

ATTACHMENT H-2

Formula Rate Implementation Protocols

I. Annual True-Up and Annual Projection

1. The Westar Energy, Inc. (“Westar”) formula rate template in Attachment H-1 of Southwest Power Pool’s (“Westar”) Open Access Transmission Tariff (“Formula Rate”), is Westar’s filed rate. Westar shall follow the instructions specified in the Formula Rate to calculate annually its Annual Transmission Revenue Requirements (“ATRR”) and the rates for its Network Integration Transmission Service and Point-to-Point transmission service. These protocols shall apply to Westar’s calculation of its ATRR, including the calculation of the Annual True-Up (“Annual True-Up”) and the projected net revenue requirement (“Annual Projection”).
2. The Formula Rate shall be applicable to service on and after January 1st of each calendar year through December 31st of the same calendar year (“Rate Year”), subject to review, challenge and refunds or surcharges with interest, as provided herein.
3. On or before June 15th, Westar shall provide its Annual True-Up to SPP and cause such information to be posted on SPP’s website and OASIS. Within ten (10) days of such posting, Westar shall provide notice of such posting to all parties on the SPP exploder list titled “Service List”. Interested Parties can contact SPP to subscribe to the SPP exploder list.
4. On or before October 15th, Westar shall provide its Annual Projection to SPP and cause such information to be posted on SPP’s website and OASIS. Within ten (10) days of such posting, Westar shall provide notice of such posting to all parties on the SPP exploder list titled “Service List”. Interested Parties can contact SPP to subscribe to the SPP exploder list.
5. Westar shall submit to FERC an Informational Filing as provided in Section V of these protocols.
6. If the date for posting the Annual True-Up or Annual Projection falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day. The date on which such posting occurs shall be that year’s “Publication Date”. Any delay in the Publication Date or in the posting of the Annual True-Up or Annual Projection will result in an equivalent extension of time for the submission of Information Requests discussed in Section II of these protocols.
7. A change to the Formula inputs related to return on equity, revised depreciation rates or Post-Employment Benefits Other than Pensions may not be made absent an appropriate filing with FERC.

8. The Annual True-Up shall
 - (a) Be based on FERC Form No. 1 data for the prior calendar year, and, to the extent specified in the Formula, upon the books and records of Westar consistent with FERC accounting policies and practices;
 - (b) Identify all material adjustments made to the FERC Form No. 1 data in determining formula inputs, including relevant footnotes to FERC Form No. 1 and any adjustments not shown in FERC Form No. 1.

9. The Annual True-Up and Annual Projection shall:
 - (a) Include a workable data-populated Formula Rate Template and underlying workpapers in native format with all formulas and links intact;
 - (b) Provide the Formula Rate calculations and all inputs thereto, as well as supporting documentation and workpapers for data that are used that are not otherwise available in the FERC Form No. 1;
 - (c) Provide sufficient information to enable Interested Parties (as defined in Section I.10 of these protocols) to replicate the calculation;
 - (d) Identify any changes in the formula references (page and line numbers) to the FERC Form No. 1;
 - (e) With respect to any change in accounting that affects inputs to the Formula Rate or the resulting charges billed under the Formula Rate (“Accounting Change”):
 - (i) Identify any Accounting Changes, including
 - The initial implementation of an accounting standard or policy;
 - the initial implementation of accounting practices for unusual or unconventional items where FERC has not provided specific accounting direction;
 - correction of errors and prior period adjustments that impact the calculation;
 - the implementation of new estimation methods or policies that change prior estimates; and
 - changes to income tax elections;
 - (ii) Identify items included in the calculation at an amount other than on a

historic cost basis (e.g., fair value adjustments);

- (iii) Identify any reorganization or merger transaction during the previous year and explain the effect of the accounting for such transaction(s) on inputs;
 - (iv) Provide, for each item identified pursuant to items I.9.e.i - I.9.e.iii of these protocols, a narrative explanation of the individual impact of such changes on the calculation.
10. Westar shall hold an open meeting among Interested Parties (“Annual True-Up Meeting”) after the Annual True-Up Publication Date but no sooner than seven (7) days from the Publication Date and no later than July 15th. No less than thirty (30) days prior to such Annual True-Up Meeting, Westar shall provide notice on SPP’s website and OASIS of the time, date, and location of the Annual True-Up Meeting and Westar shall provide notice of such meeting to the SPP email exploder list titled “Service List”. For purposes of these protocols, the term Interested Party includes, but is not limited to customers under the SPP OATT, state utility regulatory commissions, consumer advocacy agencies, and state attorneys general. The Annual True-Up Meeting will be hosted by Westar in the forum of their choice which may include video conferencing, webinar, internet conferencing, phone conferencing, in person, or other similar options. Westar shall provide remote access for Interested Parties to participate in the meeting. The Annual True-Up Meeting shall (i) permit Westar to explain and clarify its Annual True-Up; and (ii) provide Interested Parties an opportunity to seek information and clarifications from Westar about the Annual True-Up.
11. Westar shall hold an open meeting among Interested Parties (“Annual Projected Rate Meeting”) after the Annual Projection Publication Date but no sooner than seven (7) days from the Publication Date and no later than October 30th. No less than thirty (30) days prior to such Annual Projected Rate Meeting, Westar shall provide notice on SPP’s website and OASIS of the time, date, and location of the Annual Projected Rate Meeting and Westar shall provide notice of such meeting to an email exploder list. The Annual Projected Rate Meeting will be hosted by Westar in the forum of their choice which may include video conferencing, webinar, internet conferencing, phone conferencing, in person, or other similar options. Westar shall provide remote access for Interested Parties to participate in the meeting. The Annual Projected Rate Meeting shall (i) permit Westar to explain and clarify its Annual Projection and (ii) provide Interested Parties an opportunity to seek information and clarifications from Westar about the Annual Projection.
12. Each year Westar shall endeavor to coordinate with other transmission owners in the SPP using formula rates to establish revenue requirements for recovery of the costs of transmission projects that utilize the same regional cost sharing mechanism and transmission owners that own inter-regional projects whose costs are allocated in part to SPP members, and hold a joint informational meeting to enable all Interested Parties to understand how those transmission owners are implementing their formula rates for recovering the costs of such projects.

II. Information Exchange Procedures

Each Annual True-Up and Annual Projection shall be subject to the following information exchange procedures (“Information Exchange Procedures”):

1. Interested Parties shall have seventy-five (75) days following the Annual True-Up Meeting to serve reasonable information and document requests related to the Annual True-Up; and sixty (60) days following the Annual Projection Publication Date (unless such period is extended with the written consent of Westar or by FERC order) to serve reasonable information and document requests on Westar related to the Annual True-Up and the Annual Projection (“Information Exchange Period”). If either of these dates falls on a weekend or a holiday recognized by FERC, the deadline for submitting all information and document requests shall be extended to the next business day. Such information and document requests shall be limited to what is necessary to determine:
 - (a) the extent, effect or impact of an Accounting Change;
 - (b) whether the Annual True-Up or Annual Projection fails to include data properly recorded in accordance with these protocols;
 - (c) the proper application of the Formula Rate and procedures in these protocols;
 - (d) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-Up or Annual Projection;
 - (e) the prudence of actual costs and expenditures, including the prudence of Westar’s procurement methods and cost control methodologies;
 - (f) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or
 - (g) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.

The information and document requests shall not otherwise be directed to ascertaining whether the Formula Rate is just and reasonable.

2. Westar shall make a good faith effort to respond to information and document requests within fifteen (15) business days of receipt of such requests. Information requests received after 4 p.m. Central Prevailing Time shall be considered received the next business day.
3. Westar will cause to be posted on SPP’s website and OASIS all information requests from Interested Parties and Westar’s response(s) to such requests; except, however, if responses to information and document requests include material deemed by Westar to be confidential information, such information will not be publicly posted but will

be made available to requesting parties pursuant to a confidentiality agreement to be executed by Westar and the requesting party.

4. Westar shall not claim that responses to information and document requests provided pursuant to these protocols are subject to any settlement privilege, in any subsequent FERC proceeding addressing Westar's Annual True-Up or Annual Projection.

III. Challenge Procedures

1. Interested Parties shall have until January 31st following the Publication Date (unless such period is extended with the written consent of Westar or by FERC order) to review the inputs, supporting explanations, allocations and calculations and to notify Westar in writing, which may be made electronically, of any specific Informal Challenges to the Annual True-Up or Annual Projection. The period of time from the Publication Date until January 31st shall be referred to as the Review Period. If January 31st falls on a weekend or a holiday recognized by FERC, the deadline for submitting all Informal Challenges shall be extended to the next business day. Failure to pursue an issue through an Informal Challenge shall not bar pursuit of that issue as part of a Formal Challenge with respect to the same Annual True-Up or Annual Projection as long as the Interested Party has included at least one issue as part of an Informal Challenge with respect to that Annual True-Up or Annual Projection. If the Interested Party has not included any issues as part of an Informal Challenge for an Annual True-Up or Annual Projection, the Interested Party is barred from pursuing a Formal Challenge with respect to any issue for that Annual True-Up or Annual Projection but is not barred from pursuing an issue or from lodging a Formal Challenge as to such issue as it relates to a subsequent Annual True-Up or Annual Projection.
2. A party submitting an Informal Challenge to Westar must specify the inputs, supporting explanations, allocations, calculations, or other information to which it objects, and provide an appropriate explanation and documents to support its challenge. Westar shall make a good faith effort to respond to any Informal Challenge within twenty (20) business days of notification of such challenge. Westar, and where applicable, SPP, shall appoint a senior representative to work with the party that submitted the Informal Challenge (or its representative) toward a resolution of the challenge. If Westar disagrees with such challenge, Westar will provide the Interested Party(ies) with an explanation supporting the inputs, supporting explanations, allocations, calculations, or other information. No Informal Challenge may be submitted after January 31st, and Westar must respond to all Informal Challenges by no later than February 28th, unless the Review Period is extended by Westar or FERC.
3. Informal Challenges shall be subject to the resolution procedures and limitations in this Section III. Formal Challenges shall be filed pursuant to these protocols and shall satisfy all of the following requirements.
 - (a) A Formal Challenge shall:
 - (i) Clearly identify the action or inaction which is alleged to violate the filed rate formula or protocols;
 - (ii) Explain how the action or inaction violates the filed rate formula or protocols;

- (iii) Set forth the business, commercial, economic or other issues presented by the action or inaction as such relate to or affect the party filing the Formal Challenge, including:
- The extent or effect of an Accounting Change;
 - Whether the Annual True-Up or Annual Projection fails to include data properly recorded in accordance with these protocols;
 - The proper application of the Formula Rate and procedures in these protocols;
 - The accuracy of data and consistency with the Formula Rate of the charges shown in the Annual True-Up or Annual Projection;
 - The prudence of actual costs and expenditures;
 - The effect of any change to the underlying Uniform System of Accounts or FERC Form 1; or
 - Any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
- (iv) Make a good faith effort to quantify the financial impact or burden (if any) created for the party filing the Formal Challenge as a result of the action or inaction;
- (v) State whether the issues presented are pending in an existing Commission proceeding or a proceeding in any other forum in which the filing party is a party, and if so, provide an explanation why timely resolution cannot be achieved in that forum;
- (vi) State the specific relief or remedy requested, including any request for stay or extension of time, and the basis for that relief;
- (vii) Include all documents that support the facts in the Formal Challenge in possession of, or otherwise attainable by, the filing party, including, but not limited to, contracts and affidavits; and
- (viii) State whether the filing party utilized the Informal Challenge procedures described in these protocols with regard to any issue.
- (b) Service. Any person filing a Formal Challenge must serve a copy of the Formal Challenge on Westar. Service to Westar must be simultaneous with filing at the Commission. Simultaneous service can be accomplished by electronic mail in accordance with § 385.2010(f)(3), facsimile, express

delivery, or messenger. The party filing the Formal Challenge shall serve the individual listed as the contact person on Westar's Informational Filing required under Section V of these protocols.

4. Informal and Formal Challenges shall be limited to all issues that may be necessary to determine: (1) the extent or effect of an Accounting Change; (2) whether the Annual True-Up or Annual Projection fails to include data properly recorded in accordance with these protocols; (3) the proper application of the Formula Rate and procedures in these protocols; (4) the accuracy of data and consistency with the Formula Rate of the calculations shown in the Annual True-Up and Annual Projection; (5) the prudence of actual costs and expenditures; (6) the effect of any change to the underlying Uniform System of Accounts or FERC Form No. 1; or (7) any other information that may reasonably have substantive effect on the calculation of the charge pursuant to the formula.
5. Westar will cause to be posted on SPP's website and OASIS all Informal Challenges from Interested Parties and Westar's response(s) to such Informal Challenges; except, however, if Informal Challenges or responses to Informal Challenges include material deemed by Westar to be confidential information, such information will not be publicly posted but will be made available to requesting parties pursuant to a confidentiality agreement to be executed by Westar and the requesting party.
6. Any changes or adjustments to the Annual True-Up or Annual Projection resulting from the Information Exchange and Informal Challenge processes that are agreed to by Westar will be reported in the Informational Filing required pursuant to Section V of these protocols. Any such changes or adjustments agreed to by Westar on or before November 30th will be reflected in the Annual Projection for the upcoming Rate Year. Any changes or adjustments agreed to by Westar after November 30th will be reflected in the following year's Annual True-Up, as discussed in Section IV of these protocols.
7. An Interested Party shall have until March 31st following the Review Period (unless such date is extended with the written consent of Westar to continue efforts to resolve the Informal Challenge) to make a Formal Challenge with FERC, which shall be served on Westar on the date of such filing as specified in Section III.3.b above. A Formal Challenge shall be filed in the same docket as Westar's Informational Filing discussed in Section V of these protocols. Westar shall respond to the Formal Challenge by the deadline established by FERC. A party may not pursue a Formal Challenge if that party did not submit any Informal Challenge during the applicable Review Period.
8. In any proceeding initiated by FERC concerning the Annual True-Up or Annual Projection or in response to a Formal Challenge, Westar shall bear the burden, consistent with section 205 of the Federal Power Act, of proving that it has correctly applied the terms of the Formula Rate consistent with these protocols, and that it followed the applicable requirements and procedures in these protocols. Nothing

herein is intended to alter the burdens applied by FERC with respect to prudence challenges.

9. Except as specifically provided herein, nothing herein shall be deemed to limit in any way the right of Westar to file unilaterally, pursuant to Federal Power Act section 205 and the regulations thereunder, to change the Formula Rate or any of its inputs (including, but not limited to, rate of return and transmission incentive rate treatment), or to replace the Formula Rate with a stated rate, or the right of any other party to request such changes pursuant to section 206 of the Federal Power Act and the regulations thereunder.
10. No party shall seek to modify the Formula Rate under the Challenge Procedures set forth in these protocols and the Annual True-Up and Annual Projection shall not be subject to challenge by anyone for the purpose of modifying the Formula Rate. Any modifications to the Formula Rate will require, as applicable, a Federal Power Act section 205 or section 206 filing.
11. Any Interested Party seeking changes to the application of the Formula Rate due to a change in the Uniform System of Accounts or FERC Form No. 1, shall first raise the matter with Westar in accordance with this Section III before pursuing a Formal Challenge.

IV. Changes to Annual True-Up or Annual Projection

1. Except as provided in Section III.6 of these protocols, any changes to the data inputs, including but not limited to revisions to Westar's FERC Form No. 1, or as the result of any FERC proceeding to consider the Annual True-Up or Annual Projection, or as a result of the procedures set forth herein, shall be incorporated into the Formula Rate and the charges produced by the Formula Rate in the Annual Projection for the next Rate Year. This reconciliation mechanism shall apply in lieu of mid-Rate Year adjustments. Interest on any refund or surcharge shall be calculated in accordance with the procedures outlined in Section VI of these protocols.
2. In the event that Westar identifies an error in the Annual True-Up (or its FERC Form No. 1 or successor form which is used as an input to the Formula), or is required by applicable law or a court or regulatory body to correct an error, Westar shall correct such error in good faith and without regard to whether the correction increases or decreases Westar's revenue requirements. Nothing in these protocols should or may be construed as preventing Interested Parties or the Commission from protesting such correction as inappropriate.

V. Informational Filings

1. By March 15th of each year, Westar shall submit to FERC an informational filing (“Informational Filing”) of its Annual Projection for the Rate Year, including its Annual True-Up. This Informational Filing must include the information that is reasonably necessary to determine: (1) that input data under the Formula Rate are properly recorded in any underlying workpapers; (2) that Westar has properly applied the Formula Rate and these procedures; (3) the accuracy of data and the consistency with the Formula Rate of the Transmission Revenue Requirement and rates under review; (4) the extent of accounting changes that affect Formula Rate inputs; and (5) the reasonableness of projected costs. The Informational Filing must also describe any corrections or adjustments made during that period, and must describe all aspects of the Formula Rate or its inputs that are the subject of an ongoing dispute under the Informal or Formal Challenge procedures. Within five (5) days of such Informational Filing, Westar shall provide notice of the Informational Filing via an email exploder list and by posting the docket number assigned to Westar’s Informational Filing on SPP’s website and OASIS.
2. Any challenges to the implementation of the Attachment H-Westar Formula Rate must be made through the Challenge Procedures described in Section III of these protocols or in a separate complaint proceeding, and not in response to the Informational Filing.

VI. Calculation of True-Up Adjustment for the Annual True-Up

The True-Up Adjustment for the Annual True-Up will be determined in the following manner:

1. The Projected Revenue Requirement for the previous year, not including any prior year True-Up Adjustment, shall be compared to the Actual Revenue Requirement calculated in accordance with Westar's Formula Rate for the previous year using FERC Form No. 1 for that same year, and, to the extent specified in the Formula, upon the books and records of Westar consistent with FERC accounting policies and practices, to determine any over or under recovery plus interest ("True-Up Adjustment"). The True-Up Adjustment and related calculations shall be posted as part of Westar's Annual True-Up to SPP's website and OASIS no later than June 15th (or if that day falls on a weekend or a holiday recognized by FERC, then the posting shall be due on the next business day) following the issuance of the FERC Form No. 1 for the previous year.
 - (a) Interest on any over recovery of the net revenue requirement shall be determined based on the Commission's regulations at 18 C.F.R § 35.19a. Interest on any under recovery of the net revenue requirement shall be determined using the interest rate equal to Westar's actual short-term debt costs, calculated as Westar's actual weighted average annual short-term interest rate for the twenty-four (24) months ended August 31st of the current Rate Year ("S-T Debt Cost Period"), capped at the applicable FERC refund interest rate for the same twenty-four (24) month period. In either case, the interest rate to be applied to the over- or under-recovery amounts will be determined using the average rate for the twenty-four (24) months preceding September of the current year. The interest amount will be included in the Annual Projection made available on October 15th. For purposes of the foregoing, short-term debt interest expense annual rate for refund purposes shall be as follows:

$$STIR = (STIEXP / SDSTDB) \times N \text{ where}$$

STIR = the annual short term interest rate on notes payable excluding notes with Associated Companies) for the S-T Debt Cost Period,

STIEXP = the interest expense on such notes payable recorded in Account 431 and Account 428 for the S-T Debt Cost Period,

SDSTDB = the sum of the outstanding daily balances of notes payable for such S-T Debt Cost Period recordable in Account 231, and

N = the number of days in such S-T Debt Cost Period.
2. The Net Revenue Requirement for transmission services for the following year shall be the sum of the projected revenue requirement for the following year and a True-Up Adjustment for the previous year, including interest as explained above.