

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

In the Matter of the Application of Southern)
Pioneer Electric Company for Approval of) Docket No. 24-SPEE- 540 -TAR
its Renewable Energy Program Rider Tariff.)

APPLICATION

COMES NOW Southern Pioneer Electric Company (“Southern Pioneer” or “Company”) and, pursuant to K.S.A. 66-117, requests approval from the State Corporation Commission of the State of Kansas (“KCC” or “Commission”) of its Renewable Energy Program Rider (“RE Rider”), as set forth herein. A copy of the proposed RE Rider tariff is attached as Exhibit CCS-1 to the Direct Testimony of Company witness Chantry C. Scott filed in support of this Application.

I. BACKGROUND

1. Southern Pioneer is a Kansas not-for-profit corporate utility with its principal place of business in Ulysses, Kansas, and with distribution and customer service offices in Liberal and Medicine Lodge, Kansas.

2. Southern Pioneer is regulated by the Commission and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc. (“Pioneer Electric”), a not-for-profit Kansas member-owned electric cooperative. Pursuant to K.S.A. 66-104d, Pioneer Electric is not subject to Commission rate regulation. Southern Pioneer is governed by a nine-member Board of Directors comprised of Pioneer Electric board members, which includes one Southern Pioneer customer. Southern Pioneer’s Board of Directors regularly receives input from a nine-member consumer advisory council comprised of Southern Pioneer ratepayers.

3. Southern Pioneer provides electric service to approximately 17,000 consumers in 34 communities in Barber, Clark, Comanche, Haskell, Kingman, Kiowa, Meade, Pratt, Reno, and Seward counties. Throughout these counties, Southern Pioneer serves 28 distribution substations operated at 13.8 kV. These substations feed 60 primary distribution circuits containing approximately 830 miles of overhead distribution line. The Company also provides sub-transmission service to users of its 34.5 kV sub-transmission system.

4. Southern Pioneer receives its power supply from Sunflower Electric Power Corporation (“Sunflower”), a generation and transmission cooperative headquartered in Hays, Kansas. Pioneer Electric and Southern Pioneer are member-owners of Sunflower along with five other distribution cooperatives.¹ Sunflower serves as its member-owners’ wholesale power and transmission provider. Sunflower’s member-owners provide electric service to customers in 58 central and western Kansas counties.

5. Sunflower’s generation resource portfolio currently includes several renewable energy resources. Sunflower has a power purchase agreement (“PPA”) to buy capacity and energy from the Johnson Corner Solar Farm, a 20 MW solar facility located in Pioneer Electric’s service territory in Stanton County, Kansas. Sunflower is the sole off-taker on the Johnson Corner Solar Farm, which came online in April 2020. Sunflower also purchases capacity and energy through PPAs from the Smoky Hills Wind Farm, located in Lincoln and Ellsworth counties, and from the Shooting Star Wind Farm, located in Kiowa County. Sunflower transmits wholesale solar and wind energy from these renewable resources to Southern Pioneer, and Southern Pioneer delivers the energy to consumers through Southern Pioneer’s electric distribution system. Sunflower has under

¹ The other member-owners of Sunflower are Lane-Scott Electric Cooperative, Prairie Land Electric Cooperative, The Victory Electric Cooperative, Western Cooperative Electric, and Wheatland Electric Cooperative.

development plans to own and operate (or contract) two additional solar resources: the Russell Corner Solar Project, a 20 MW solar project to be located in Russell, Kansas, and the Boot Hill Solar Project, a 150 MW solar project to be located in Ford County, Kansas.

6. Southern Pioneer requests approval to implement its Renewable Energy Program (“RE Program”) under the RE Rider. The RE Program will provide an alternative to customer-sited generation, such as rooftop solar and wind and behind-the-meter generation resources for commercial and industrial customers, allowing customers to participate in a utility-scale renewable resource and receive the economic benefits associated with the resource without the long-term commitment, risk, and cost associated with customer-sited systems.

7. The RE Rider was developed by Sunflower and is administered at the retail level by Sunflower’s member-cooperatives. The same RE program has already been implemented by Pioneer Electric for its members.

II. PROGRAM DESIGN

8. Southern Pioneer requests approval of its proposed RE Program, as defined in the RE Rider, to provide qualifying customers the opportunity to participate directly in and receive the benefits of utility-scale solar and wind renewable projects. The program will allow customers to customize their power supply mix by participating directly in a utility-scale wind or solar resource, with qualifying options as defined in the RE Rider. The program will be voluntary and will not be subsidized by non-participating customers.

9. The RE Program will not be available to customers taking service under Southern Pioneer’s Irrigation Service, LED Lighting, Municipal Lighting and Ancillary Service, Water Pumping, Municipal, or Street Lighting Service schedules. Nor will it be available to customers with self-generation requiring standby, backup, breakdown, or supplemental service.

10. Southern Pioneer will offer two class-specific programs under the RE Rider: the C&I Program and the Residential Program. Participation options available under the C&I Program include Wind and Solar Tiers 1 and 1a, Wind and Solar Tier 2, and Wind and Solar Tier 3. Participation options available under the Residential Program include Wind Tier 1, Solar Tier 1a, and Solar Tier 1b.

11. As defined by the RE Rider, the RE Program is comprised of two Divisions (Wind and Solar), each with multiple participation Tiers. The Wind Division is comprised of Tiers 1, 2 and 3, and the Solar Division is comprised of Tiers 1a, 1b, 2 and 3. Wind and Solar Tiers 1 and 2 will utilize existing Sunflower PPAs in effect as of January 1, 2020. Wind and Solar Tier 3 will utilize new wind and solar resources procured by Sunflower.

12. Different qualification requirements and participation limitations are applicable to each Division-Tier. These include minimum size requirements, individual customer participation limits (Participant Caps), and total participation limits (Total Tier Caps). Customers meeting the qualification requirements for a given Division-Tier may select a Participation Level ranging from a minimum of 25% of their total energy consumption to a maximum of either 100% of their total energy consumption or the applicable Tier Participant Cap, whichever is greater.

13. Solar Tier 1b is a new residential solar subscription program approved by Sunflower in March 2023. Sunflower has allocated 2,907 125-kWh shares to Southern Pioneer from the Johnson Corner Solar Farm to sell to its residential customers. This program, known as the Residential Community Solar Program, is limited to Southern Pioneer's residential customers. Program subscriptions will be sold on a first-come, first-served basis at a monthly cost of \$5 per share (\$0.04 per kWh) until the allocated shares have been fully subscribed. One share is equivalent to 125 kWh, or two solar panels. Renewable Energy Credits ("RECs") will not be assigned to customers taking service under Tier 1b-Residential Community Solar.

14. Tier 1b customers may purchase subscription shares up to their total energy usage. On average, the total energy usage for Southern Pioneer's residential customers is approximately 1,000 kWh, which equates to eight shares.

15. Customers taking service under Solar Tier 1b-Residential Community Solar will sign a community solar customer agreement with Southern Pioneer, which can be canceled at any time. Upon cancellation, however, the customer cannot re-subscribe in the program for a period of one year. All other customers taking service under the RE Rider will enter into a three-party agreement with Southern Pioneer and Sunflower. The term of the agreement will be determined between the parties but must be no less than one year for service under Tiers 1 and 2. All Tier 3 service agreements will include an exit fee provision to protect against stranded investment in the event the customer should leave the program before any new power supply arrangement between Southern Pioneer and Sunflower has expired.

16. RE Program participants will pay a fixed monthly renewable energy charge ("RE Charge"). Different RE Charges will apply depending on the Division-Tier in which the customer participates. A renewable energy adjustment will be applied to offset the fixed price per kWh charge, which will be a credit equal to the revenues the participation energy receives from the Southwest Power Pool, Inc. ("SPP") Integrated Marketplace. In months when market prices are higher than the fixed price per kWh charge, the customer will make a margin on the investment, which helps lower the customer's overall bill. When market prices are lower than the fixed price per kWh charge, the customer will not earn back its entire investment; however, the customer's Energy Cost Adjustment ("ECA") will be lower due to lower market prices. The adjusted RE Charge will be in addition to other applicable charges for standard service to the customer.

17. The RE Program qualification requirements, limitations, charges, and other terms and conditions are set out in the proposed RE Rider and described in the Direct Testimony of Company witness Scott filed with this Application.

18. Because energy output from renewable energy resources varies from month to month due to weather and other factors, in some months customers may not receive the full amount of participation energy associated with their selected Participation Level.

III. PROGRAM BENEFITS

19. Southern Pioneer believes there are several benefits to our C&I and residential customers participating in the RE Program, especially relative to customer-sited generation. These benefits include:

- a) REC Benefits. Businesses will be assigned all RECs associated with their participation energy as if they owned the renewable resource, but without the hassle of ownership or maintenance obligations.
- b) Economies of Scale. A large utility-scale renewable energy resource has significant economies of scale on the per-unit cost of the resource relative to a small standalone renewable resource. C&I and residential customers participating in the RE Program have the opportunity to benefit from the economies of scale of these large resources at the same per-unit price or levelized cost of energy.
- c) Load Aggregation. Businesses with several metering points can aggregate their loads for participation in the RE Program, an option not available with customer-sited generation.

- d) Accessibility. Businesses and households that cannot install solar or wind generation on their own properties due to shading, space constraints, or other circumstances can still have direct access to renewable energy resources.
- e) No Upfront Investment. Businesses and households can invest in a wind or solar project with no upfront capital cost, unlike customer-sited generation, which requires a significant initial capital outlay.
- f) Term Flexibility. Businesses and households can tailor the term of their service agreements to fit their particular circumstances and needs. Such flexibility is not available to customers with customer-sited generation, which typically involves a 20-year investment commitment.
- g) Rate Stability. Businesses and households will have a fixed-price hedge against high or volatile market prices, helping to ensure rate stability.

20. The customer benefits associated with the RE Program are discussed in greater detail in Company witness Scott's Direct Testimony.

III. TESTIMONY AND SERVICE

21. Submitted with this Application is the Direct Testimony and supporting exhibits of Chantry C. Scott, Southern Pioneer's Executive Vice President and Chief Financial Officer. Mr. Scott's testimony addresses the following topics:

- a) The design elements and overall structure of the RE Program, as defined by the RE Rider;
- b) The RE Program qualification requirements and participation limitations prescribed by the RE Rider; and
- c) The purposes and benefits of the RE Program.

22. In addition to the undersigned counsel, all correspondence, pleadings, orders, decisions and communications related to this proceeding should be sent to:

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IV. TIMING AND PROCEDURAL MATTERS

23. This Application is filed pursuant to K.S.A. 66-117, which carries with it a 240-day deadline. Southern Pioneer has discussed with Staff the possibility of obtaining an Order sooner than 240 days since this is a wholesale power pass-through initiative and because of the high level of interest Southern Pioneer has received from its customers who would like the ability to pursue renewable projects. Southern Pioneer has several C&I customers looking to pursue renewable projects in order to meet corporate sustainability goals. They are interested in the economics of the Renewable Energy Program as an alternative to pursuing a standalone behind-the-meter project. Southern Pioneer desires the ability to act quickly in response to these customer needs.

24. Southern Pioneer will work with Commission Staff and the Citizen's Utility Ratepayers Board ("CURB") to develop a procedural schedule to be filed for Commission consideration. That proposed schedule may be shorter than the 240 days provided for under K.S.A. 66-117, depending upon further discussions with Staff and CURB.

WHEREFORE, Southern Pioneer respectfully requests the Commission issue an Order granting this Application, thereby approving the Renewable Energy Program Rider Tariff proposed herein, and for such other and further relief as the Commission may deem just and proper.

Respectfully submitted,

/s/ Glenda Cafer

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VERIFICATION

I, Glenda Cafer, verify under penalty of perjury that I have caused the foregoing pleading to be prepared; that I have read and reviewed the same; and that the contents thereof are true and correct to the best of my information, knowledge, and belief.

/s/ Glenda Cafer