

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

In the Matter of the Application of Southern)
Pioneer Electric Company for Approval to) Docket No. 25-SPEE-353-TAR
Make Certain Changes to its Rules and)
Regulations Tariff.)

REBUTTAL TESTIMONY OF

**CHANTRY C. SCOTT
EXECUTIVE VP, ASSISTANT CEO & CFO
SOUTHERN PIONEER ELECTRIC COMPANY**

ON BEHALF OF

SOUTHERN PIONEER ELECTRIC COMPANY

July 14, 2025

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Chantry C. Scott. My business address for legal service is 1850 W. Oklahoma,
4 Ulysses Kansas 67880 and for mail receipt is PO Box 430, Ulysses Kansas 67880-0430.

5 **Q. Are you the same Chantry C. Scott who provided direct testimony in this docket?**

6 A. Yes.

7 **Q. What is the purpose of your rebuttal testimony in this proceeding?**

8 A. The purpose of my rebuttal testimony is to respond to certain positions advocated in the
9 direct testimony of Kansas Corporation Commission Staff (“Staff”) witness Douglas W.
10 Hall and Citizens’ Utility Ratepayer Board (“CURB”) witness Timothy Orr.

11 **Q. Are there any specific areas on which Staff and CURB agree with Southern Pioneer’s**
12 **requested revisions?**

13 A. Yes. It appears both Staff and CURB agree with Southern Pioneer’s request to limit credit
14 card payments to only residential customers or customers taking single-phase service. This
15 has been an important issue for the customers of Southern Pioneer, as it has been the subject
16 of recent Docket 25-SPEE-307-MIS in which the Commission has now granted Southern
17 Pioneer’s request on an expedited basis for a limited waiver related to the prior Rules and
18 Regulations related to credit card payments. Southern Pioneer is pleased that, in view of
19 the evidence presented, both Staff and CURB are agreeable with the permanent revisions
20 sought in this docket to help address issues related to substantial and numerous credit card
21 payments, and accrual of substantial and unexpected merchant charges, and it appears the
22 parties are of a consensus that these permanent revisions should be permitted.

23 **Q. Are there other issues where Staff and CURB disagree with Southern Pioneer’s**

1 **requested revisions?**

2 A. Unfortunately, yes there are, and I discuss some of those disagreements, and Southern
3 Pioneer’s response to Staff’s and CURB’s positions in the balance of my rebuttal testimony
4 below.

5 **Q. In your direct testimony, you discussed at some length the history of Southern**
6 **Pioneer. Why does that issue continue to be important?**

7 A. The history of Southern Pioneer as a company is perhaps the most important aspect of
8 understanding Southern Pioneer’s application in this docket. For that reason, I incorporate
9 my testimony regarding the history of Southern Pioneer herein by reference in its entirety.
10 This history is so paramount in this docket because it explains how and why Southern
11 Pioneer is a completely unique jurisdictional utility—different in size, available resources,
12 operation and governance—from all the other jurisdictional utilities regulated by the
13 Commission. Southern Pioneer is unique in that it is a non-profit corporation owned by a
14 self-regulated cooperative. It is operated like a cooperative, but because and only because
15 it does not have “member-owners” who vote on management decisions, it cannot legally
16 operate as a cooperative as defined under Kansas law, and instead must be subject to
17 regulation by the Commission. However, because it is a non-profit corporation, and
18 operated like a cooperative, utilizing many hallmark cooperative governing principals, it is
19 much more like a cooperative than a traditional independently owned utility (“IOU”).

20 **Q: Why is this significant in the context of this docket?**

21 Southern Pioneer believes that it should be regulated with this structure in mind. It is
22 reasonable for the Commission to be more flexible with the standards it applies to Southern
23 Pioneer, particularly where, as is the case in many instances in this docket, Southern

1 Pioneer is simply seeking to harmonize its rules and regulations with similar rules and
2 regulations approved by the membership of and effectively implemented and operated by
3 its parent company, Pioneer. In this regard, Southern Pioneer believes that rules and
4 regulations that are actually working for Pioneer and its similarly-situated customer base
5 are likely to also function and operate well for Southern Pioneer. This likely provides a
6 better measure of whether the requested changes are appropriate than the adopted Billing
7 Standards, which are designed not to accommodate practices of a company like Southern
8 Pioneer, but rather to accommodate and regulate business practices of much larger IOUs.

9 **Q. How do these issues apply with respect to the positions of Staff witness Mr. Hall in**
10 **this case?**

11 A. In a number of instances, Mr. Hall objects to revisions proposed by Southern Pioneer on
12 the basis that the changes arguably conflict with the Commission's Billing Standards, and
13 that Southern Pioneer has not explicitly requested a waiver of the Billing Standards.¹ Mr.
14 Hall states that a waiver can be allowed "in individual cases by the Commission upon
15 written request by the utility and a showing that compliance with the requirement would
16 not serve the interests of either the utility or the customer." Staff's stated position is that
17 Southern Pioneer did not request a waiver, and did not make this showing in its current
18 filing. Staff's position is incorrect, and importantly favors form over substance.

19 Southern Pioneer provided substantial support for its position that revisions
20 harmonizing its rules and regulations with those adopted by Pioneer is a sensible approach

¹ Mr. Hall cited the Billing Standards as one of if not the primary basis for rejecting Southern Pioneer's requested revisions in parts R.3.A.2.b., A.2.c., B.1.-7., R.4.E.1, E.4., R.5.C.i.6 and C.ii.4. My testimony in response, and the Company's position that the Commission should employ a more flexible approach and not simply rely on the Billing Standards applies to Staff's position in response to each of these requested revisions.

1 to fair regulation of Southern Pioneer, and that the prior Rules and Regulations regime,
2 inherited from Aquila in 2007, is not functional or appropriate for Southern Pioneer or its
3 customers. If Southern Pioneer did not expressly label its request to revise its rules and
4 regulations as a request for a waiver, certainly the Commission may deem its filing as one
5 and the same. Staff's position that certain revisions should not be permitted in whole or in
6 part because those revisions depart from the Billing Standards should not be afforded
7 substantial weight in this context. This is particularly true where, as is the case with respect
8 to Staff's objections to revisions to sections R.3.A.2.b., A.2.c., B.1.–7.,
9 R.4.E.1, E.4., R.5.C.i.6 and C.ii.4, the revisions in question are consistent with current rules
10 and regulations already implemented and employed by Pioneer.

11 **Q. Can you please restate why it is important for Southern Pioneer to align its Rules**
12 **and Regulations with those of Pioneer?**

13 A. The primary reasons why this is important are that Southern Pioneer and Pioneer are
14 generally governed and managed by the same board of trustees and management , and
15 an overlapping set of employees carry out the day-to-day operations of both companies.
16 Pioneer has implemented practices and procedures within its Rules and Regulations,
17 which are functioning efficiently and fairly for Pioneer customers. Although those
18 practices and procedures implemented by Pioneer have not had to be approved by the
19 KCC because Pioneer is a self-regulated cooperative, they have been approved through
20 Pioneer's one-member-one-vote cooperative structure, and as stated above, they are fair
21 and efficient practices in general. It is reasonable to assume that the same would very
22 likely be true as it relates to Southern Pioneer as well. In addition, harmonizing the
23 Rules and Regulations between the two companies where possible is far more efficient

1 from a management and operation standpoint for those same managers and employees
2 working on behalf of both companies to be able to utilize the same set of practices and
3 procedures. Therefore, alignment with Pioneer is reasonable and efficient, and allows
4 Southern Pioneer to adopt practices already beneficially in use by Pioneer.

5 **Q. Ultimately what is your response to Staff's rejection of specific revisions based on the**
6 **contention that they depart from the Commission Billing Standards?**

7 A. I believe this position adopts a form-over-substance approach, and is not reasonable under
8 the circumstances. As has been demonstrated in my direct testimony and again above,
9 given Southern Pioneer's unique corporate history and governance, which places it in a
10 regulatory environment that is more fit for IOUs than Southern Pioneer's cooperative-like
11 company form, a more flexible approach is reasonable. Southern Pioneer believes rules
12 and regulations that have been implemented by Pioneer better reflect rules and standards
13 that will work in practice, specifically because they have been implemented and utilized
14 efficiently in practice by Pioneer. In short, Southern Pioneer is much more like Pioneer in
15 its operation, its customer profiles, and its management, than it is like the IOUs for which
16 the Billing Standards are designed. It makes sense that Southern Pioneer should be
17 permitted to tie its Rules and Regulations much closer to those adopted and in use by
18 Pioneer, and departures from the Billing Standards should not weigh against revisions
19 offered in this docket.

20 **Q. How do you respond to Staff's position regarding Southern Pioneer's requested**
21 **amendment related to security deposits?**

22 A. As stated in my opening testimony, Southern Pioneer is requesting in its revision at R3 to
23 be allowed to require a security deposit from non-residential customers, including

1 Industrial and STR customers. Southern Pioneer intends to require security deposits from
2 all non-residential customers at the time of application for service. For existing customers,
3 Southern Pioneer intends to require security deposits for large industrial customers taking
4 service under Southern Pioneer's Industrial or Sub-Transmission and Transmission Service
5 tariffs, as well as from any non-residential customers that it perceives and determines, in
6 its good faith exercise, poses substantial risk, due primarily to the size of the account
7 coupled with volatility or uncertainty of the industry in which the customer is involved,
8 that nonpayment of an account will cause substantial harm to and be a substantial financial
9 burden to Southern Pioneer and its other customers.

10 Staff appears to oppose Southern Pioneer's request in part, and attempts to limit
11 Southern Pioneer's discretion to request and require a security deposit from specific non-
12 residential customers. Again, Staff bases its position largely on the Billing Standards. Staff
13 states that although it "understands and appreciates a utility's need to mitigate some of the
14 financial risk of serving customers that have demonstrated an inability or unwillingness to
15 pay bills consistently and on time," it nevertheless states the Billing Standards provide
16 sufficient guidance for when deposits can be required based on payment history or credit
17 standards, favoring that approach to Southern Pioneer's request to allow it more discretion
18 in this area. Again, Staff's analysis falls short here. Rules and guidelines that may be
19 suitable for a regulated IOU as to when a security deposit should be required are not
20 necessarily apt for Southern Pioneer, which functions much more like a cooperative. IOUs
21 can bear substantially more financial risk, and as a result do not need the same level of
22 leeway to require security for bill payment as may be needed for Southern Pioneer. A more

flexible approach that allows additional discretion to Southern Pioneer is needed, and it is reflected in the requested revisions.

Q. Are there specific instances in the past that caused Southern Pioneer to seek this level of discretion in requiring security deposits?

A. Yes. Both Southern Pioneer and its shared management with Pioneer have experience with non-residential customers and the greater risk they pose. In our experience, some industries, including energy and other commodity and market-related industries, pose a higher risk of nonpayment, and particularly for larger accounts, pose a greater risk of harm to Southern Pioneer related to unforeseen financial or economic downturn. As discussed in my direct testimony, Pioneer experienced the default and nonpayment of one of its large industrial members in 2016. The member had always been an “A” paying customer. Unfortunately, the member had been impacted by changes in the oil and gas market, and was quickly and unexpectedly forced into bankruptcy. The member had not experienced payment issues, and did not exhibit risky credit ratings. The pre-petition debt incurred by Pioneer as a result of this bankruptcy totaled \$2.1MM. Had Pioneer not held a security deposit equal to two times the highest monthly billings to apply against this significant amount of non-payment, Pioneer and its other members would have been substantially impacted by the default in payment as Pioneer had to pay Sunflower Electric for the wholesale power taken and delivered to this particular member. This would have resulted in rate shock for all Pioneer members.

Since that time, Southern Pioneer has been concerned that it will fact a similar scenario with one or more of its larger customers. More than 70% of Southern Pioneer’s revenue comes from commercial and industrial customers, and many of the commercial

1 and industrial customers that Southern Pioneer assumed from Aquila-WPK did not have
2 existing security deposits in place as Aquila-WPK retained them for its gas services.
3 Rather than risk non-payment and substantial financial risk to the company and its
4 customers, Southern Pioneer believes the best course of action would be to allow it
5 discretion to require security deposits, not under the Billing Standards which are crafted to
6 govern IOU regulated by the Commission, but under rules and regulations similar to those
7 adopted by Pioneer as a true peer organization.

8 **Q. What benefits are derived from permitting Southern Pioneer to require security**
9 **deposits in these circumstances?**

10 A. The primary benefit is protection provided to Southern Pioneer customers. The security
11 provided by such deposits protects against a situation in which an unforeseen default and
12 nonpayment causes financial distress to Southern Pioneer, requiring Southern Pioneer to
13 either incur additional debt, or to request that costs related to such nonpayment be
14 recovered from all classes of customers. An event of non-payment similar to the event
15 described above in my previous response could cause necessitate substantial rate increases
16 to Southern Pioneer customers, which may result in rate shock among its customers.
17 Neither situation is desirable. Although other regulated utilities may be in a better position
18 to absorb such non-payment events, this is not the case for Southern Pioneer. Indeed, it is
19 possible that nonpayment from just a handful of customers could challenge Southern
20 Pioneer's financial viability. The security deposits act as a hedge against these types of
21 substantial injuries, and ultimately is in the best interest and for the benefit of Southern
22 Pioneer's customers as a whole.

1 **Q. How do the requested changes to the security deposit requirements compare to**
2 **Pioneer's security deposit requirements?**

3 A. The changes requested by Southern Pioneer to security deposit requirements in this
4 Application follow the current requirements of Pioneer in its Rules and Regulations, with
5 the sole goal of mitigating risk and ultimately rate impacts to all customers as a result of
6 non-payment by a non-residential customer.

7 **Q. What changes are being requested regarding Southern Pioneer's notice of**
8 **discontinuance procedures?**

9 A. Southern Pioneer is requesting that it be allowed to remove sections in paragraph V.C.6.
10 prescribing the contents of notice of discontinuance of service to non-AMI metered
11 customers. That language was adopted as part of Southern Pioneer's Pilot Program under
12 the Commission's "Knock-and-Collect" procedures resulting from Docket No. 15-TIMX-
13 344-GIV ("Knock-and-Collect Docket"). Southern Pioneer is requesting permission to
14 remove that language, and instead state that the customer will receive notice of intent to
15 discontinue service by phone or as preferred by the customer, without prescribing any
16 required contents of such notice.

17 It appears both CURB and Staff oppose this change. Staff's primary position,
18 again, is that this is a departure from Billing Standards. I have addressed that position in
19 general above, and will not restate or repeat Southern Pioneer's arguments as to why this
20 approach is not reasonable under the circumstances.

21 CURB contends the changes would alter the time-frame of notice of discontinuance
22 and discontinuance of service adopted under the "Knock-and-Collect" Docket (Docket 15-
23 344). As stated in my direct testimony, however, this is not the case. The timeline

1 requiring 10 days written notice prior to discontinuance, additional notification of intent to
2 discontinue 2 days prior to discontinuance, and posting of notice of discontinuance 5 days
3 prior to discontinuance for multi-dwelling residential properties all remain the same. The
4 time periods and substance of Southern Pioneer's practices for notification of
5 discontinuance, and timeline of such notice in relation to ultimate discontinuance of service
6 remain unchanged. Therefore, these revisions to not present a material change in the rights
7 of the customer with respect to notice of discontinuance of service. They simply streamline
8 the required contents of any notice of discontinuance in a manner that is consistent with
9 Pioneer's practices.

10 **Q. Finally, could you address Southern Pioneer's requested revision as it relates to its**
11 **parallel generation rules and regulations?**

12 A. Yes. Southern Pioneer is requesting in this docket to remove or substantially remove the
13 procedures for interconnecting parallel generation facilities from its Rules and Regulations,
14 and instead refer within the Rules and Regulations to the FERC pro-forma Small Generator
15 Interconnection Procedures (SGIP). Southern Pioneer is making this request because it
16 desires to standardize its parallel generation interconnection procedures with the pro-forma
17 procedures approved by FERC, which procedures have already been adopted by the Kansas
18 Electric Cooperative for recommended use by its member cooperatives across the state,
19 including Pioneer. Additionally, the new Kansas parallel generation statute, K.S.A. §66-
20 1,184, which became effective on July 1, 2025, requires all non-regulated utilities to utilize
21 the FERC pro-forma SGIP. Pioneer adopted use of the FERC pro-forma procedures in
22 2022. Referring to the FERC pro-forma procedures instead of including the current pro-
23 forma procedures in the Rules and Regulations would allow Southern Pioneer the ability

1 to modify its procedures if the FERC pro-forma were to change, without having to file and
2 receive approval from the Commission on changes to the procedures. Additionally, it will
3 allow for one set of procedures to be used across both companies, and it meets the
4 requirements and intent of the new parallel generation statute.

5 **Q. What is Staff's response to this request?**

6 A. Staff oppose this request, and take the position that Southern Pioneer should file a separate
7 parallel generation tariff, and that any modification to the Rules and Regulations to move
8 or eliminate provisions related to parallel generation should be addressed in that separate
9 docket.

10 **Q. How do you respond to Staff's position?**

11 A. I disagree. Southern Pioneer's proposed language sets forth what a parallel generation
12 customer seeking to connect to Southern Pioneer's system is required to do. Rather than
13 house forms, technical requirements and guidance regarding parallel generation service
14 in the Rules and Regulations, the requested change allows Southern Pioneer to house
15 those documents on its website, and have the Rules and Regulations simply guide
16 customers to those documents on its website. The revision specifically states that the
17 procedures and forms will be substantially modelled after the FERC pro-forma Small
18 Generator Interconnection Procedures, which FERC does revise from time to time. The
19 revision requested by Southern Pioneer has multiple benefits. First, it streamlines the
20 Rules and Regulations regarding parallel generation, and aligns those provisions with
21 similar provisions utilized by Pioneer. More importantly, however, because the forms,
22 guidance and technical requirements would be housed on Southern Pioneer's website,
23 and not in the Rules and Regulations, Southern Pioneer would be able to more nimbly

1 revise these forms on its website to keep pace with and adopt changes made by FERC
2 to its forms from time to time. By contrast, if all of these documents remain in the Rules
3 and Regulations, Southern Pioneer would have to initiate dockets, like the current
4 docket, every time it needs to revise its forms to adopt any revisions made by FERC.
5 Southern Pioneer believes Staff's position is not reasonable under the circumstances,
6 and should be rejected.

7 **Q. Does this conclude your rebuttal testimony?**

8 **A.** Yes, it does.

VERIFICATION

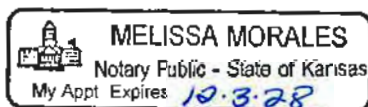
STATE OF KANSAS)
) ss:
COUNTY OF GRANT)

The undersigned, Chantry C. Scott, upon oath first duly sworn, states that he is Executive VP – Assistant CEO & Chief Financial Officer of Southern Pioneer Electric Company, that he has reviewed the foregoing document titled “Rebuttal Testimony” before the State Corporation Commission of the State of Kansas, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.



Chantry C. Scott

Subscribed and sworn to before me this 14th day of July, 2025.



Notary Public

My appointment expires: 12/31/28

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was electronically filed with the Kansas Corporation Commission on July 14, 2025, and that one copy was delivered electronically to all parties on the service list as follows:

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