

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

In the Matter of the Application of Kansas)
Power Pool for a Certificate of Convenience)
and Authority to Transact the Business on) Docket No. 18-KPEE-343-COC
an Electric Public Utility in the State of)
Kansas for Transmission Rights Only in
Cross Service Territory of Southern Pioneer
Electric Company and Ninnescah Rural
Electric Company.

DIRECT TESTIMONY OF

**CHANTRY C. SCOTT
CFO AND VICE PRESIDENT OF FINANCE AND ACCOUNTING
SOUTHERN PIONEER ELECTRIC COMPANY**

ON BEHALF OF

SOUTHERN PIONEER ELECTRIC COMPANY

July 9, 2018

I. INTRODUCTION AND BACKGROUND

Q. Please state your name and business address.

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

Q. What is your profession?

A. I am the Chief Financial Officer – VP of Finance & Accounting (“CFO”) and Assistant Secretary of Southern Pioneer Electric Company, (“Southern Pioneer”), with its corporate office in Ulysses, Kansas and distribution-customer service offices located in both Liberal and Medicine Lodge, Kansas. I am also CFO of Pioneer Electric Cooperative, Inc. (“Pioneer”), which is a member-owned electric cooperative not subject to Kansas Corporation Commission (“KCC” or “Commission”) for rate setting and 100% owner of Southern Pioneer.

Q. Please describe your responsibilities with Southern Pioneer.

A. As the CFO, I work directly for the President-Chief Executive Officer. I am responsible for assisting with establishing financial policy and rates, implementing Board-approved strategic programs, and the overall financial operations of Southern Pioneer. As the Assistant Secretary, in the absence of the Corporate Secretary, I sign and attest to corporate resolutions and other documents as necessary or as authorized or directed by the Board of Directors.

Q. What is your educational background?

A. I graduated from the University of Kansas in 2000 with a Bachelor of Science in both Accounting and Business Administration, and in 2001 with a Master of Accounting and Information Systems. I attended and completed various industry specific trainings

including National Rural Electric Cooperative Association's Financial Planning and Strategies Workshop and the Cooperative Financial Professional Certificate program.

Q. What is your professional background?

A. I began work at Pioneer in June of 2001 as Senior Accountant, where I assisted the Manager of Finance and Administration in completing general accounting activities. In December 2003, I was promoted to Manager of Accounting where I oversaw the Financial Accounting department's activities such as budgeting, financial forecasting, monthly and annual reporting, and various other accounting activities. In May 2011, I was promoted to my current position of Chief Financial Officer and VP of Finance and Accounting at Pioneer. Pursuant to the Services Agreement, dated July 7, 2006 between Pioneer and Southern Pioneer, I was also appointed Southern Pioneer's Chief Financial Officer and VP of Finance and Accounting and Southern Pioneer's Assistant Secretary.

Q. Have you previously presented testimony before the KCC?

A. Yes. I provided prefiled direct and rebuttal testimony in Docket No. 12-MKEE-380-RTS (the "12-380 Docket"), Docket No. 13-MKEE-699-RTS (the "13-699 Docket"), and Docket No. 15-SPEE-161-RTS (the "15-161 Docket"). I have also provided review of or assisted with preparing responses to and supporting documents for numerous data requests and witness testimony in numerous Southern Pioneer dockets.

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

A. The purpose of my testimony is to provide support for Southern Pioneer's expected financing and operating costs as it relates to the "Or" pricing methodology provided in response to KCC Staff DR-13 – Attachment 3 and referenced in Mr. Brian Beecher's testimony, specifically Exhibit BDB-3, and to clarify the source of year-end operating costs

used by Mr. Davis Rooney in his economic cost-benefit analysis of the Southern Pioneer SemCrude Upgrade compared to the Kingman Direct Connect projects.

II. EXPECTED FINANCING COST

Q. How was the borrowing rate utilized in the “Or” pricing model determined?

A. Southern Pioneer calculated a weighted average long-term interest rate based on existing debt at December 31, 2017. It was 5.39%.

Q. Although the “Or” pricing model relies on December 31, 2017 financial information, what is Southern Pioneer’s current expected financing or borrowing costs for new long-term debt?

A. Based on information provided to me by CoBank, Southern Pioneer’s sole lender, in June 2018, CoBank anticipates Southern Pioneer’s interest rate on new 30-year financing, with a mortgage style level monthly payment schedule, to be approximately 5.26%. Southern Pioneer does not anticipate any material out of pocket issuance costs for obtaining this financing.

III. OPERATING COST

Q. Does Docket No. 18-SPEE-477-RTS (“18-477 Docket”) provide Southern Pioneer’s most recent year-end operating costs in a format consistent with protocols approved in Docket No. 15-SPEE-519-RTS (“15-519 Docket”)?

A. Yes, the 18-477 Docket provides, as of December 31, 2017, year-end operating costs as approved by the Commission in the 15-519 Docket protocols.

Q. How was the O&M Recovery Rate utilized in the “Or” pricing model determined?

A. The calculation the O&M Recovery Rate of 6.13% is shown in work papers submitted to support the testimony of Mr. Davis Rooney. His calculation relies on financial information contained in the 18-477 Docket exhibits.

Q. Does this conclude your Direct Testimony?

A. Yes, it does.

PREFILED DIRECT TESTIMONY

DOCKET NO. 18-KPPE-343-COC

VERIFICATION OF CHANTRY C. SCOTT

STATE OF KANSAS)
) ss:
COUNTY OF GRANT)

Chantry C. Scott, being first duly sworn, deposes and says that he is the Chantry C. Scott referred to in the foregoing document titled "Prefiled Direct Testimony of Chantry C. Scott" before the State Corporation Commission of the State of Kansas, that he is an officer of Southern Pioneer Electric Company, and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

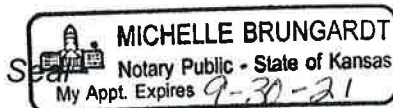


Chantry C. Scott

SUBSCRIBED AND SWORN to before me this 9 day of JULY 2018.



Notary Public



My Appointment Expires: 9-30-2021