

July 27, 2020

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 Relations.

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

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

22 **Q: What is the purpose of your testimony?**

23 A: The purpose of my testimony is to provide:

- 1 - An explanation of the reasons for Sunflower’s involvement in this
2 proceeding.
- 3 - A summary of how the loss factor in Southern Pioneer Electric
4 Company’s (“Southern Pioneer”) Local Access Delivery Service
5 (“LADS”) Tariff is applied.

6 Sunflower as a Joint Applicant

7 **Q. Does Sunflower own any portion of the 34.5 kV sub-transmission**
8 **facilities for which the proposed updated loss factors in this docket**
9 **apply to?**

10 A. No.

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

A: The answer to that question requires a review of the historical background of the 34.5 kV sub-transmission facilities to which the proposed loss factor applies (“34.5 kV Facilities”). On January 1, 2020, Sunflower and Mid-Kansas Electric Company, Inc. (formerly known as Mid-Kansas Electric Company, LLC) (“Mid-Kansas”), merged, with Sunflower as the surviving entity, all pursuant to Docket No. 19-SEPE-054-MER (“19-054 Docket”). Mid-Kansas had previously agreed to serve as the single point of contact for the Kansas Electric Power Cooperative, Inc. (“KEPCo”) and the Kansas Power Pool (“KPP”) for wholesale local access delivery service (“LADS”) provided over the 34.5 kV Facilities, and more specifically, as the single consolidated billing agent for each Mid-Kansas members’ local access charge (“LAC”) under their respective LADS tariff. As of the date

1 of merger of Sunflower and Mid-Kansas, service over the 34.5 kV
2 Facilities was provided to all wholesale LADS customers pursuant to the
3 terms of the Mid-Kansas Open Access Transmission Tariff (“OATT”).
4 Pursuant to the Settlement Agreement in the 19-054 Docket, as approved
5 by the Commission, the Mid-Kansas OATT is to remain in effect upon
6 merger, with Sunflower serving as the “Transmission Provider” under the
7 Mid-Kansas OATT.¹

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

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

19 **Q: Did the transfer of assets in Docket No. 08-MKEE-099-MIS include the**
20 **34.5 kV Facilities?**

¹ Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER, ¶17 (filed as Exhibit A to Joint Motion for Approval of Unanimous Settlement Agreement on March 5, 2019); Order Approving Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER (filed March 28, 2019).

1 A: Yes.

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

4 A: The Commission concluded in the 11-GIME-597-GIE Docket (“11-597
5 Docket”) that “the 34.5 kV facilities at issue are not ‘transmission facilities’
6 as per Attachment AI” to Southwest Power Pool, Inc.’s (“SPP”) Open
7 Access Transmission Tariff (“SPP OATT”).² The Commission found, in part,

8 that a necessary condition for inclusion of the Member’s
9 facilities in the SPP transmission system and under the SPP
10 OATT is not met because ownership and control of the
11 facilities resides with the MKEC Members who are not
12 members of SPP, and a stipulated finding that the facilities
13 that currently provide or are necessary to provide
14 transmission service to one or more wholesale customers
15 (Member Facilities) are being used to provide “transmission
16 service” under Kansas law and such service must be provided
17 under the Mid-Kansas open access transmission tariff³

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

20 A: In Docket No. 09-MKEE-969-RTS (“09-969 Docket”), KPP and KEPCo
21 requested that the terms and conditions of wholesale LADS service over
22 the 34.5 kV Facilities, including the billing of the Member LAC, be
23 coordinated directly with Mid-Kansas. It was believed that such a
24 structure would coordinate a seamless, nondiscriminatory interface with
25 wholesale LADS customers.⁴ Through continued negotiations with KPP
26 and KEPCo, the following final agreement was reached in Section III.D.

² 11-597 Docket, Order Addressing Joint Motion to Approve Stipulation and Agreement, ¶18.

³ *Id.*

⁴ Docket No. 09-MKEE-969-RTS, Direct Testimony of Larry W. Holloway, Page 17, Lines 3-15.

1 paragraph 9 of the Stipulation and Agreement, as approved and
2 incorporated by reference into the Order Approving Unanimous Stipulation
3 and Agreement in the 09-969 Docket:

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

17
18 (Emphasis added.)

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

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

1 Facilities is not administered under the SPP OATT, and Mid-Kansas
2 agreed in the 09-969 Docket to serve as the single point of contact and
3 billing agent for wholesale LADS (“transmission service”) over the 34.5 kV
4 Facilities, Mid-Kansas was obligated to function as the billing agent for this
5 transmission service over the 34.5 kV Facilities. Mid-Kansas further
6 agreed to amend its Open Access Transmission Tariff to provide for the
7 *pro forma* terms and conditions under which such service would be
8 administered.

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

11 A: Yes, the amended Mid-Kansas OATT was initially approved in Docket No.
12 12-MKEE-650-TAR (“12-650 Docket”). Mid-Kansas administers wholesale
13 LADS over the Member-owned 34.5 kV Facilities through the Mid-Kansas
14 OATT, and has since the 12-650 Docket.⁵

15 **Updated Loss Factors**

16 **Q: Please describe the tariff used to establish the loss factor for LADS.**

17 A: Southern Pioneer has an individual wholesale LADS Tariff that provides
18 the charge for LADS, commonly referred to as the Local Access Charge
19 (“LAC”). That LADS Tariff also includes a loss factor percentage used to
20 apply energy losses for LADS.

21 **Q: Are the Joint Applicants now requesting to update that loss factor in**

⁵ 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 LADS Tariff?**

2 A: Yes. The Joint Applicants are requesting to update the energy loss factor
3 in Southern Pioneer's LADS Tariff with the proposed loss factor described
4 in the current Joint Application and supporting testimony.

5 **Q. You referenced above that Sunflower serves as the billing agent for**
6 **LADS. Does that mean that Sunflower also serves as the agent for**
7 **application of the loss factors associated with LADS?**

8 A. Yes, under the LADS Tariff, the loss factors are used in conjunction with
9 the billing by Sunflower of the LAC.

10 **Q. Please explain how the loss factors are applied when Sunflower bills**
11 **the LAC.**

12 A. Generally, Sunflower gathers meter data to determine the number of
13 billing units (commonly referred to as kilowatt-hours ("kWhs")) that
14 wholesale LADS customers are taking at their delivery points off Southern
15 Pioneer's 34.5 kV Facilities. Because those meter readings only
16 represent the number of billing units at the point at which a wholesale
17 LADS customer's power is leaving the 34.5 kV Facilities, they must be
18 "trued-up" to the number of billing units at the point at which a wholesale
19 LADS customer's energy enters the 34.5 kV Facilities to represent the true
20 amount of LADS. The loss factor represents a percentage that estimates
21 the percentage of energy "lost" between those two points, and can be
22 multiplied by the meter reading at the point at which a wholesale LADS
23 customer's power leaves the 34.5 kV Facilities. For example, to make the

1 math easy, assume that a wholesale customer takes 100 kWhs of LADS
2 at its 34.5 kV delivery point, and the corresponding 34.5 kV system loss
3 factor is 2%. That wholesale customer will receive a bill for 102 kWhs, or
4 100 kWhs multiplied by 1.02 (adding back in the 2% of losses).

5 **Q. What does the loss factor percentage represent?**

6 A. The loss factor represents a mathematical estimation, as determined by
7 the study more specifically described by the Prefiled Direct Testimony of
8 Erik Sonju, of the amount of energy “lost” on the 34.5 kV Facilities. It is
9 used to determine the actual amount of billing determinants that a
10 wholesale LADS customer should be charged each month. When
11 Sunflower bills the LAC on behalf of Southern Pioneer, that loss factor is
12 accounted for in each bill.

13 **Q. What is the specific loss factor that the Joint Applicants are**
14 **requesting?**

15 A. Table 1 below shows the existing loss factors for Southern Pioneer along
16 with the proposed new energy loss factor. Details describing the
17 calculation of the loss factor can be found in the Prefiled Direct Testimony
18 of Eric Sonju. I am including the loss factors here for informational
19 purposes, and will defer to Mr. Sonju on the analysis associated with the
20 calculation and the ultimate loss factor.

21 **Table 1**

<u>Company</u>	<u>Existing Loss Factor</u>	<u>Proposed Loss Factor</u>
Southern Pioneer	1.86%	2.70%

1

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

3 **A. Yes, it does.**

VERIFICATION

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 "Prefiled 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

July **SUBSCRIBED AND SWORN** to before me this 23 day of
_____, 20 20.


Notary Public

My Appointment Expires: 11.13.2020

