

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

Received
on

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DIRECT TESTIMONY
OF
DONALD L. GULLEY

by
State Corporation Commission
of Kansas

DOCKET NO. 12-MKEE-380-RTS

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

2 A. My name is Donald L. Gulley.

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. Sunflower, through its
6 employees, operates Mid-Kansas Electric Company, LLC ("Mid-Kansas"), the
7 applicant in this docket.

8 **Q. What is your present position at Sunflower and how long have you held this
9 position?**

10 A. I am the Senior Manager, Regulatory Relations and Billing. I joined Sunflower in
11 August 2010.

12 **Q. What is your educational and professional background?**

13 I hold B.S. degrees in Geology (1984) and Electrical Engineering (1987) from
14 Southern Illinois University – Carbondale. I also hold a M.B.A. degree from
15 Southern Illinois University – Edwardsville (1993). Prior to joining Sunflower I
16 was employed by Ameren Corporation for over 23 years, where I held various
17 leadership positions. Immediately prior to joining Sunflower I held the position

1 of Manager, Business Operations for Ameren Energy Marketing with primary
2 responsibility for overseeing Account Management functions and Regional
3 Transmission Organization (RTO) Market Operations for Ameren's merchant
4 generation business.

5 **Q. On whose behalf are you providing testimony?**

6 A. I am testifying on behalf of Mid-Kansas.

7 **Q. Have you previously testified before the State Corporation Commission of**
8 **the State of Kansas ("Commission" or "KCC")?**

9 A. Yes. I provided testimony in KCC Docket No. 11-GIME-597-GIE ("the 597
10 Docket")¹.

11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to address certain assertions made by Kansas
13 Electric Power Cooperative, Inc. ("KEPCo") witness Mr. Stephen Daniel relating
14 to 34.5 kV "sub-transmission" facilities.

15 **Q. On pages 23-24 of his Direct testimony Mr. Daniel asserts that there is a**
16 **higher revenue requirement associated with 34.5 kV "sub-transmission"**
17 **facilities as a result of the assets being spun down from Mid-Kansas to the**
18 **Member Divisions. Mr. Daniel compares the financial metrics filed in Mid-**
19 **Kansas' recent Formula Based Transmission Rate filing (12-MKEE-650-**
20 **TAR) to the financial metrics in the instant Southern Pioneer rate**
21 **Application. Is this an accurate assessment?**

¹ "In the Matter of a General Investigation Into the Classification as Transmission or Distribution of Certain 34.5 kV Facilities Owned by Certain Members of Mid-Kansas Electric Company, LLC and Into Certain Agreements Relating to the Provision of Wholesale Service by Mid-Kansas Electric Company, LLC to Kansas Power Pool and Kansas Electric Power Cooperative, Inc. on Such Facilities."

1 A. No it is not. First, the comparison is a theoretical exercise at best and irrelevant to
2 the Southern Pioneer rate filing. The decision to spin down the assets was
3 contemplated and approved by the Commission in Docket No. 06-MKKEE-524-
4 ACQ (“the 524 Docket), and the classification of the 34.5 kV assets as to whether
5 or not they are transmission related was determined in the 597 Docket I
6 referenced earlier. KEPCo signed and the Commission approved the unanimous
7 agreement in the 597 Docket which stipulates that the 34.5 kV assets are not
8 “transmission facilities” and thus not recoverable through Mid-Kansas’ Formula
9 Based Transmission Rate. The language from the unanimous agreement reads, in
10 part:

11 “(a) The 34.5 kV facilities at issue were characterized by the prior
12 owner as "sub" or "local" transmission and now are owned by non-
13 SPP member distribution utilities. The Signatories stipulate and
14 recommend that the Commission should find, given its discretion as
15 to how to weigh the various components of the Seven Factor Test,
16 that the facilities at issue are not "transmission facilities" as
17 contemplated in Attachment AI to SPP's Open Access Transmission
18 Tariff (OATT).
19

20 (b) A necessary condition for inclusion of the Mid-Kansas Member
21 34.5 kV facilities in the SPP transmission system and under the SPP
22 OATT has not been met because the ownership and control of those
23 facilities resides with non-members of SPP and no party has asserted
24 that it has or intends to meet SPP's requirements for control by a non-
25 owner to place the facilities under SPP's functional control.”²

26 Mr. Daniel suggesting and comparing the financial metrics between Mid-Kansas
27 and Southern Pioneer under a “what if” scenario by shifting the 34.5 kV assets
28 from Southern Pioneer back to Mid-Kansas appears to be in direct conflict with
29 KEPCo’s prior agreement.

² Stipulation and Agreement, pp. 1-2, para. 1, filed Dec. 1, 2012.

1 Second, and equally important, is that Mr. Daniel has omitted a key issue
2 that impacts the economics in his analysis. That key issue is Metering. In order
3 to accurately meter power flows on the 34.5 kV system (should it be moved to
4 Mid-Kansas and incorporated into the ATRR as Mr. Daniel suggests), revenue
5 quality metering and communication equipment would need to be installed on
6 approximately 160 substations at an estimated cost of \$43,000 per installation, or
7 \$6.8 Million. Those costs would be recovered through rates charged to all Kansas
8 consumers in the Mid-Kansas transmission zone. This issue was discussed and
9 outlined in testimony in the 597 Docket. As can be seen, Mr. Daniel's calculation
10 does not capture the full picture.

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

12 **A. Yes.**

VERIFICATION OF DONALD L. GULLY

STATE OF KANSAS)
)ss:
COUNTY OF ELLIS)

The undersigned, Donald L. Gully, upon oath first duly sworn, states that he is an officer of Southern Pioneer Electric Company, and that he has prepared the foregoing testimony, 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.

Donald L. Gully

Subscribed and sworn to before me this 9th day of May, 2012.

Notary Public

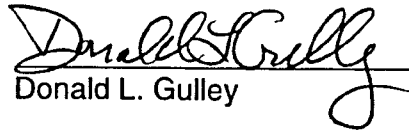
My appointment expires: _____

VERIFICATION

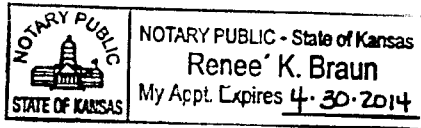
STATE OF KANSAS)
COUNTY OF ELLIS) ss:

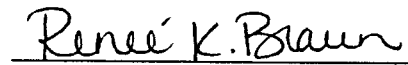
Donald L. Gulley, of lawful age, being first duly sworn on oath states:

That he has read the foregoing and knows the contents thereof, and that the facts therein are true and correct to the best of his knowledge, information, and belief.


Donald L. Gulley

SUBSCRIBED AND SWORN to before me this 9th day of May, 2012.




Notary Public – Reneé K. Braun

My appointment expires: April 30, 2014