

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

Received
on

APR 20 2012

by
State Corporation Commission
of Kansas

In the Matter of the Application of)
Mid-Kansas Electric Company, LLC)
For Approval to make Certain Changes) **Docket No. 12-MKEE-380-RTS**
In its Changes for Electric Service in the)
Geographic Service Territory Served by)
Southern Pioneer Electric Company.)

DIRECT TESTIMONY

PREPARED BY

ANDRIA FINGER

UTILITIES DIVISION

KANSAS CORPORATION COMMISSION

APRIL 20, 2012

1 **Q. Would you please state your name?**

2 A. My name is Andria N. Finger.

3

4 **Q. What is your business address?**

5 A. My business address is the Kansas Corporation Commission, 1500 Southwest
6 Arrowhead Road, Topeka, Kansas, 66604.

7

8 **Q. By whom are you employed and in what capacity?**

9 A. I am employed by the Kansas Corporation Commission (KCC or Commission) as
10 a Regulatory Auditor.

11

12 **Q. Would you please describe your educational background and business
13 experience?**

14 A. I received a Bachelor's of Science in Business Administration with an emphasis
15 in Finance and Marketing in December of 2007 and a Masters of Business
16 Administration in December of 2010 from Washburn University. I began
17 employment with the Commission in my current capacity in June 2008.

18

19 **Q. Have you ever testified before the Commission?**

20 A. Yes. I have filed testimony before the Commission in several dockets, including
21 Docket Nos. 09-MKEE-969-RTS, 10-EPDE-314-RTS, 11-MKEE-439-RTS, 11-
22 EPDE-856-RTS and 12-WSEE-112-RTS.

23

1 **Q. What were your responsibilities in the review of Mid-Kansas Electric**
2 **Company's (Applicant or Southern Pioneer) electric rate case Application in**
3 **Docket No. 12-MKKEE-380-RTS?**

4 A. My responsibilities as a regulatory auditor were to analyze, audit, and review
5 Southern Pioneer's rate case Application. My duties are carried out under the
6 direction of the Managing Auditor, Laura Bowman, and the Director of Utilites,
7 Jeff McClanahan.

8
9 **Q. What is the purpose of your testimony in this proceeding?**

10 A. The purpose of my testimony is to support adjustments based on Staff's review of
11 Southern Pioneer's Application. I am sponsoring the following Staff adjustments:

<u>Adjustment No.</u>	<u>Description</u>	<u>Amount</u>
12 Adjustment No. 8	Depreciation Expense	43,274
13 Adjustment No. 9	Dues and Lobbying	(7,901)
14 Adjustment No. 10	Donations	(19,656)
15 Adjustment No. 11	Entertainment Expenses	(6,951)
16 Adjustment No. 12	Penalties and Fines	(850)
17 Adjustment No. 13	Outside Services	(1,737)
18 Adjustment No. 14	Rate Case Expense	40,315

19
20
21 **Q. Before beginning your detailed discussion of Staff's proposed adjustments,**
22 **please provide a summary of your adjustments.**

1 A. The following is a summary of the Staff adjustments I am sponsoring, referred to
2 as Income Statement Adjustment Nos. 8 through 14:

- 3 ▪ Staff recommends income statement adjustments to capture the effects of
4 certain expenses related to depreciation expense, membership dues and
5 lobbying contributions, donations, entertainment expenditures, penalties and
6 fines, and outside services.
7
8 ▪ Staff also recommends an income statement adjustment to reflect the actual
9 amount of rate case costs expensed to this rate case.
10
11 ▪ For a complete list of Staff's proposed adjustments and the dollar impact to
12 Staff's recommended revenue requirement for Southern Pioneer, please refer
13 to the Schedule of Staff Adjustments discussed in Kristina Luke's Direct
14 Testimony.
15

16 **Q. Please discuss Staff's adjustment to depreciation expense.**

17 A. Staff Adjustment No. 8 (IS-8) increases Southern Pioneer's annualized
18 depreciation expense by \$43,274.¹ Staff's adjustment updates depreciation
19 expense to reflect the actual depreciable asset balances as of December 31, 2011,
20 and incorporates the depreciation rates set forth in Southern Pioneer's last rate
21 case, Docket No. 09-MKEE-969-RTS (09-969 Docket). Southern Pioneer is not
22 requesting a change in depreciation rates and incorporates the rates from the 09-
23 969 Docket into its filing.
24

25 **Q. Does Staff's adjustment to update depreciation expense include the**
26 **amortization of the Acquisition Premium related to the Aquila acquisition?**

27 A. No. Southern Pioneer recorded the amortization of the Acquisition Premium
28 "above-the-line" during the test year; that is, included in the cost of service.
29 However, Staff ensured that this expense was excluded from the cost of service in

¹ See Exhibit ANF-1.

1 its adjustment to update depreciation expense. This is consistent with the S&A in
2 Docket No. 06-MKKEE-524-ACQ (06-524 Docket), which states:

3 “The Acquisition Premium (AP) relating to this transaction shall be amortized
4 over a thirty-year period beginning with the Effective date, and shall be
5 included below-the-line in subsequent MKEC, Distribution Cooperative(s)
6 and Southern Pioneer rate proceedings.”
7

8 **Q. Please discuss how Staff’s depreciation expense adjustment was calculated.**

9 A. Staff’s adjustment was calculated by multiplying its adjusted plant balances as of
10 December 31, 2011, by the Commission approved depreciation rate which yields
11 an updated annualized depreciation expense for each plant account. Staff’s
12 annualized depreciation expense was then compared against the pro forma
13 annualized depreciation expense amount proposed by Southern Pioneer, with the
14 difference being Staff’s adjustment.
15

16 **Q. Please continue by discussing Staff Adjustment No. 9 to the income
17 statement.**

18 A. Staff Adjustment No. 9 (IS-9) disallows a portion of membership dues and all
19 lobbying contributions recorded by the Company during the test year, decreasing
20 Southern Pioneer’s test year operating expenses by \$7,901.² This adjustment is
21 comprised of two parts.

22 First, Staff removes fifty percent of expenses incurred during the test year for
23 membership dues, decreasing operating expenses by \$1,867. Staff’s adjustment
24 to membership dues is consistent with the Commission’s policy to eliminate these
25 expenses and conforms with K.S.A. 66-101f(a), which states:

² See Exhibit ANF-2.

1 “For the purposes of determining just and reasonable rates, the Commission
2 may adopt a policy of disallowing a percentage, not to exceed 50% of utility
3 dues, donations and contributions to charitable, civic and social organizations
4 and entities, in addition to disallowing specific dues, donations and
5 contributions which are found unreasonable or inappropriate.”
6

7 Second, Staff’s adjustment decreases operating expenses by \$6,034 to
8 eliminate lobbying expenses. Lobbying is not necessary for the provision of safe
9 and reliable utility service, and does not benefit ratepayers. Staff’s adjustment is
10 consistent with past Commission policy to remove all expenses related to
11 lobbying that were included in the cost of service.³
12

13 **Q. Please continue by discussing Staff Adjustment No. 10 to the income**
14 **statement.**

15 A. Staff Adjustment No. 10 (IS-10) decreases Southern Pioneer’s test year operating
16 expenses by \$19,656.⁴ Staff’s adjustment removes 50 percent of expenses
17 incurred during the test year for donations, and removes 100 percent of expenses
18 incurred during the test year for promotion advertising and sponsorships of
19 sporting events. These costs are inappropriate as they are not necessary for the
20 provision of safe and reliable utility service. Commission policy is to eliminate
21 these expenses and conforms with K.S.A. 66-101f(a).⁵
22

³ January 22, 2003 Order on Application, Docket No. 02-MDWG-922-RTS, ¶ 30.

⁴ See Exhibit ANF-3.

⁵ K.S.A. 66-101f(a) states, “For the purposes of determining just and reasonable rates, the Commission may adopt a policy of disallowing a percentage, not to exceed 50% of utility dues, donations and contributions to charitable, civic and social organizations and entities, in addition to disallowing specific dues, donations and contributions which are found unreasonable or inappropriate.”

1 **Q. Please continue by discussing Staff Adjustment No. 11 to the income**
2 **statement.**

3 A. Staff Adjustment No. 11 (IS-11) decreases Southern Pioneer's operating expenses
4 by \$6,951.⁶ Staff's adjustment eliminates test year expenses related to
5 miscellaneous entertainment expenditures. These expenses are not necessary for
6 the provision of safe and reliable utility service and do not benefit ratepayers.

7

8 **Q. Please continue by discussing Staff Adjustment No. 12 to the income**
9 **statement.**

10 A. Staff Adjustment No. 12 (IS-12) decreases Southern Pioneer's operating expenses
11 by \$850.⁷ Staff's adjustment eliminates test year expenses related to penalties and
12 fines. Penalties and fines are an expense that could have been prevented by timely
13 payment(s). It is not appropriate to request ratepayers to pay for an expense that
14 is unnecessary and could have been avoided.

15

16 **Q. Please continue by discussing Staff Adjustment No. 13 to the income**
17 **statement.**

18 A. Staff Adjustment No. 13 (IS-13) decreases Southern Pioneer's operating expense
19 by \$1,737.⁸ Staff's adjustment amortizes test year expenses related to outside
20 services that are non-recurring. Since these costs are non-recurring it would be
21 inappropriate to ask for full recovery in a single year. As a result, it is more
22 appropriate to normalize these types of expenses over the next couple of years.

⁶ See Exhibit ANF-4.

⁷ See Exhibit ANF-5.

⁸ See Exhibit ANF-6.

1

2 **Q. Why is Staff proposing to amortize the expenses related to outside services**
3 **over three years?**

4 A. Staff's proposed three-year amortization period is based on the average longevity
5 of time between Southern Pioneer's rate cases filed in the past. Furthermore, a
6 three-year amortization period is consistent with Staff's adjustment to rate case
7 expense discussed below.

8

9 **Q. Please continue by describing Staff Adjustment No. 14 to the income**
10 **statement.**

11 A. Staff Adjustment No. 14 (IS-14) to the income statement increases Southern
12 Pioneer's operating expense by \$40,315.⁹ This adjustment is necessary to update
13 rate case expense for Southern Pioneer, Staff, and CURB expenses incurred to-
14 date for Southern Pioneer's rate case. To determine the proper amount of rate
15 case expense for Southern Pioneer to recover, Staff's and CURB's costs were
16 added to Southern Pioneer's actual rate case expense through March 30, 2012,
17 and amortized over three years.

18

19 **Q. Why is Staff proposing to amortize the rate case expense over three years?**

20 A. Staff's proposed three-year amortization period is based on the average longevity
21 of time between Southern Pioneer rate cases filed in the past. Based on its
22 historical rate case filings, Staff believes proposing a three-year amortization
23 period is the most accurate prediction of time that will elapse before Southern

⁹ See Exhibit ANF-7.

1 Pioneer files its next rate case. Therefore, Staff believes it to be appropriate to
2 use the three-year amortization period to reflect more accurate expenses.

3

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

5 A. Yes, thank you.

Southern Pioneer Electric Company
Staff Adjustment to Depreciation Expense
Income Statement Adjustment No. 8
For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
Exhibit ANF-1

Line No.	Description	Account Number	(A) Plant Balance 12/31/2010	(B) Staff Adjustments to Plant	(C) Adjusted Plant Balance 12/31/2011	(D) Commission Approved Depreciation Rate 09-969	(E) Staff Pro Forma Annualized Depreciation Expense	(F) MKEC Pro Forma Annualized Depreciation Expense	(G) Staff Adjustment to Depreciation Expense
INTANGIBLE PLANT									
1	Intangible	301 - 303			0		0		0
STEAM PRODUCTION PLANT									
2	Land and Land Rights	310			0	0.00%	0		0
3	Structures and Improvements	311			0	4.80%	0		0
4	Boiler Plant Equipment	312			0	7.02%	0		0
5	Boiler Plant Equipment - Pollution	312			0	8.55%	0		0
6	Engines and Engine Driven Generators	313			0	0.00%	0		0
7	Turbogenerator Units	314			0	6.92%	0		0
8	Accessory Electric Equipment	315			0	5.59%	0		0
9	Miscellaneous Power Plant Equipment	316			0	6.58%	0		0
10	Asset Retirement Obligation	317			0	0.00%	0		0
11	Total Steam Production Plant		0	0	0		0	0	0
OTHER PRODUCTION PLANT									
12	Land and Land Rights	340			0	0.00%	0		0
13	Structures and Improvements	341			0	-1.42%	0		0
14	Fuel Holders and Accessories	342			0	2.00%	0		0
15	Prime Movers	343			0	1.52%	0		0
16	Generators	344			0	-0.12%	0		0
17	Accessory Electric Equipment	345			0	1.09%	0		0
18	Miscellaneous Power Plant Equipment	346			0	2.63%	0		0
19	Asset Retirement Obligation	347			0	0.00%	0		0
20	Total Other Production Plant		0	0	0		0	0	0
TRANSMISSION PLANT									
21	Land and Land Rights	350	100,229	11	100,239	0.00%	0		0
22	Structures and Improvements	352	277,092	(277,092)	0	2.11%	0		0
23	Station Equipment	353	5,565,767	(101,701)	5,464,065	1.83%	99,992		99,992
24	Towers and Fixtures	354	0	0	0	0.00%	0		0
25	Poles and Fixtures	355	4,638,767	1,151,317	5,790,083	3.30%	191,073		191,073
26	Overhead Conductors and Devices	356	4,669,935	1,131,946	5,801,882	1.88%	109,099		109,099
27	Asset Retirement Obligation	359	0	0	0	0.00%	0		0
28	Total Transmission Plant		15,251,789	1,904,480	17,156,269		400,164	0	400,164
DISTRIBUTION PLANT									
29	Land and Land Rights	360	40,521	25,677	66,198	0.00%	0		0
30	Structures and Improvements	361	101,821	(101,821)	0	1.73%	0		0
31	Station Equipment	362	4,304,136	768,906	5,073,043	1.10%	55,824		55,824
32	Poles, Towers and Fixtures	364	9,786,607	1,054,897	10,841,504	4.66%	505,171		505,171
33	Overhead Conductors and Devices	365	7,727,055	855,946	8,583,002	1.49%	127,921		127,921
34	Underground Conductors and Devices	367	2,093,998	213,341	2,307,339	4.51%	104,052		104,052
35	Line Transformers	368	5,726,042	208,238	5,934,280	1.97%	116,929		116,929
36	Overhead Services	369	1,633,235	0	1,633,235	4.47%	73,006		73,006
37	Meters	370	3,989,855	(100,871)	3,888,984	2.19%	85,169		85,169
38	Installations on Customers' Premises	371	297,550	18,550	316,100	14.67%	46,372		46,372
39	Street Lights and Signal Systems	373	1,455,348	(1,462)	1,453,886	3.11%	45,222		45,222
40	Total Distribution Plant		37,156,169	2,941,401	40,097,570		1,159,664	0	1,159,664
GENERAL PLANT									
41	Land and Land Rights	389	140,161	0	140,161	0.00%	0		0
42	Structures and Improvements	390	1,677,028	0	1,677,028	3.16%	52,987		52,987
43	Office Furniture and Equipment	391	389,975	23,537	413,512	7.68%	31,758		31,758
44	Transportation Equipment	392	2,807,946	(145,371)	2,662,575	11.56%	307,783		307,783
45	Stores Equipment	393	212,624	2,676	215,299	4.75%	10,226		10,226
46	Tools, Shop and Garage Equipment	394	22,193	0	22,193	4.65%	1,032		1,032
47	Laboratory Equipment	395	173,952	4,287	178,239	4.98%	8,876		8,876
48	Power Operated Equipment	396	0	0	0	6.97%	0		0
49	Communication Equipment	397	387,539	(54,927)	332,611	2.33%	7,751		7,751
50	Miscellaneous Equipment	398	41,426	0	41,426	7.42%	3,074		3,074
51	Total General Plant		5,852,844	(169,799)	5,683,045		423,487	0	423,487
52	Subtotal		58,260,802	4,676,082	62,936,884		1,983,315	0	1,983,315
AMORTIZATION OF ACQUISITION PREMIUM									
53	Acquisition Cost Amortization	399			0	0.000%	0		0
54	Totals		58,260,802	4,676,082	62,936,884		1,983,315	1,940,041	43,274

Sources: Southern Pioneer filing, Exhibit RJM-2, Schedule E
Response to Staff Data Request Nos. 89, 145, and 170
Docket No. 06-MKEE-524-ACQ
Docket No. 09-MKEE-969-RTS

Southern Pioneer Electric Company
 Staff Adjustment to Membership Dues and Lobbying
 Income Statement Adjustment No. 9
 For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
 Exhibit ANF-2

Line No.	Vendor	Description	Account No.	Account Amount	Exclusion %	Total
<u>Dues</u>						
1	Liberal Area Chamber	2010 Dues	426.10	2,000	50%	1,000
2	ML Area Chamber	Brass Membership	426.10	441	50%	221
3	Liberal Area Chamber	OZ Dues	426.10	120	50%	60
4	KS Line Supervisor	Dues - Liebham, Mease, Beecher	588.00	300	50%	150
5	First Bankcard	IEEE Member Dues	588.00	180	50%	90
6	Pratt Area Chamber	Annual Dues- 2010-2011	930.20	195	50%	98
7	Credit Bureau of Liberal	Annual Membership	930.20	102	50%	51
8	Pratt Area Camber	Dues - 2009-2010	930.21	195	50%	98
9	RMEL	2011 Dues	930.21	200	50%	100
10	Total Membership Dues					1,867
<u>Lobbying</u>						
11	Pioneer Electric	KEC Dues	588.00	14,470	20.85%	3,017
12	Pioneer Electric	KEC Dues	930.20	14,471	20.85%	3,017
13	Total Lobbying					6,034
14	Total Dues and Lobbying Expense to be Removed (Line 10 + Line 13)					7,901
15	Staff Adjustment to Dues and Lobbying					<u><u>(7,901)</u></u>

Breakdown of Adjustment by FERC Account

426.10	(1,281)
588.00	(3,257)
930.20	(3,166)
930.21	(198)
	<u><u>(7,901)</u></u>

Source: Response to Staff Data Request No. 49

Southern Pioneer Electric Company
Staff Adjustment for Donations
Income Statement Adjustment No. 10
For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
Exhibit No. ANF-3

Line No.	Vendor	Description	Amount	Exclusion %	Total
1	Southern Wind Special	Donation	100	50%	50
2	American Cancer Society	Silver Sponsor-Relay-Life	250	100%	250
3	OK Kids KS Wildscape	Donation - Kids Day	100	50%	50
4	SW Medical Center	Community Health Fair	1,500	50%	750
5	Medicine Lodge High School	Project Prom Donation	100	50%	50
6	Skyline High School	Project Prom Donation	50	50%	25
7	Liberal Area Chamber	Sponsor-Chamber Bash	2,000	100%	2,000
8	Sublette After Prom Party	Donation-After Prom Party	50	50%	25
9	BBBS-PR BA KM H	Bowl For Kids Sake	100	50%	50
10	Veterans Day Committee	Donation-Veteran's Day Celebration	100	50%	50
11	Medicine Lodge Area Chamber	Barber Co Tourism Booth	130	50%	65
12	Medicine Lodge Area Chamber	Recognition Luncheon	50	50%	25
13	Liberal Bee Jays	2010 Sponsor	1,000	100%	1,000
14	Satanta Jr/Sr High School	After Prom Party Donation	50	50%	25
15	Firepup Program	Safety Mat-20 Kids	60	50%	30
16	BBBS-HS,SW,SV	Bowl for Kids Sake Sponsor	500	100%	500
17	Cinco De Mayo Committee	Cinco De Mayo Sponsorship	200	100%	200
18	American Cancer Society	Relay for Life Sponsor	250	100%	250
19	Medicine Lodge Peace Treaty	Event Sponsor-KCRR	400	100%	400
20	Liberal Area Chamber	Teacher Classroom Asst	100	50%	50
21	Medicine Lodge Area Chamber	Junefest	200	50%	100
22	Fischer Rodney	Sharon KS T-Ball Donation	100	50%	50
23	USD 474 Havilan	Haviland After Prom	50	50%	25
24	Baker Arts Certer	Sponsorship	250	100%	250
25	Batbusters Softball	Sponsorship	100	100%	100
26	Liberal Parks & Recreation	Youth Baseball Sponsor	500	100%	500
27	American Red Cross	Sponsor Golf Tournament	100	100%	100
28	Stateline Shox	Donation-Travel BB Team	100	50%	50
29	Medicine Lodge High School	Donation-Rodeo Club	250	50%	125
30	Medicine Lodge Area Chamber	Hole Sponsor-Golf Tournament	100	100%	100
31	Seward Co Council	Donation	200	50%	100
32	KS Childrens	Red Stocking Breakfast Sponsor	500	100%	500
33	Fincher's Findings	18 Shirts/Caps-BB Sponsor	268	100%	268
34	Kyle Weber	Softball Sponsor-2 Dozen Balls	100	100%	100
35	Oklahoma Panhandle State	Scholarship	750	50%	375
36	Barclay College Association	Scholarship	750	50%	375
37	Wichita State University	Scholarship	750	50%	375
38	Tabor College	Scholarship	750	50%	375
39	Fort Hays State University	Scholarship	750	50%	375
40	Fort Hays State University	Scholarship	750	50%	375
41	Fort Hays State University	Scholarship	750	50%	375
42	Fort Hays State University	Scholarship	750	50%	375
43	Kansas State University	Scholarship	750	50%	375
44	Kansas State University	Scholarship	750	50%	375
45	Hutchinson Community College	Scholarship	750	50%	375
46	Pratt Community College	Scholarship	750	50%	375
47	Seward Co Community	Scholarship	750	50%	375
48	University of Kansas	Scholarship	750	50%	375
49	Clark Co Fair	Sponsor Fair Concert	250	100%	250
50	Seward Co & Five State	Donation	250	50%	125
51	Willowdale Ladies Golf	Hole Sponsor-Tournament	100	100%	100
52	MLHS Indian Booster	2010-11 Booster Club-Sponsor	100	100%	100
53	Barber Co Youth	Donation-Youth Fish Derby	100	50%	50
54	Saint Francis Community	Donation-Xmas for Kids	100	50%	50
55	Satanta Lions	Golf Tourney-Hole Sponsor	100	100%	100

Southern Pioneer Electric Company
 Staff Adjustment for Donations
 Income Statement Adjustment No. 10
 For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
 Exhibit No. ANF-3

Line No.	Vendor	Description	Amount	Exclusion %	Total
56	Liberal Area Chamber	New De Breakfast Sponsor	300	100%	300
57	Liberal Area Chamber	Duck Race Sponsor	300	100%	300
58	First Bankcard	36-T-Shirts Liberal High School	419	100%	419
59	Donation	Donate Grill-Sprec #27	120	50%	60
60	Coldwater County Club	Hole Sponsorship	25	100%	25
61	FHSU Boohill Alumni Association	4 Man Scramble Fee	440	50%	220
62	Heritage Foundation	Air Show Sponsorship	500	100%	500
63	Satanta Fire Station	Kids Fire Prevention Program	100	50%	50
64	Seward Co Historical	Sponsor-Oz Fest	500	100%	500
65	Seward Co United Way	Banner Sponsor-Goofy Golf	100	100%	100
66	SW KS Chambers	Sponsor-Legislative Dinner	250	100%	250
67	Medicine Lodge High School	Donate 50 T-Shirts, 30 Fil	308	100%	308
68	The Legend	Booster Club Showdown-Sponsor	500	100%	500
69	Medicine Lodge High School	Project Prom 2011	100	50%	50
70	City of Sharon	62080173 Work done for City	484	50%	242
71	City of Sharon	62080173 Work done for City	286	100%	286
72	City of Sharon	62080173 Work done for City	758	100%	758
73	Liberal Area Chamber	Calendar Sponsorship	500	100%	500
74	OTLR Inc	Sponsor Holiday Home Tour	50	100%	50
75	Total Donations Expense to be Removed				19,656
76	Staff Total Adjustment for Donations (Account 426.1)				<u>(19,656)</u>

Source: Response to Staff Data Request No. 42

Southern Pioneer Electric Company
 Staff Adjustment for Entertainment Expenses
 Income Statement Adjustment No. 11
 For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
 Exhibit No. ANF-4

Line No.	Vendor	Description	FERC Account	Amount
1	JF Beaver Advertising	Deluxe stadium cushions for giveaways - fairs, etc.	908.00	971
2	JF Beaver Advertising	50-Ball markers for golf tournament giveaway	930.20	838
3	First Bankcard	Xmas gift - EE, BD, Mgmt	930.20	1,192
4	First Bankcard	Candy/flowers	930.20	84
5	American Red Cross	Golf tournament entry fee	930.20	300
6	Medicine Lodge Area Chamber	Team entry fee for golf tournament	930.20	250
7	JF Beaver Advertising	Koozie stadium cushions for employees	930.20	994
8	Lands' End Business Outfit	Golf towels for golf tournament giveaway	930.20	694
9	Taylor	65 Xmas presents	930.20	1,279
10	First Bankcard	Xmas décor - open house	930.20	184
11	Rolling Hills Electric Cooperative	Golf outing	930.20	110
12	Employee Social	Holiday dinner	930.40	55
13	Total Entertainment/Spousal Expenses to be Removed			6,951
14	Staff Adjustment for Entertainment Expenses			<u>(6,951)</u>

<u>Breakdown of Adjustment by FERC Account</u>	
908.00	(971)
930.20	(5,924)
930.40	(55)
	<u>(6,951)</u>

Sources: Response to Staff Data Request Nos. 150, 171 and 191

Southern Pioneer Electric Company
Staff Adjustment to Penalties and Fines
Income Statement Adjustment No. 12
For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
Exhibit No. ANF-5

Line No.	Description	Amount
1	Form 2290 Penalty	55
2	Form 941 Penalty	51
3	Form 941 Penalty	607
4	Service Fee - Late Payment	57
5	Service Fee - Late Payment	56
6	Finance Charge - Late Payment	<u>24</u>
7	Total Penalties and Fines	850
8	Staff Adjustment to Penalties and Fines (Account 426.3)	<u><u>(850)</u></u>

Sources: Response to Staff Data Request Nos. 98 and 104

Southern Pioneer Electric Company
Staff Adjustment to Outside Services
Income Statement Adjustment No. 13
For the Test Year Ended December 31, 2010

Docket No.12-MKEE-380-RTS
Exhibit No. ANF-6

Line No.	Vendor	Description	Amount
1	Foulston Siefkin	Cert of Public Conv	2,285
2	Foulston Siefkin	401(k) Issues	163
3	Sherman & Howrd	Preperation of 2nd Amend-MLA	1,263
4	Tomson Milton	Escrow Account	<u>1,500</u>
5	Total Outside Services Expense to be Removed		5,211
6	Amortization Period (Years)		<u>3</u>
7	Total Annual Outside Services Expense to be Removed		1,737
8	Staff Adjustment to Outside Services (Account No. 923)		<u><u>(1,737)</u></u>

Source: Response to Staff Data Request No. 96

Southern Pioneer Electric Company
Staff Adjustment to Rate Case Expense
Income Statement Adjustment No. 14
For the Test Year Ended December 31, 2010

Docket No. 12-MKEE-380-RTS
Exhibit No. ANF- 7

Line No.	Description	Amount	Staff Adjustment
1	Southern Pioneer's Actual Rate Case Expense	121,938	
2	KCC Staff and CURB Actual Rate Case Expense (through March 30, 2012)	<u>49,009</u>	
3	Total Actual Rate Case Expense through March 30, 2012 (Line 1 + Line 2)	170,947	
4	Staff Amortization Period (Years)	<u>3</u>	
5	Staff's Annual Rate Case Expense (Line 3 / Line 4)		56,982
6	Southern Pioneer's Pro Forma Rate Case Expense		<u>16,667</u>
7	Staff Adjustment to Rate Case Expense (Account 923)		<u><u>40,315</u></u>

Sources: Southern Pioneer filing, Exhibit RJM-2, Schedule G
Response to Staff Data Request No. 195
KCC Accounting Staff, information received via email on March 30, 2012

CERTIFICATE OF SERVICE

12-MKEE-380-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Direct Testimony was served via electronic service this 20th day of April, 2012, to the following:

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CERTIFICATE OF SERVICE

12-MKEE-380-RTS

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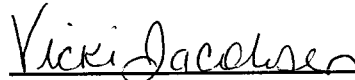
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