Att. H tab, posted RRR File
20	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

- Table 2-A specifies the Region-wide ATRR for Network Upgrades needed prior to October 1, 2015 and Table 2-B specifies the Region-wide ATRR for Network Upgrades needed on or after October 1, 2015. The Region-wide ATRR, shown in Line 8 of Section I, Table 2-A, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) for transmission service beginning prior to October 1, 2015, the Base Plan

Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

The Region-wide ATRR shown in Line 8 of Section I, Table 2-B, shall be the sum of (i) the Base Plan Region-wide ATRR (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide ATRR (reflected in Line 3 and Line 4) and (iii) for transmission service beginning on or after October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

As described in Schedule 11, the Region-wide Charges for Zones 1 through 18 shall be based upon Line 8 of Table 2-A and Line 8 of Table 2-B. The Region-wide Charges for Zone 19 shall be based upon Line 8 of Table 2-B.

Table 2-A

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File

6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	See Att. H tab, posted RRR File

Table 2-B

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	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.

3. 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.
4. 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-A and Table 2-B above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.
7. For each Transmission Owner not using a formula rate, the amount of (i) Schedule 7 and 8 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Schedule 7 and 8 revenues under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement is specified in Column (3) of Table 3. For each Transmission Owner not using a formula rate, the amount of (i) Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Point-To-Point Transmission Service Schedule 11 revenue under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved annual transmission revenue requirement for upgrades eligible for cost recovery under Schedule 11 is specified in Column (4) of Table 3. For a Transmission Owner using a formula rate that does not annually update the amount of point-to-point revenues received under this Tariff and revenues distributed and allocated under Attachment AU, Column (3) and Column (4) of Table 3 shall reflect any amount of such revenue embedded in its formula rate. For a Transmission Owner using a formula rate and where Schedule 7 and 8 revenues and revenues distributed and allocated under Attachment AU are credited and

annually updated to adjust the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement, the entry in Column (3) of Table 3 shall be Not Applicable (N/A). For a Transmission Owner using a formula rate and where Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and revenue distributed and allocated under Attachment AU are credited and annually updated to adjust the Transmission Owner's Commission approved annual revenue requirement for upgrades eligible for cost recovery under Schedule 11, the entry in Column (4) of Table 3 shall be Not Applicable (N/A).

Table 3

(1) Zone	(2) Zone Name / Transmission Owner	(3) Zonal ATRR Credit Included	(4) Schedule 11 Credit Included
1	American Electric Power –West		
1a	American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3	N/A	N/A
1b	East Texas Electric Cooperative, Inc.	\$0	\$0
1c	Tex-La Electric Cooperative of Texas, Inc.	\$0	\$0
1d	Deep East Texas Electric Cooperative, Inc.	\$0	\$0
1e	Oklahoma Municipal Power Authority	\$0	\$0
1f	AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc. and AEP Southwestern Transmission Company, Inc.)	N/A	N/A
1g	Coffeyville Municipal Light and Power (CMLP)	\$0	\$0
2	Reserved for Future Use		
3	City Utilities of Springfield, Missouri	N/A	N/A
4	Empire District Electric Company	N/A	\$0
5	Grand River Dam Authority	N/A	N/A
6	Kansas City Power & Light Company		
6a	Kansas City Power & Light Company	N/A	N/A
6b	City of Independence, Missouri	\$0	\$0
7	Oklahoma Gas and Electric		
7a	Oklahoma Gas and Electric	N/A	N/A

7b	Oklahoma Municipal Power Authority	\$0	\$0
8	Midwest Energy, Inc.	N/A	N/A
9	KCP&L Greater Missouri Operations Company		
9a	KCP&L Greater Missouri Operations Company	N/A	N/A
9b	Transource Missouri, LLC	N/A	\$0
10	Southwestern Power Administration	\$0	\$0
11	Southwestern Public Service Company		
11a	Southwestern Public Service Company	N/A	N/A
11b	Reserved for Future Use	N/A	N/A
11c	Lea County Electric Cooperative, Inc.	\$0	\$0
12	Sunflower Electric Power Corporation	N/A	N/A
13	Western Farmers Electric Cooperative	\$0	\$0
14	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)		
14a	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)	N/A	N/A
14b	Prairie Wind Transmission, LLC	N/A	N/A
14c	Kansas Power Pool	\$0	\$0
15	Mid-Kansas Electric Company		
15a	Mid-Kansas Electric Company	N/A	N/A
15b	ITC Great Plains	N/A	N/A
15c	Prairie Wind Transmission, LLC	N/A	N/A
16	Lincoln Electric System	N/A	N/A
17	Nebraska Public Power District		
17a	Nebraska Public Power District	N/A	N/A
17b	Central Nebraska Public Power and Irrigation District	\$0	\$0
17c	Tri-State G&T Association	N/A	N/A
18	Omaha Public Power District	N/A	N/A
19	Upper Missouri Zone		
19a	Western-UGP	N/A	N/A
19b	Basin Electric Power Cooperative	\$0	\$0
19c	Heartland Consumers Power District	N/A	N/A
19d	Missouri River Energy Services (Total)		
19d (i)	Missouri River Energy Services	N/A	N/A
19d (ii)	Moorhead Public Service	N/A	N/A
19d (iii)	Orange City Municipal Utilities	N/A	N/A
19d (iv)	City of Pierre, South Dakota	N/A	N/A
19d	City of Sioux Center, Iowa	N/A	N/A

(v)			
19d (vi)	Watertown Municipal Utility Department	N/A	N/A
19e	East River Electric Power Cooperative, Inc.	N/A	N/A
19f	Corn Belt Power Cooperative	N/A	N/A
19g	NorthWestern Corporation (South Dakota)	N/A	\$0
19h	Northwest Iowa Power Cooperative	N/A	N/A
19i	Harlan Municipal Utilities	N/A	N/A
19j	Central Power Electric Cooperative	N/A	N/A

SECTION II: Transmission Owner-Specific Requirements

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1,

line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.
- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 ($\$20,000,00 - \$19,500,000 = \$500,000$).
- There is a \$1,000,000 shortfall in revenue collection due to volume ($(500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00 \text{ per kW-year} = \$1,000,000$).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 ($\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)} = -\$500,000 \text{ (shortfall)}$)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

6. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

7. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2018

**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), (5), and (7) 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. The Base Plan Zonal ATRR to pay Upgrade Sponsors in accordance with Attachment Z2 is specified in Column (7) 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	(7) Base Plan Zonal ATRR to pay Upgrade Sponsors
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	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.	\$4,531,387				
1c	Tex-La Electric Cooperative of Texas, Inc.	\$1,844,377				
1d	Deep East Texas Electric Cooperative, Inc.	\$1,045,531				
1e	Oklahoma Municipal Power Authority	\$768,624				
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	See Att. H tab, posted RRR File
1g	Coffeyville Municipal Light and Power (CMLP)	\$391,790	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	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	See Att. H tab, posted RRR File
4	Empire District Electric 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	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	See Att. H tab, posted RRR File

6	Kansas City Power & Light 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	See Att. H tab, posted RRR File
6a	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	See Att. H tab, posted RRR File
6b	City of Independence, Missouri	\$3,500,000 000,000	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	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	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	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	See Att. H tab, posted RRR File
9	KCP&L Greater Missouri Operations 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	See Att. H tab, posted RRR File
9a	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	See Att. H tab, posted RRR File
9b	Transource Missouri, 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	See Att. H tab, posted RRR File
10	Southwestern Power Administration	\$15,533,800	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
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	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	See Att. H tab, posted RRR File
11b	Reserved for Future Use					

11c	Lea County Electric Cooperative, Inc.	\$388,000	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	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	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	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	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	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	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	See Att. H tab, posted RRR File
15a	Mid-Kansas Electric 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	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	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	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	See Att. H tab, posted RRR File

17	Nebraska Public Power District (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	See Att. H tab, posted RRR File
17a	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	See Att. H tab, posted RRR File
17b	Central Nebraska Public Power and Irrigation District	\$450,000	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
17c	Tri-State G&T Association	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	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	See Att. H tab, posted RRR File
19	Upper Missouri Zone – 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	See Att. H tab, posted RRR File
19a	Western-UGP	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	See Att. H tab, posted RRR File
19b	Basin Electric Power 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	See Att. H tab, posted RRR File
19c	Heartland Consumers 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	See Att. H tab, posted RRR File
19d	Missouri River Energy Services (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	See Att. H tab, posted RRR File
19d (i)	Missouri River Energy Services	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	See Att. H tab, posted RRR File
19d (ii)	Moorhead Public Service	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	See Att. H tab, posted RRR File
19d (iii)	Orange City Municipal Utilities	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	See Att. H tab, posted RRR File
19d (iv)	City of Pierre, South Dakota	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	See Att. H tab, posted RRR File

19d (v)	City of Sioux Center, Iowa	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	See Att. H tab, posted RRR File
19d (vi)	Watertown Municipal Utility Department	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	See Att. H tab, posted RRR File
19e	East River Electric Power Cooperative, 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	See Att. H tab, posted RRR File
19f	Corn Belt Power 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	See Att. H tab, posted RRR File
19g	NorthWestern Corporation (South Dakota)	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	See Att. H tab, posted RRR File
19h	Northwest Iowa Power 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	See Att. H tab, posted RRR File
19i	Harlan Municipal Utilities	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	See Att. H tab, posted RRR File
19j	Central Power 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	See Att. H tab, posted RRR File
20	Total				See Att. H tab, posted RRR File	See Att. H tab, posted RRR File

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.

- Table 2-A specifies the Region-wide ATRR for Network Upgrades needed prior to October 1, 2015 and Table 2-B specifies the Region-wide ATRR for Network Upgrades needed on or after October 1, 2015. The Region-wide ATRR, shown in Line 8 of Section I, Table 2-A, shall be the sum of (i) the Base Plan Region-wide Annual Transmission Revenue Requirements (“Base Plan Region-wide ATRR”) (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide Annual Transmission Revenue Requirements (“Balanced Portfolio Region-wide ATRR”) (reflected in Line 3 and Line 4), (iii) for transmission service beginning prior to October 1, 2015, the Base Plan

Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

The Region-wide ATRR shown in Line 8 of Section I, Table 2-B, shall be the sum of (i) the Base Plan Region-wide ATRR (reflected in Line 1 and Line 2), (ii) the total Balanced Portfolio Region-wide ATRR (reflected in Line 3 and Line 4) and (iii) for transmission service beginning on or after October 1, 2015, the Base Plan Region-wide ATRR to pay Upgrade Sponsors as determined in accordance with Attachment Z2 of this Tariff (reflected in Line 5), and (iv) the Interregional Planning Region Annual Transmission Revenue Requirements (“Interregional Planning Region ATRR”) allocable to customers receiving transmission service under this Tariff for any Interregional Project(s) constructed within the SPP Region (Line 6) and/or within other Interregional Planning Regions (Line 7).

As described in Schedule 11, the Region-wide Charges for Zones 1 through 18 shall be based upon Line 8 of Table 2-A and Line 8 of Table 2-B. The Region-wide Charges for Zone 19 shall be based upon Line 8 of Table 2-B.

Table 2-A

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File

6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	See Att. H tab, posted RRR File

Table 2-B

(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 ATRR reallocated to Balanced Portfolio Region-wide ATRR from 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	Base Plan Region-wide ATRR to pay Upgrade Sponsors	See Att. H tab, posted RRR File
6	SPP Interregional Planning Region ATRR	See Att. H tab, posted RRR File
7	Other Interregional Planning Region ATRR	See Att. H tab, posted RRR File
8	Region-wide ATRR (Sum of Lines 1 through 7)	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.

3. 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.
4. 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-A and Table 2-B above and to the appropriate Base Plan Zonal ATRR in Column (4) or (5) in Section I, Table 1.
7. For each Transmission Owner not using a formula rate, the amount of (i) Schedule 7 and 8 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Schedule 7 and 8 revenues under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement is specified in Column (3) of Table 3. For each Transmission Owner not using a formula rate, the amount of (i) Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and (ii) revenue distributed to the Transmission Owner under Section IV of Attachment AU and allocated in proportion to Point-To-Point Transmission Service Schedule 11 revenue under Section V of Attachment AU, that is credited in the determination of the Transmission Owner's Commission approved annual transmission revenue requirement for upgrades eligible for cost recovery under Schedule 11 is specified in Column (4) of Table 3. For a Transmission Owner using a formula rate that does not annually update the amount of point-to-point revenues received under this Tariff and revenues distributed and allocated under Attachment AU, Column (3) and Column (4) of Table 3 shall reflect any amount of such revenue embedded in its formula rate. For a Transmission Owner using a formula rate and where Schedule 7 and 8 revenues and revenues distributed and allocated under Attachment AU are credited and

annually updated to adjust the Transmission Owner's Commission approved Zonal Annual Transmission Revenue Requirement, the entry in Column (3) of Table 3 shall be Not Applicable (N/A). For a Transmission Owner using a formula rate and where Point-To-Point Transmission Service Schedule 11 revenue received under this Tariff and revenue distributed and allocated under Attachment AU are credited and annually updated to adjust the Transmission Owner's Commission approved annual revenue requirement for upgrades eligible for cost recovery under Schedule 11, the entry in Column (4) of Table 3 shall be Not Applicable (N/A).

Table 3

(1) Zone	(2) Zone Name / Transmission Owner	(3) Zonal ATRR Credit Included	(4) Schedule 11 Credit Included
1	American Electric Power –West		
1a	American Electric Power (Public Service Company of Oklahoma and Southwestern Electric Power Company) See Section II.3	N/A	N/A
1b	East Texas Electric Cooperative, Inc.	\$0	\$0
1c	Tex-La Electric Cooperative of Texas, Inc.	\$0	\$0
1d	Deep East Texas Electric Cooperative, Inc.	\$0	\$0
1e	Oklahoma Municipal Power Authority	\$0	\$0
1f	AEP West Transmission Companies (AEP Oklahoma Transmission Company, Inc. and AEP Southwestern Transmission Company, Inc.)	N/A	N/A
1g	Coffeyville Municipal Light and Power (CMLP)	\$0	\$0
2	Reserved for Future Use		
3	City Utilities of Springfield, Missouri	N/A	N/A
4	Empire District Electric Company	N/A	\$0
5	Grand River Dam Authority	N/A	N/A
6	Kansas City Power & Light Company		
6a	Kansas City Power & Light Company	N/A	N/A
6b	City of Independence, Missouri	\$0	\$0
7	Oklahoma Gas and Electric		
7a	Oklahoma Gas and Electric	N/A	N/A

7b	Oklahoma Municipal Power Authority	\$0	\$0
8	Midwest Energy, Inc.	N/A	N/A
9	KCP&L Greater Missouri Operations Company		
9a	KCP&L Greater Missouri Operations Company	N/A	N/A
9b	Transource Missouri, LLC	N/A	\$0
10	Southwestern Power Administration	\$0	\$0
11	Southwestern Public Service Company		
11a	Southwestern Public Service Company	N/A	N/A
11b	Reserved for Future Use	N/A	N/A
11c	Lea County Electric Cooperative, Inc.	\$0	\$0
12	Sunflower Electric Power Corporation	N/A	N/A
13	Western Farmers Electric Cooperative	\$0	\$0
14	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)		
14a	Westar Energy, Inc. (Kansas Gas & Electric and Westar Energy)	N/A	N/A
14b	Prairie Wind Transmission, LLC	N/A	N/A
14c	Kansas Power Pool	\$0	\$0
15	Mid-Kansas Electric Company		
15a	Mid-Kansas Electric Company	N/A	N/A
15b	ITC Great Plains	N/A	N/A
15c	Prairie Wind Transmission, LLC	N/A	N/A
16	Lincoln Electric System	N/A	N/A
17	Nebraska Public Power District		
17a	Nebraska Public Power District	N/A	N/A
17b	Central Nebraska Public Power and Irrigation District	\$0	\$0
17c	Tri-State G&T Association	N/A	N/A
18	Omaha Public Power District	N/A	N/A
19	Upper Missouri Zone		
19a	Western-UGP	N/A	N/A
19b	Basin Electric Power Cooperative	\$0	\$0
19c	Heartland Consumers Power District	N/A	N/A
19d	Missouri River Energy Services (Total)		
19d (i)	Missouri River Energy Services	N/A	N/A
19d (ii)	Moorhead Public Service	N/A	N/A
19d (iii)	Orange City Municipal Utilities	N/A	N/A
19d (iv)	City of Pierre, South Dakota	N/A	N/A
19d	City of Sioux Center, Iowa	N/A	N/A

(v)			
19d (vi)	Watertown Municipal Utility Department	N/A	N/A
19e	East River Electric Power Cooperative, Inc.	N/A	N/A
19f	Corn Belt Power Cooperative	N/A	N/A
19g	NorthWestern Corporation (South Dakota)	N/A	\$0
19h	Northwest Iowa Power Cooperative	N/A	N/A
19i	Harlan Municipal Utilities	N/A	N/A
19j	Central Power Electric Cooperative	N/A	N/A

SECTION II: Transmission Owner-Specific Requirements

1. 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.

2. 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.

3. 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.

4. 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.

5. 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 forward-looking Formula Rate Template set forth in Attachment H - Addendum 6 of this Tariff. The ATRR and rates calculated pursuant to the forward-looking formula rate template shall be revised annually. The results of such annual calculations shall be posted on LES’ public page of the SPP OASIS website by October 31 of each calendar year. Customers will be given an opportunity to ask questions by November 30 and to seek information regarding the calculations. Written comments will be accepted until November 15. The annual revenue requirement and rates derived therefrom shall become effective from January 1 through December 31 of the following year. Initially, the rates calculated pursuant to the historical formula based rate template and incorporated into this SPP OATT will be in place through December 31, 2012. Rates calculated pursuant to the forward-looking formula rate template and incorporated into this SPP OATT will be in place through December 31, 2013.

1. Actual Net Revenue Requirement (calculated in accordance with page 1, line 7 of Attachment H, Addendum 6) for the previous year shall be compared to the projections made for that same year (True-Up Year) to determine any excess or shortfall in the projected revenue requirement that was used for billing purposes in the True-Up Year. In addition, actual divisor loads (based on a 12 CP average) will be compared to projected divisor loads (page 1, line 10 of Attachment H, Addendum 6) and the difference multiplied by the rate actually billed to determine any excess or shortfall in collection due to volume. The sum of the excess or shortfall due to the actual versus projected revenue requirement and the excess or shortfall due to volume shall constitute the True-up Adjustment. The True-up Adjustment and related calculations shall be posted to the Transmission Provider's public webpage of the SPP OASIS website no later than June 1. LES will provide an explanation of the True-up Adjustment in response to customer inquiries and will post on its public page of the SPP OASIS website information regarding frequently asked questions.

2. Interest on any over recovery of the net revenue requirement or any over recovery due to volume changes shall be determined based on the Commission's regulation at 18 C.F.R. § 35.19a. Interest on any under recovery of the net revenue requirement or any under recovery due to volume changes shall be determined using the interest rate equal to LES's actual short-term debt costs capped at the applicable FERC refund interest rate. In either case, the interest payable shall be calculated using an average interest rate for the twenty-four (24) months during which the over or under recovery in the revenue requirement or volume changes exists. The interest rate to be applied to the over or under recovery amounts will be determined using the average rate for the nineteen (19) months preceding August of the current year. The interest amount (page 1, line 6e of Attachment H, Addendum 6) will be included in the projected costs made available October 31.

3. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year (page 1, line 1 of Attachment H, Addendum 6) minus Total Transmission Revenue Credits (page 1, line 5 of Attachment H, Addendum 6), plus or minus the True-up Adjustment (page 1,

line 6c minus line 6d plus line 6e of Attachment H, Addendum 6) from the previous year, if any, including interest, as explained.

4. Example True-up of 2012 Net Revenue Requirement

- 2012 Projected Net Revenue Requirement was \$20,000,000, projected load was 500,000 kW and the resulting rate was \$40.0000 per kW-year.
- 2012 Actual Net Revenue Requirement was \$19,500,000, actual 12 CP load was 475,000 kW resulting in a rate of \$41.0526 per kW-year.

5. True-Up Calculation

- There is an over recovery of the net revenue requirement equal to \$500,000 ($\$20,000,00 - \$19,500,000 = \$500,000$).
- There is a \$1,000,000 shortfall in revenue collection due to volume ($(500,000 \text{ kW} - 475,000 \text{ kW}) \times \$40.00 \text{ per kW-year} = \$1,000,000$).
- The total True-up Adjustment amount would be a net under recovery of \$500,000 ($\$500,000 \text{ (over recovery)} - \$1,000,000 \text{ (shortfall)} = -\$500,000 \text{ (shortfall)}$)

6. Interest on True-up Adjustment

Interest will be applied to the True-up Adjustment for the twenty-four (24) months during which the under recovery existed, from January 1, 2012 through December 31, 2013. The interest rate applied will be Lincoln Electric System's average monthly short-term debt interest rate, capped at the FERC refund interest rate, in effect January 1, 2012 through July 31, 2013.

7. Informational Posting

Lincoln Electric System will post all information relating to the True-up Adjustment no later than June 1, 2014, affording interested parties at least seven months to review these calculations in advance of the related January 1 rate change. LES will provide an explanation of the True-up Adjustment amounts in response to customer inquiries and will post on the OASIS information regarding frequently asked questions. This True-up Adjustment with interest will be included in the projected 2015 net revenue requirement and estimated rates will be made available to customers by October 31, 2014. New rates will take effect on January 1, 2015.

6. Mid-Kansas Electric Company, LLC

No changes to the ratios used to establish rates pursuant to Addendum 19 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

7. Sunflower Electric Power Corporation

No changes to the ratios used to establish rates pursuant to Addendum 20 of this Attachment H will take effect unless accepted for approval by the FERC pursuant to the Federal Power Act.

FOR ILLUSTRATION PURPOSES – EFFECTIVE JUNE 01, 2015

Kansas City Power & Light Company

Rate Sheet for Point-To-Point Transmission Service

The currently effective rates for Point-To-Point Transmission Service in the Kansas City Power & Light Company Zone are set forth in the “KCPL PTP Rate Att T” tab of the Revenue Requirements and Rates File (“RRR File”) posted on the SPP website. Transmission Owners that have Commission approved rate(s) in the Kansas City Power & Light Company Zone are: Kansas City Power & Light Company (“KCPL”) and City of Independence, Missouri (“INDP”).

Balanced Portfolio Reallocation Adjustment of Point-To-Point Rates

Rates for Point-To-Point Transmission Service specified in this Attachment T shall be adjusted to reflect any amount reallocated from the Zonal Annual Transmission Revenue Requirement in accordance with Section IV.A of Attachment J. The rates, including any applicable reallocation adjustment, shall be set forth in the 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 KCPL formula rate shown in Attachment H, Addendum 10, Parts 1 and 2, and as described below:

1. Yearly delivery: one-twelfth of the sum of (a) the rate per MW of Reserved Capacity per year as set forth in the KCPL formula rate and (b) ~~\$2,519.03~~976.75 for INDP.
2. Monthly delivery: the sum of the KCPL and INDP yearly rates divided by 12 per MW of Reserved Capacity per month.
3. Weekly delivery: the sum of the KCPL and INDP yearly rates divided by 52 per MW of Reserved Capacity per week.
4. Daily on-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 260 per MW of Reserved Capacity per day.
5. Daily off-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 365 per MW of Reserved Capacity per day.

The total demand charge in any week, pursuant to a reservation for Daily delivery, shall not exceed the rate specified for Weekly delivery multiplied by the highest amount in megawatts 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 KCPL formula rate shown in Attachment H, Addendum 10, Parts 1 and 2, and as described below:

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5. Hourly on-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 4,160e per MW of Reserved Capacity per hour.
6. Hourly off-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 8,760 per MW of Reserved Capacity per hour.

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

FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2016

Kansas City Power & Light Company

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1. Yearly delivery: one-twelfth of the sum of (a) the rate per MW of Reserved Capacity per year as set forth in the KCPL formula rate and (b) ~~\$1,044.17~~ 885.18 for INDP.
2. Monthly delivery: the sum of the KCPL and INDP yearly rates divided by 12 per MW of Reserved Capacity per month.
3. Weekly delivery: the sum of the KCPL and INDP yearly rates divided by 52 per MW of Reserved Capacity per week.
4. Daily on-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 260 per MW of Reserved Capacity per day.
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FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2017

Kansas City Power & Light Company

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1. Yearly delivery: one-twelfth of the sum of (a) the rate per MW of Reserved Capacity per year as set forth in the KCPL formula rate and (b) ~~\$946,271,220.94~~ for INDP.
2. Monthly delivery: the sum of the KCPL and INDP yearly rates divided by 12 per MW of Reserved Capacity per month.
3. Weekly delivery: the sum of the KCPL and INDP yearly rates divided by 52 per MW of Reserved Capacity per week.
4. Daily on-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 260 per MW of Reserved Capacity per day.
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FOR ILLUSTRATION PURPOSES – EFFECTIVE JANUARY 01, 2018

Kansas City Power & Light Company

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1. Yearly delivery: one-twelfth of the sum of (a) the rate per MW of Reserved Capacity per year as set forth in the KCPL formula rate and (b) \$~~1,218.19~~1,627.92 for INDP.
2. Monthly delivery: the sum of the KCPL and INDP yearly rates divided by 12 per MW of Reserved Capacity per month.
3. Weekly delivery: the sum of the KCPL and INDP yearly rates divided by 52 per MW of Reserved Capacity per week.
4. Daily on-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 260 per MW of Reserved Capacity per day.
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6. Hourly off-peak delivery: the sum of the KCPL and INDP yearly delivery rates divided by 8,760 per MW of Reserved Capacity per hour.

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APPENDIX C

Appendix C to Settlement Agreement
Southwest Power Pool, Inc.
Docket No. ER15-1499

IPL Settlement Depreciation Rates

Account No. Name	Settlement Depreciation Rate (%)
TRANSMISSION PLANT	
352 Structures & Improv.	1.66
353 Station Equipment	1.05
354 Towers & Fixtures	1.17
355 Poles and Fixtures	2.18
356 OH Conductors/Devices	1.61
357 UG conduit	1.39
358 UG Conductors and Devices	2.29
Weighted Average Composite	1.55
GENERAL PLANT	
389.1 Land and Land Rights	n/a
390.1 Structures and Improvements	2.50 (1)
391.1 Office Furniture and Fixtures	10.00
391.2 Computer Equipment	13.33
392.1 Transportation Equipment	14.29
393.1 Stores Equipment	4.00 (2)
394.1 Tools, Shop and Garage Equip.	5.33
395.1 Laboratory Equipment	4.00 (3)
397.1 Communication Equipment	5.00
397.2 Telephone Equipment	10.00
397.3 Fiber Optic	5.00
398.1 Miscellaneous Equipment	5.00
399.1 Other Tangible Property	--

Exceptions:

- (1) Warehouse Steel Building - 25 years (\$45,287)
HVAC System & Automatic Door Locks - 20 years (\$266,934)
- (2) Bar code handheld devices - 10 years (\$27,827)
- (3) Leak detector - 10 years (\$19,210)

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

Southwest Power Pool, Inc.

| Docket No. ER15-1499-001

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 City of Independence, Missouri ("Independence") and Kansas City Power & Light Company ("KCP&L") submit this Explanatory Statement that describes the contents of the Offer of Settlement filed herewith. The parties in this proceeding that support or have not raised any objection to the Offer of Settlement are identified in Appendix A. KCP&L, Independence, and the other parties identified in Appendix A are referred to herein individually as a "Settling Party" and collectively as the "Settling Parties." If accepted or approved by the Commission without material condition or modification, or if accepted or approved by the Commission with condition or modification to which no Settling Party objects, this Offer of Settlement will resolve all issues set for hearing in this proceeding. The Offer of Settlement represents a fair and equitable resolution of all issues that have been raised in this proceeding.

Comments on the Offer of Settlement are due no later than May 17, 2016.

I. BACKGROUND

On April 13, 2015, SPP submitted for filing, pursuant to Section 205 of the Federal Power Act ("FPA"), modifications to its Open Access Transmission Tariff ("Tariff") to include Independence as an additional transmission owner ("TO") within the SPP Zone 6 pricing zone ("Zone 6") and to reflect Independence's proposed stated annual transmission revenue requirements ("ATRR") in SPP's zonal transmission rates for Zone 6. Motions to intervene were

filed by Independence, KCP&L, the Western Area Power Administration, American Electric Power Service Corporation, Westar Energy, Inc. (“Westar”), Oklahoma Gas and Electric Company, Kansas Electric Power Cooperative (“KEPCo”), South Central MCN, LLC and the City of Springfield, Missouri. The Missouri Public Service Commission and the Kansas Corporation Commission filed notices of intervention. Comments were filed by Independence and Westar. Protests were filed by KCP&L and KEPCo. On May 19, 2015, Independence filed an answer. On May 20, 2015, SPP filed an answer. On May 29, 2015, KCP&L filed an answer.

On June 12, 2015, the Commission issued an order accepting SPP’s proposed Tariff revisions for filing, to be effective June 1, 2015, subject to refund, and establishing hearing and settlement judge procedures.¹ At the parties’ request, the Honorable Philip C. Baten was appointed Settlement Judge. On July 14, 2015, Judge Baten reported that after good faith negotiations the participants had reached an impasse, and recommended that settlement judge procedures be terminated and a presiding judge be designated to conduct a hearing. On July 16, the Chief Administrative Law Judge terminated settlement procedures, designated Judge Karen V. Johnson as the presiding judge and instituted Track II hearing procedures.

Pre-filed testimony was submitted by Independence, SPP, KCP&L and Commission Trial Staff. On February 18, 2016, Judge Johnson granted the active parties’ motion for a paper hearing, and on February 23, 2016, the pre-filed testimony and other exhibits were admitted into the record.

On March 25, 2016, in light of the fact that the active parties had reached a settlement in principle, Independence submitted an unopposed motion to suspend the procedural schedule. The motion was granted by the Acting Chief Judge on March 28, 2016. Pursuant to that order,

¹ *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,211 (2015).

the existing procedural schedule was suspended pending the filing of an Offer of Settlement, and Independence was directed to provide the Acting Chief Judge with a status report on April 27, 2016 if an Offer of Settlement was not filed on or before that date.

II. DESCRIPTION OF THE OFFER OF SETTLEMENT

Although the provisions of the Offer of Settlement control, the essential terms of the Offer of Settlement are summarized below:

Article I sets forth the procedural history and background of these proceedings.

Article II sets forth the terms of the Offer of Settlement.

- Section II.A provides that the Independence ATRR will be included in Zone 6, and will be combined with the KCP&L ATRR for purposes of determining zonal charges in Zone 6 under Schedules 7, 8 and 9 of the Tariff. Section II.A also commits the Settling Parties not to raise or support, in any future proceeding, any argument that Independence should be established as a separate pricing zone under the Tariff or that KCP&L and its customers (or other Zone 6 customers) should otherwise be protected from “cost shifts” resulting from the inclusion of Independence’s ATRR in Zone 6. Other than such cost-shift related challenges, Settling Parties would retain the right to make cost-of-service challenges with respect to any proposed revisions to Independence’s ATRR to be included in Zone 6 in any future proceeding.
- Section II.B sets forth black-box ATRRs for Independence for each of three periods. For rates effective from June 1, 2015, through December 31, 2016, the Independence ATRR will be \$3,000,000. For calendar year 2017, the Independence ATRR will be \$3,750,000. For the period from January 1, 2018

through May 31, 2019, and continuing thereafter until changed, the Independence ATRR will be \$5,000,000.

- Section II.C provides for the submission of a motion to the Acting Chief Administrative Law Judge requesting implementation of the reduced Independence ATRR(s) on an interim basis pending Commission acceptance or approval of the Offer of Settlement, effective as of the beginning of the month following issuance of an order granting the motion. This section also provides for the reinstatement of Independence's proposed ATRR if the Commission does not accept or approve the Offer of Settlement, or accepts or approves the Offer of Settlement with condition or modification to which any Settling Party objects.
- Section II.D provides that, following issuance of a final Commission order accepting or approving the Offer of Settlement, Independence and SPP will coordinate to refund the difference between revenues distributed by SPP to Independence and the settlement ATRR (plus interest at the FERC rate) for the period(s) prior to the interim implementation of the settlement ATRR(s).
- Section II.E sets forth various moratoria applicable to the Settling Parties. Independence will not file for new rates with an effective date prior to June 1, 2019. No Settling Party will file a complaint seeking a reduction in the Independence ATRR effective prior to June 1, 2019. Independence will not file a complaint with respect to KCP&L's base return on equity ("ROE") or otherwise request or support any decrease to KCP&L's ROE in Zone 6 for the period prior to June 1, 2019.

- Section II.F reflects Independence’s commitment to support its rate filings while a transmission-owning member of SPP with books, records, and data maintained in accordance with the Uniform System of Accounts.
- Section II.G includes miscellaneous provisions, including specification of depreciation rates that Independence agrees to use with an effective date of June 1, 2015 and which will remain in effect until changed pursuant to an order by the Commission changing those rates.

Article III provides that, except with respect to the interim rate reduction, the Offer of Settlement will not become effective unless and until the Commission shall have issued a Final Order (as defined in Article III) accepting or approving all of the terms and provisions of the Offer of Settlement, including acceptance of the settlement ATRRs reflected in the *pro forma* Tariff sheets in Appendix B attached thereto, either (1) without modification or condition, or (2) with modifications or conditions that the Settling Parties have accepted (or have failed to object to) in accordance with the process described in Article III.

Article IV notes that the Offer of Settlement is subject to the provisions of Rule 602 of the Commission’s Rules of Practice and Procedure, 18 C.F.R. § 385.602, and sets forth customary reservations of the Settling Parties’ rights in accordance therewith.

Article V provides that the standard of review for any proposed changes to the terms of the Offer of Settlement unilaterally sought by any Settling Party shall be the “public interest” standard of review (i.e., the “*Mobile Sierra*” standard of review). The standard of review for any modifications proposed by any non-party to the Offer of Settlement, or applicable to the Commission acting *sua sponte*, will be the most stringent standard permitted by law.

Article VI includes provisions of a general nature that are customarily included in settlements.

Appendix A contains a list of the Settling Parties.

Appendix B contains illustrative *pro forma* Tariff sheets reflecting the settlement ATRRs.

Appendix C contains the depreciation rates.

III. RESPONSES TO STANDARD SETTLEMENT QUESTIONS

By order dated October 23, 2003, the Chief Administrative Law Judge requires that five questions be answered as part of every Explanatory Statement submitted in support of a proposed settlement agreement. The questions and responses are as follows.

A. What are the issues underlying the settlement and what are the major implications?

The Offer of Settlement resolves all issues raised in these proceedings, including the inclusion of Independence's ATRR in Zone 6 rates and the level of Independence's ATRR. The Offer of Settlement avoids litigation with respect to these issues.

B. Do any of the issues raise policy implications?

No.

C. Could other pending cases be affected by the settlement agreement?

No. The Offer of Settlement affects only Zone 6 rates, and the Settling Parties are unaware of any other pending cases that will be affected by approval of this Offer of Settlement.

D. Does the settlement involve issues of first impression, or are there any previous reversals on the issues involved?

No. The Offer of Settlement does not involve issues of first impression, nor are there any previous reversals on the issues underlying the Offer of Settlement.

E. Is the Settlement Agreement subject to the just and reasonable standard or the *Mobile-Sierra* standard?

As set forth in Article V of the Offer of Settlement the standard of review for any proposed changes to the terms of the Offer of Settlement unilaterally sought by any Settling Party shall be the “public interest” standard of review commonly referred to as the “*Mobile Sierra*” standard of review. See *United Gas Pipe Line Co. v. Mobile Gas Services Corp.*, 350 U.S. 332 (1956), *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956), and *Morgan Stanley Capital Group Inc. v. Pub. Util. Dist. No. 1*, 554 U.S. 527 (2008). The standard of review for any modifications to the Offer of Settlement proposed by any other person or entity, including any modifications resulting from the Commission acting *sua sponte*, will be the most stringent standard permitted by law.

IV. CONCLUSION

Independence and KCP&L respectfully request that the Commission approve the Offer of Settlement, without modification or condition.

Respectfully submitted,

/s/ Noel Symons

Noel Symons
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McGuireWoods LLP
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Washington D.C., 20006
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nsymons@mcguirewoods.com

*Attorneys for Kansas City Power & Light
Company*

/Margaret A. McGoldrick

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Spiegel & McDiarmid, LLP
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Washington, DC 20006
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margaret.mcgoldrick@spiegelmc.com
steve.pearson@spiegelmc.com

Attorneys for City of Independence, Missouri

April 27, 2016

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

[date]

In Reply Refer To:
Southwest Power Pool, Inc.
Docket No. ER15-1499-001

Margaret A. McGoldrick
Spiegel & McDiarmid LLP
1875 Eye Street, NW
Suite 700
Washington, DC 20006
(202) 879-4000

Dear Ms. McGoldrick:

1. On April 27, 2016, you filed on behalf of the City of Independence, Missouri, acting on behalf of its Power & Light Department, a municipal electric system (“IPL”), and Kansas City Power & Light Company (“KCP&L”) an executed Offer of Settlement in Docket No. ER15-1499-001. The Offer of Settlement resolves all issues that the Commission set for hearing and settlement judge procedures.¹
2. Comments on the Offer of Settlement were due by May 17, 2016 with reply comments due by May 27, 2016. On _____, the Settlement Judge certified the Offer of Settlement to the Commission as uncontested.
3. The Offer of Settlement resolves all the issues set for hearing in this proceeding in accordance with the “Terms of Settlement” set forth in Article II of the Offer of Settlement.
4. The Offer of Settlement is just and reasonable and in the public interest and is hereby approved. The Commission’s approval of this Offer of Settlement does not constitute approval of, or precedent regarding, any principal or issue in this proceeding.

By direction of the Commission.

Kimberly D. Bose
Secretary

¹ *Southwest Power Pool, Inc.*, 151 FERC ¶ 61,211 (2015).

CERTIFICATE OF SERVICE

I hereby certify that I have this day caused the foregoing document to be served upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated on this 27th day of April, 2016.

/s/ Stephen C. Pearson

Stephen C. Pearson

Document Content(s)

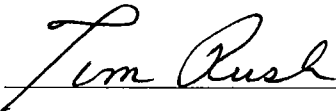
Offer of Settlement - ER15-1499-001.PDF.....1-145

Verification of Response

**Kansas City Power & Light Company
AND
KCP&L Greater Missouri Operations**

Docket No. ER-2016-0285

The response to Data Request # 0157.1 is true and accurate to the best of my knowledge and belief.

Signed: 

Date: November 8, 2016

Missouri Public Service Commission

Respond Data Request

Data Request No.	0157.2
Company Name	Kansas City Power & Light Company-Investor(Electric)
Case/Tracking No.	ER-2016-0285
Date Requested	10/19/2016
Issue	Expense - Miscellaneous Operations Expense
Requested From	Lois J Liechti
Requested By	Nicole Mers
Brief Description	IPL transmission expense
Description	For the period of January 1, 2015 through the true up date, when available, provide all costs and/or revenues that are incurred by KCPL as a result of Independence Power & Light ("IPL") and KCPL becoming multi owners in SPP zone 6. Provide the data by month and FERC account. 2. Reference KCPL workpaper "CS-45 – Transmission Exp by Others", Provide all documentation that supports the annualized level of transmission expense related to IPL. This should include but not be limited to the IPL ATRR, and KCPL's share of the allocated costs and revenues, and how the annualized level is consistent with the settlement agreement in ER15-1499. DR requested by Karen Lyons (Karen.Lyons@psc.mo.gov).
Response	Please see the attached information.
Objections	NA

The attached information provided to **Missouri Public Service Commission** Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the **Missouri Public Service Commission** if, during the pendency of Case No. **ER-2016-0285** before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information. If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the **Kansas City Power & Light Company-Investor(Electric)** office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to **Kansas City Power & Light Company-Investor(Electric)** and its employees, contractors, agents or others employed by or acting in its behalf.

Security :	Public
Rationale :	NA

KCPL
Case Name: 2016 KCPL Rate Case
Case Number: ER-2016-0285

Response to Lyons Karen Interrogatories - MPSC_20161019
Date of Response: 11/9/2016

Question:2/1/0157

For the period of January 1, 2015 through the true up date, when available, provide all costs and/or revenues that are incurred by KCPL as a result of Independence Power & Light (“IPL”) and KCPL becoming multi owners in SPP zone 6. Provide the data by month and FERC account. 2. Reference KCPL workpaper “CS-45 – Transmission Exp by Others”, Provide all documentation that supports the annualized level of transmission expense related to IPL. This should include but not be limited to the IPL ATRR, and KCPL’s share of the allocated costs and revenues, and how the annualized level is consistent with the settlement agreement in ER15-1499. DR requested by Karen Lyons (Karen.Lyons@psc.mo.gov).

Response:

1. Please refer to the attached files, which contain, respectively, the SPP Schedule 9 revenues received from IPL and the SPP Schedule 9 charges paid to IPL for January 2015 through September 2016 (the remaining months through the true up date will be provided when available).

The SPP Schedule 9 revenues received from IPL are booked to *FERC Acct 456.1 – Transmission of Electricity for Others*. The SPP Schedule 9 charges paid to IPL are booked to *FERC Acct 565 – Transmission of Electricity by Others*.

Please note that the SPP Schedule 9 charges paid to IPL for June 2015 through April 2016 have not yet been resettled by SPP and, thus, do not yet reflect the terms of the settlement agreement in ER15-1499. This can be seen in the attached file that contains the SPP Schedule 9 charges paid to IPL and is discussed in the footnotes in that file. SPP is aware that they still need to accomplish that resettlement, and our belief is that they will accomplish the resettlement prior to the true-up date.

2. With regard to workpaper(s) “CS-45 – Transmission Exp by Others”, the annualized amount in CS-45 that was included in the Company’s Direct filing in this case does not reflect the settlement agreed to in ER15-1499. CS-45 replaces test year amounts with an average of the Projected 2017-2018 amounts for use as the annualized amounts. At the time of the Direct filing, the Projected 2017-2018 amounts for the IPL-related charges were based on the monthly actual SPP Schedule 9 charges that were being billed to us by SPP in 2015. Those charges were based on the original “as filed” IPL ATRR and, thus, did not reflect the settlement agreement in ER15-1499.

Likewise, the annualized amount in the Cutoff filing, which reflects amounts for 12-months-ended June 30, 2015, also does not reflect the settlement agreement in ER15-1499 for amounts prior to May 2015.

These situations can both be seen in the attached file that contains the SPP Schedule 9 charges paid to IPL and are discussed in the footnotes in that file. What also can be seen in that file is a calculation of the estimated amounts that will result once SPP accomplishes the resettlement of the Schedule 9 charges to reflect the settlement agreement in ER15-1499. It also shows a calculation of what the Company would anticipate the Projected 2017-2018 amounts will be for use in True-up adjustment CS-45.

Response by: Don Frerking, Regulatory Affairs

Attachments:

Q0157.2_SPP IPL Sch 9 Revenues Actual Jan 2015 - Sep 2016.xlsx

Q0157.2_SPP IPL Sch 9 Charges Actual and Estimated.xlsx

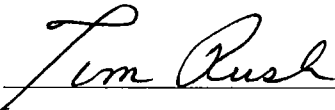
Q0157.2_Verification.pdf

Verification of Response

**Kansas City Power & Light Company
AND
KCP&L Greater Missouri Operations**

Docket No. ER-2016-0285

The response to Data Request # 0157.2 is true and accurate to the best of my knowledge and belief.

Signed: 
Date: November 9, 2016