

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

In the Matter of the Joint Application of)
Sunflower Electric Power Corporation,)
and Wheatland Electric Cooperative, Inc., for Approval)
of a Local Access Charge and a 34.5kV Formula-) Docket No. 25-_____
Based Rate.)
)
)

PREFILED DIRECT TESTIMONY OF

JAMES BRUNGARDT

ON BEHALF OF SUNFLOWER ELECTRIC POWER CORPORATION

February 5, 2025

1 **Q: Please state your name.**

2 A: My name is James Brungardt.

3 **Q: By whom are you employed and what is your business address?**

4 A: I am employed by Sunflower Electric Power Corporation (“Sunflower”). My
5 business address is 301 W. 13th Street, Hays, Kansas.

6 **Q: What is your present position at Sunflower?**

7 A: I am the Manager of Regulatory and Government Affairs.

8 **Q: Please describe your education, experience and employment history.**

9 A: I received my Bachelor of Business Administration with concentrations in
10 finance and marketing from Fort Hays State University. Prior to joining
11 Sunflower, I worked for Midwest Energy, Inc. (“Midwest Energy”) as a
12 system operator. During my time at Midwest Energy I became a certified
13 Reliability Coordinator through the North American Electric Reliability
14 Corporation. I joined Sunflower in 2012 as a Regulatory Affairs
15 Administrator where I worked closely with Sunflower management to
16 complete a variety of regulatory projects and rate case filings. I was
17 promoted to my current position in July 2016. During my time at
18 Sunflower, I have been heavily involved in numerous rate and regulatory
19 filings with both the Kansas Corporation Commission and the Federal
20 Energy Regulatory Commission.

21 **Q: What is the purpose of your testimony today?**

22 A: The purpose of my testimony is to provide information regarding the policy
23 reasons for instituting Wheatland’s formula-based rate (“FBR”) and how

1 the FBR has generally provided benefit to both utilities and ratepayers.

2 1. **POLICY REASONS FOR INSTITUTING AN FBR AND ITS BENEFITS**

3 **Q: What are the general policy reasons for instituting an FBR?**

4 A: FBRs are widely used by utilities to recover their costs on a timely basis.

5 In short, an FBR minimizes regulatory costs for the Commission, the

6 public utility, and its customers, while allowing customers to bear the

7 actual cost of the system in as close to real-time as possible.

8 **Q: How does an FBR minimize regulatory costs for the Commission?**

9 A: While the Commission will certainly expend resources in this docket to

10 review, analyze, and approve an appropriate FBR, the future costs

11 associated with rate changes are drastically reduced. An FBR is an

12 approved formula that calculates the annual revenue requirement.

13 Instead of seeking approval of a full-fledged rate case each year, the utility

14 need only make a yearly update filing of the revenue requirement (as

15 determined by the formula), which will take into account any substantive

16 changes for the upcoming rate year, as specified in the formula rate

17 implementation protocols approved by the Commission. The

18 Commission's review of that annual filing is far less burdensome than a

19 full-fledged rate case.

20 **Q: How does an FBR minimize regulatory costs for the public utility and**
21 **its customers?**

22 A: For the same reasons that it minimizes the regulatory costs to the

23 Commission, the avoidance of annual rate cases. Rate cases require an

1 enormous amount of time and resources on behalf of both the
2 Commission and the utility seeking its approval. The cost of filings,
3 motions, discovery, hearings, and consultants can be significant. The
4 ability to avoid a large portion of those costs, while still obtaining
5 regulatory approval, is an enormous benefit to the utility. In turn, because
6 those costs are ultimately borne by customers, an FBR provides
7 considerable cost savings to the customers themselves.

8 **Q: How does an FBR allow “customers to bear the actual cost of the**
9 **system in as close to real-time as possible”?**

10 A: With a traditional rate case, there is a “regulatory lag” in recovery through
11 rates. What that means is that after a traditional rate case is approved,
12 the utility recovers rates that are based off a historical test year’s costs,
13 and in most cases, it continues to do so for several years in a row until a
14 subsequent rate case is filed. Thus, under the traditional rate case format,
15 a utility will often need to play catch up to recover appropriate costs to
16 provide service, which can cause large rate “swings” in the amount paid
17 by the customer for service. While there are different approaches to FBRs
18 (fully historical test year, hybrid test year with limited projections, or fully
19 projected test year), the proposed 34.5kV FBR update historical costs
20 every year, therefore syncing up when the costs occur with their recovery
21 in a much more efficient way than a traditional rate case. In other words,
22 customers are paying costs as close to the time they are occurring as
23 possible while avoiding large rate adjustments each year associated with

1 a traditional rate case.

2 **Q: What is the advantage associated with allowing customers to bear**
3 **the actual cost of the system in as close to real time as possible?**

4 A: The advantage is that customers who are using the current system are
5 able to pay for the current system through current rates. An FBR aligns
6 the period of time in which costs are incurred to the period of time in which
7 rates are paid, making the rate under an FBR a more accurate reflection
8 of the system that any one ratepayer is currently using in real time.

9 **Q: Does Sunflower have an FBR in place?**

10 A: Yes, Sunflower has had an FBR in place for its transmission rate since
11 2013.

12 **Q: Do you estimate that the Sunflower FBR has reduced the regulatory**
13 **costs of approving an annual rate?**

14 A: Yes, the costs of the annual filings are less in comparison to the amount
15 that would have been expended on a traditional rate case. Although the
16 initial approval of the FBR takes considerable time and resources, the
17 annual filings in place of a rate case create far less regulatory costs.

18 **Q. Do any of the Sunflower members have 34.5kV FBRs?**

19 A. Yes. Formula rates were approved for Prairie Land Electric Cooperative,
20 Victory Electric Cooperative, Western Cooperative Electric and Southern
21 Pioneer Electric Company in Docket 16-MKEE-023-TAR.

22 **Q. Were there any requirements for Sunflower members to make**
23 **subsequent filings to review their 34.5 FBRs?**

1 A. Yes. The Commission required each Sunflower member with a 34.5kV
2 FBR to make a subsequent filing 5 years after implementation to review
3 the formulas and ensure the process was working as planned.

4 **Q. Were these subsequent filings approved by the Commission?**

5 A. Yes. The subsequent filings were approved for Prairie Land, Victory and
6 Western in Docket 21-SEPE-049-TAR and for Southern Pioneer in Docket
7 21-SEPE-047-TAR.

8 **Q. Is it your understanding that all parties agreed to continue using
9 34.5kV FBR after the five year review?**

10 A. Yes. The Commission approved Sunflower members continued use of the
11 FBRs in the above referenced dockets.

12 **Q: In your opinion, have Sunflower members seen the advantages of
13 the policy arguments in favor of an FBR?**

14 A: Yes.

15 **2. SUNFLOWER AS A JOINT APPLICANT**

16 **Q: Does Sunflower own any portion of the 34.5kV sub-transmission
17 facilities that are the subject of the formula-based rate applied for in
18 this docket?**

19 A: No.

20 **Q: Why then, is Sunflower a joint applicant in this proceeding?**

21 A: The answer to that question requires a review of the historical background
22 of the 34.5kV sub-transmission facilities that are the subject of this
23 formula-based rate ("34.5kV Facilities"). In short, Mid-Kansas Electric

1 Company, LLC (“Mid-Kansas”)(now Sunflower) previously agreed to serve
2 as the single point of contact for the Kansas Electric Power Cooperative,
3 Inc. (“KEPCo”) and the Kansas Power Pool (“KPP”) for wholesale local
4 access delivery service (“LADS”) provided over the 34.5kV Facilities, and
5 more specifically, as the single consolidated billing agent for each Mid-
6 Kansas Members’ local access charge (“LAC”) under the LADS tariff.
7 Currently, service over the 34.5kV Facilities is provided to all wholesale
8 LADS customers, administered by Mid-Kansas pursuant to the terms of
9 the Mid-Kansas Open Access Transmission Tariff (“OATT”).

10 **Q: Please give a historical overview of how that arrangement came to**
11 **be.**

12 A: On February 23, 2007, the Commission issued an Order Adopting
13 Stipulation and Agreement in Docket No. 06-MKEE-524-ACQ, approving
14 the transfer of Aquila, Inc. d/b/a Aquila Networks – WPK’s (“WPK”)
15 generation, transmission and local distribution facilities located in Kansas
16 to Mid-Kansas. Those assets were operated by WPK as a vertically
17 integrated utility. However, on December 21, 2007, the Commission
18 issued an Order Approving Spin-Down of Distribution Assets in Docket
19 No. 08-MKEE-099-MIS, approving the transfer of certain Mid-Kansas
20 assets to the six Mid-Kansas Members.

21 **Q: Did the transfer of assets in Docket No. 08-MKEE-099-MIS include the**
22 **34.5kV Facilities?**

23 A: Yes.

1 **Q: Are the 34.5kV Facilities “transmission facilities” as per Attachment**
2 **AI to the SPP Open Access Transmission Tariff?**

3 A: The Commission concluded in the 11-GIME-597-GIE Docket (“11-597
4 Docket”) that “the 34.5kV facilities at issue are not ‘transmission facilities’
5 as per Attachment AI to Southwest Power Pool, Inc.’s (“SPP”) Open Access
6 Transmission Tariff (“SPP OATT”)¹. The Commission found, in part,

7 that a necessary condition for inclusion of the Member’s
8 facilities in the SPP transmission system and under the SPP
9 OATT is not met because ownership and control of the
10 facilities resides with the MKEC Members who are not
11 members of SPP, and a stipulated finding that the facilities
12 that currently provide or are necessary to provide
13 transmission service to one or more wholesale customers
14 (Member Facilities) are being used to provide “transmission
15 service” under Kansas law and such service must be provided
16 under the Mid-Kansas open access transmission tariff²

17 **Q: If the Members own the 34.5kV Facilities, why was there a need for**
18 **Sunflower to be a “billing agent”?**

19 A: In Docket No. 09-MKEE-969-RTS (“09-969 Docket”), KPP and KEPCo
20 requested that the terms and conditions of wholesale LADS service over
21 the 34.5kV Facilities, including the billing of the Member LAC, be
22 coordinated directly with Mid-Kansas. It was believed that such a
23 structure would coordinate a seamless, nondiscriminatory interface with
24 wholesale LADS customers.³ Through continued negotiations with KPP
25 and KEPCo, the following final agreement was reached in Section III.D.
26 paragraph 9 of the Stipulation and Agreement, as approved and

¹ 11-597 Docket, Order Addressing Joint Motion to Approve Stipulation and Agreement, ¶18.

² *Id.*

³ Docket No. 09-MKEE-969-RTS, Direct Testimony of Larry W. Holloway, Page 17, Lines 3-15.

1 incorporated by reference into the Order Approving Unanimous Stipulation
2 and Agreement in the 09-969 Docket:

3 In order to provide KPP and KEPCo with long-term open access
4 transmission service from their sources of supply to their
5 respective delivery points which now exist and may be added on
6 the 34.5-kV and lower-voltage facilities owned by the Mid-Kansas
7 Members, and as a condition of settlement, Mid-Kansas and the
8 Mid-Kansas Members will enter into an agency agreement
9 designating Mid-Kansas as the agent for the Mid-Kansas
10 Members for these purposes. Mid-Kansas, as agent, shall serve
11 as the single point of contact for KEPCo and KPP for all local
12 delivery service on the affected Mid-Kansas Members' 34.5-kV
13 and lower-voltage facilities. . . . Additionally, Mid-Kansas, as
14 agent, will provide single consolidated billing of the Mid-Kansas
15 Members' LAC for KEPCo and KPP.

16
17 (Emphasis added.)

18 **Q: Is that the sole instance where Mid-Kansas agreed to serve as the**
19 **single point of contact for KEPCo and KPP, or other third-party**
20 **wholesale LADS customers with respect to the 34.5kV Facilities?**

21 A: No. Subsequent to the 969 Docket, the same “single point of contact”
22 issues were raised in the 11-597 Docket. The 11-597 Docket centered
23 around the classification of the services provided by the 34.5kV Facilities.
24 In paragraph 8 of the 11-597 Docket Order Addressing Joint Motion to
25 Approve Stipulation and Agreement, the Commission found that the
26 34.5kV Facilities that serve a wholesale LADS customer(s) do provide a
27 local “transmission service” regulated by the Commission under Kansas
28 law, but are not classified as “transmission facilities” under Attachment A1
29 of the SPP’s OATT. Because this transmission service over the 34.5kV
30 Facilities is not administered under the SPP OATT, and Mid-Kansas

1 agreed in the 09-969 Docket to serve as the single point of contact and
2 billing agent for wholesale LADS (“transmission service”) over the 34.5kV
3 Facilities, Mid-Kansas was obligated to function as the billing agent for this
4 transmission service over the 34.5kV Facilities, and further agreed to
5 amend its Open Access Transmission Tariff to provide for the *pro forma*
6 terms and conditions under which such service would be administered.

7 **Q: After the 11-597 Docket, did Mid-Kansas file for approval of an**
8 **amended OATT?**

9 A: Yes, the amended Mid-Kansas OATT was initially approved in Docket No.
10 12-MKEE-650-TAR (“12-650 Docket”). Mid-Kansas administers wholesale
11 LADS over the Member-owned 34.5kV Facilities through the Mid-Kansas
12 OATT and has since the 12-650 Docket.⁴

13 **Q: If the proposed 34.5kV FBR for Wheatland is approved by the**
14 **Commission, how will the corresponding Member-LAC rates actually**
15 **be billed to wholesale LADS customers?**

16 A: As I previously stated, Sunflower (as the surviving entity of the merger
17 between Sunflower and Mid-Kansas) administers wholesale LADS under
18 the Mid-Kansas OATT. The Wheatland Electric Cooperative, Inc.
19 (“Wheatland”) LAC rate, which will now be set annually by Wheatland’s
20 proposed 34.kV FBR (if approved), is the charge for wholesale LADS
21 customers under Wheatland’s LADS tariff, incorporated by reference into

⁴ The current version of the Mid-Kansas OATT was approved by the Commission on April 29, 2014 in Docket No. 14-MKEE-170-TAR.

1 the Mid-Kansas OATT. Once set by the Wheatland-34.5kV FBR,
2 Sunflower will bill wholesale LADS customers the adjusted LAC in
3 accordance with the provisions for LADS under the Mid-Kansas OATT.⁵

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

5 **A:** Yes, it does.

⁵ Sunflower bills each Member's LAC pursuant to Schedules 7, 8 and 9 and Attachment H of the Mid-Kansas OATT, as applicable depending on the type of LADS secured by the wholesale LADS customer and as reflected in the wholesale LADS agreements. Once the Member's adjusted LAC is approved by the Commission under the 34.5kV FBR, the Member's LAC under such schedules and attachment will automatically update accordingly without the need for a separate filing by Sunflower.

VERIFICATION OF JAMES BRUNGARDT

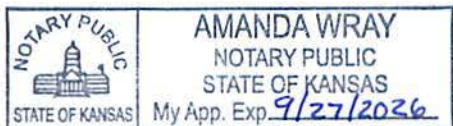
STATE OF KANSAS)
) ss:
COUNTY OF ELLIS)

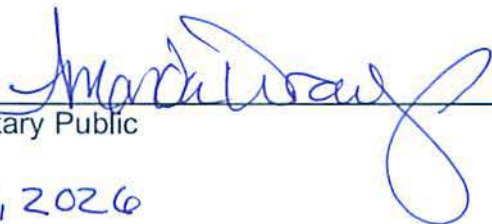
James Brungardt, being first duly sworn, deposes and says that he is the James Brungardt referred to in the foregoing document entitled "Direct Testimony of James Brungardt" before the State Corporation Commission of the State of Kansas and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.



James Brungardt

SUBSCRIBED AND SWORN to before me this 5th day of February, 2025.





Notary Public

My Appointment Expires: Sept. 27, 2026