

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

In the Matter of the Joint Application of	)	
Sunflower Electric Power Corporation and Southern	)	
Pioneer Electric Company for the Approval of an	)	Docket No. 21-SEPE-047-TAR
Updated 34.5 kV Loss Factor in the Local Access	)	
Delivery Service Tariff.	)	

**PREFILED DIRECT TESTIMONY OF**

**STEPHEN J. EPPERSON**

**ON BEHALF OF  
SOUTHERN PIONEER ELECTRIC COMPANY**

**July 27, 2020**

I. **INTRODUCTION AND BACKGROUND**

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

A: My name is Stephen J. Epperson. 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 President and Chief Executive Officer (“CEO”) of Southern Pioneer Electric Company (“Southern Pioneer”) pursuant to a certain Services Agreement by and between Pioneer Electric Cooperative, Inc. (“Pioneer”) and Southern Pioneer, dated July 7, 2006. Our corporate office is located in Ulysses, Kansas, with distribution and customer service offices located in Liberal and Medicine Lodge, Kansas.

**Q: Please describe your responsibilities with Southern Pioneer.**

A: As the CEO, I work directly for the Board of Directors and am responsible for assisting in establishing policy, implementing strategic programs, establishing rates, and overseeing the overall operation of Pioneer and Southern Pioneer to ensure reliable service at a competitive cost using generally acceptable industry business practices. I also serve on the Board of Directors of Sunflower Electric Power Corporation (“Sunflower”), the wholesale generation and transmission supplier for Southern Pioneer.

**Q: What is your educational background?**

A: I graduated in 1991 from Ozark Christian College, a cooperative program with Missouri Southern State University, with a Bachelor’s Degree, which

1 included double majors in Bible and Psychology. In 2002, I successfully  
2 completed the National Rural Electric Cooperative Association's  
3 Management Internship Program through the University of Nebraska at  
4 Lincoln, Nebraska. In 2010, I received my Masters of Business  
5 Administration from Bradley University.

6 **Q: What is your professional background?**

7 A: I was appointed Southern Pioneer's CEO effective January 1, 2011. Prior to  
8 that date, I served as the President and CEO at McDonough Power  
9 Cooperative located in Macomb, Illinois, from July 2006 to December 31,  
10 2010. From August 2001 to July 2006, I served as the Senior Vice  
11 President of Northeast Rural Services, Inc., a subsidiary of Northeast  
12 Oklahoma Electric Cooperative. I have also served in other capacities in  
13 both utilities and the private not-for-profit sectors: as a business supervisor,  
14 consultant, business development director, and counselor.

15 **Q: Have you previously presented testimony before the Kansas**  
16 **Corporation Commission ("Commission")?**

17 A: Yes. I have provided testimony in Commission Docket Nos. 12-MKEE-380-  
18 RTS, 13-MKEE-447-MIS, 13-MKEE-452-MIS, 13-MKEE-699-RTS, 14-  
19 SPEE-507-RTS and 16-MKEE-023-TAR

20 **Q: What is the purpose of your testimony in this matter?**

21 A. The purpose of my testimony is to (i) provide a background of Southern  
22 Pioneer, (ii) confirm Southern Pioneer's support for updating its Local  
23 Access Delivery Service ("LADS") Tariff loss factor, and (iii) provide an

1 explanation of administration of 34.5 kV LADS and Sunflower's involvement  
2 in this proceeding.

3 **Q. Are you sponsoring any exhibits?**

4 A. Yes, I am sponsoring the following exhibit:

- 5 • Exhibit SJE-1 – redlined and clean copy of Southern Pioneer's LADS Tariff  
6 with the proposed updated loss factor requested in this proceeding.

7 **I. OVERVIEW OF SOUTHERN PIONEER**

8 **Q: Please provide a brief overview of Southern Pioneer.**

9 A: Southern Pioneer is a not-for-profit, taxable Kansas corporation with its  
10 principal place of business located in Ulysses, Kansas, with distribution and  
11 customer service offices in Liberal and Medicine Lodge, Kansas. Southern  
12 Pioneer serves approximately 17,300 total retail customers, as well as  
13 provides LADS to wholesale 34.5 kV sub-transmission users in ten  
14 southcentral and southwest Kansas counties. Southern Pioneer is a  
15 certificated electric public utility regulated by the Commission and is a  
16 wholly owned subsidiary of Pioneer, a not-for-profit Kansas member-owned  
17 electric cooperative not subject to Commission regulation for retail  
18 ratemaking purposes pursuant to K.S.A. 66-104d. Southern Pioneer was  
19 granted public utility status on November 21, 2013, when the Commission  
20 approved the transfer of the retail certificated territory, customers, Rules  
21 and Regulations, and tariffs from Mid-Kansas Electric Company, LLC ("Mid-  
22 Kansas") to Southern Pioneer in Docket No. 13-MKEE-447-MIS.

23 **II. 34.5 kV LADS AND LOSS FACTOR**

1   **Q.     Does the request to update the loss factor in this proceeding affect**  
2       **both 34.5 kV retail and wholesale LADS customers?**

3   A.    No, the request is only to update the loss factor in the Southern Pioneer  
4       wholesale LADS Tariff. The LADS Tariff provides the rates paid by  
5       wholesale LADS customers for service over Southern Pioneer's 34.5 kV  
6       system. The LADS Tariff includes a monthly unit demand local access  
7       charge ("LAC") as well as an energy loss factor percentage charge that is  
8       the subject of this filing. The LAC stated in the LADS Tariff represents  
9       wholesale LADS customers' load ratio share of the total Southern Pioneer  
10      34.5 kV revenue requirement. The loss factor represents the amount of  
11      energy that is "lost" between the point at which energy enters the 34.5 kV  
12      facilities, and the moment it leaves the 34.5 kV facilities.

13   **Q.     Do Southern Pioneer retail customers pay for their use of the 34.5 kV**  
14       **system?**

15   A.    Yes, Southern Pioneer retail customers pay for their load ratio share of the  
16       total 34.5 kV revenue requirement and system losses through the  
17       composite retail rate found in Southern Pioneer's retail rate schedules.  
18       These retail rates are not the subject of this proceeding.

19   **Q.     Does Southern Pioneer not have in place a 34.5 kV formula based rate**  
20       **plan that already allows it to annually adjust 34.5 kV rates for**  
21       **wholesale LADS customers?**

22   A.    On March 10, 2016, the Commission approved for Southern Pioneer a 34.5  
23       kV formula based rate plan ("FBR Plan") in Docket No. 16-MKEE-023-TAR

1           that allowed Southern Pioneer to annually adjust both its retail rates and  
2           LAC in its wholesale LADS Tariff for changes in the cost of providing  
3           service over Southern Pioneer's 34.5 kV sub-transmission system.  
4           However, the 34.5 kV FBR Plan protocols do not allow for annual updates  
5           to the loss factor in the wholesale LADS Tariff. Any updates to the loss  
6           factor in the wholesale LADS Tariff require separate Commission approval.

7   **Q.    Is this initial 34.5 kV FBR Plan still in effect?**

8   A.    The initial 34.5 kV FBR Plan was approved by the Commission for a three-  
9           year period, to align with the term of the Southern Pioneer distribution  
10          system DSC FBR Plan already in place. The 34.5 kV FBR Plan annual  
11          updates to the Southern Pioneer retail rates and wholesale LAC in the  
12          LADS Tariff were reviewed and approved by the Commission in Docket  
13          Nos. 16-SPEE-501-TAR, 17-SPEE-476-TAR and 18-SPEE-477-RTS. On  
14          December 9, 2019, Southern Pioneer filed an application with the  
15          Commission in Docket No. 19-SPEE-240-MIS, requesting to continue both  
16          its 34.5 kV FBR Plan and DSC FBR Plan by combining into one FBR Plan.  
17          The requested FBR Plan has the same process to annually update the  
18          retail rates and LAC in the Southern Pioneer LADS Tariff. Southern  
19          Pioneer and intervenors are currently waiting on a Commission Order to  
20          approve the FBR Plan as a result of a Stipulation and Agreement entered  
21          into by all parties to the docket.

22   **Q.    What is Southern Pioneer's opinion concerning the updated LADS**  
23   **Tariff loss factor applied for in this Joint Application?**

1 A. Southern Pioneer supports the updated energy loss factor of 2.70% for its  
2 LADS Tariff, as detailed in the Joint Application and the Prefiled Direct  
3 Testimony of Erik Sonju submitted in support of this Joint Application. It is  
4 the result of, and based upon, a comprehensive and detailed study. I have  
5 attached to my testimony Exhibit SJE-1, which shows the updated Southern  
6 Pioneer LADS Tariff with the proposed loss factor requested in this  
7 proceeding.

8 **Q. What are the reasons for Southern Pioneer's support of updating its**  
9 **LADS Tariff loss factor?**

10 A. Over time, topology of, and load on, a system changes. Generally,  
11 changes in topology and load can have effects on many aspects of a  
12 system, but specifically, on the losses associated with that system. My  
13 understanding is that the current energy loss factor in Southern Pioneer's  
14 LADS Tariff was determined in Docket No. 09-MKEE-969-RTS.  
15 Periodically, losses should be reviewed and updated, and Southern Pioneer  
16 believes now is a good time to do so for its 34.5 kV facilities. For a more  
17 detailed description of the comprehensive study performed by Power  
18 Systems Engineering, Inc. to determine the proposed loss factor, I will defer  
19 to Mr. Sonju's testimony.

20 **Q: When are you requesting this new loss factor to become effective for**  
21 **billing?**

22 A: The Joint Applicants are requesting the new loss factor to become effective  
23 upon final Commission order in this docket. If approved, the proposed loss

factor would be applied to billing determinants in bills for wholesale LADS immediately after approval.

**III. SUNFLOWER AS A JOINT APPLICANT**

**Q: If Southern Pioneer owns all of the 34.5 kV facilities that are the subject of Southern Pioneer’s proposed update to the 34.5 kV loss factor in the Southern Pioneer LADS Tariff, why is there a need for Sunflower to be a Joint Applicant with Southern Pioneer in this proceeding?**

**A:** Sunflower is a Joint Applicant in this proceeding due to the fact that Mid-Kansas (who merged with and into Sunflower on January 1, 2020 pursuant to Docket No. 19-SEPE-054-MER (“19-054 Docket”)) previously agreed in prior Commission proceedings to be the “single point of contact” and LADS Tariff billing agent for wholesale LADS over the Members’ (including Southern Pioneer) 34.5 kV facilities.<sup>1</sup> Wholesale LADS is provided over Southern Pioneer’s 34.5 kV facilities pursuant to the terms of the Mid-Kansas Open Access Transmission Tariff (“OATT”). Pursuant to the Settlement Agreement in the 19-054 Docket, as approved by the Commission, the Mid-Kansas OATT is to remain in effect upon merger of Sunflower and Mid-Kansas, with Sunflower serving as the “Transmission Provider” under the Mid-Kansas OATT.<sup>2</sup> Part of Sunflower’s responsibility

---

<sup>1</sup> See Docket Nos. 09-MKEE-969-RTS and 11-GIME-597-GIE.

<sup>2</sup> 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



1 as billing agent includes application of the loss factor proposed herein on  
2 wholesale LADS billings. If Southern Pioneer's proposed loss factor is  
3 approved by the Commission, Sunflower will apply it to each bill to  
4 wholesale LADS customers in addition to the LAC in accordance with  
5 Southern Pioneer's LADS Tariff and the provisions for LADS under the Mid-  
6 Kansas OATT. Please see the Prefiled Direct Testimony of Mr. James  
7 Brungardt for a more detailed explanation of Sunflower's administration of  
8 wholesale LADS over Southern Pioneer's 34.5 kV sub-transmission  
9 facilities and application of the wholesale LADS loss factor.

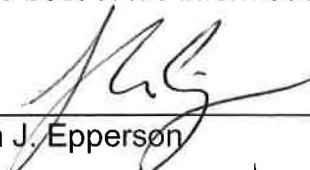
10 **Q: Does this conclude your testimony?**

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

**VERIFICATION OF STEPHEN J. EPPERSON**

STATE OF KANSAS       )  
                                  ) ss:  
COUNTY OF GRANT     )

Stephen J. Epperson, being first duly sworn, deposes and says that he is the Stephen J. Epperson referred to in the foregoing document entitled "Prefiled Direct Testimony of Stephen J. Epperson" 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.

  
\_\_\_\_\_  
Stephen J. Epperson

**SUBSCRIBED AND SWORN** to before me this 23<sup>rd</sup> day of July, 2020.

  
\_\_\_\_\_  
Notary Public

My Appointment Expires:



## THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 24

SOUTHERN PIONEER ELECTRIC CO.

(Name of Issuing Utility)

Schedule: ~~4821~~-LACReplacing Schedule ~~4718~~-LAC Sheet 1Which was filed ~~July 25,~~~~2017~~ August 1, 2018SERVICE AREA

(Territory to which schedule is applicable)

No supplement or separate understanding  
shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICEAVAILABLE

Entire Service Area.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Southern Pioneer's 34.5 kV (or other available lower primary voltage) subtransmission/distribution system.

CHARACTER OF SERVICE

Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage.

MONTHLY RATE

Demand Charge @ \$5.00 per kW.

MONTHLY BILLING DEMAND

When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's kilowatt contribution to the Local Access Delivery System maximum hourly demand coincident with Southern Pioneer's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point (the "Actual CP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of Southern Pioneer's monthly Local Access Delivery System peak shall be added to the Customer's Actual CP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, point-to-point transmission service requiring local access service and service reservations), Monthly Billing Demand shall be the greater of the Customer's service request or actual maximum monthly demand.

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by Mid-Kansas Electric Company, LLC ("Mid-Kansas") or paying Mid-Kansas for the Real Power Losses at Mid-Kansas' wholesale rate. The applicable Real Power Loss factor for the entire service area is as follows:

Issued July 31 2018  
Month Day Year

Effective August 1 2018  
Month Day Year

By Randall D. Magnison Exec VP/Assistant CEO

# THE STATE CORPORATION COMMISSION OF KANSAS

SJE-1 - Redline

Index No. 24

SOUTHERN PIONEER ELECTRIC CO.

(Name of Issuing Utility)

Schedule: 1821-LAC

SERVICE AREA

(Territory to which schedule is applicable)

Replacing Schedule 178-LAC Sheet 2

Which was filed July 25,

2017 August 1, 2018

No supplement or separate understanding  
shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

## LOSS FACTOR

1.86-2.70 percent of energy as measured at delivery

point. DELAYED PAYMENT

As per schedule DPC.

## TERMS AND CONDITIONS

Service will be rendered under Company's Rules and Regulations and the Mid-Kansas Open Access Transmission Tariff (for service over Southern Pioneer's 34.5 kV sub-transmission system) as filed with the Kansas Corporation Commission.

Issued July 31 2018  
Month Day Year

Effective August 1 2018  
Month Day Year

By Randall D. Magnison Exec VP/Assistant CEO

## THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 24

SOUTHERN PIONEER ELECTRIC CO.

(Name of Issuing Utility)

Schedule: 21-LACReplacing Schedule 18-LAC Sheet 1

Which was filed August 1, 2018

SERVICE AREA

(Territory to which schedule is applicable)

No supplement or separate understanding  
shall modify the tariff as shown hereon.

Sheet 1 of 2 Sheets

LOCAL ACCESS DELIVERY SERVICEAVAILABLE

Entire Service Area.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Southern Pioneer's 34.5 kV (or other available lower primary voltage) subtransmission/distribution system.

CHARACTER OF SERVICE

Alternating current, 60 cycle, three phase, 34.5 kV or other available lower primary voltage.

MONTHLY RATE

Demand Charge @ \$5.00 per kW.

MONTHLY BILLING DEMAND

When service is provided in association with network service, the Monthly Billing Demand shall be defined as the Customer's kilowatt contribution to the Local Access Delivery System maximum hourly demand coincident with Southern Pioneer's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point (the "Actual CP Demand"). Generation that is located behind the meter of a designated network load shall be metered and the amount of generation serving the Customer's network load at the time of Southern Pioneer's monthly Local Access Delivery System peak shall be added to the Customer's Actual CP Demand to determine the Monthly Billing Demand. For other local access service (including, but not limited to, point-to-point transmission service requiring local access service and service reservations), Monthly Billing Demand shall be the greater of the Customer's service request or actual maximum monthly demand.

LOSSES

Real Power Losses are associated with all Local Access Delivery service. The Local Access Delivery customer is responsible for replacing losses associated with all transmission service as calculated by Mid-Kansas Electric Company, LLC ("Mid-Kansas") or paying Mid-Kansas for the Real Power Losses at Mid-Kansas' wholesale rate. The applicable Real Power Loss factor for the entire service area is as follows:

Issued \_\_\_\_\_  
Month Day Year

Effective \_\_\_\_\_  
Month Day Year

By \_\_\_\_\_  
Randall D. Magnison Exec VP/Assistant CEO

# THE STATE CORPORATION COMMISSION OF KANSAS

SJE-1 - Clean

Index No. 24

SOUTHERN PIONEER ELECTRIC CO.

(Name of Issuing Utility)

Schedule: 21-LAC

Replacing Schedule 18-LAC Sheet 2  
Which was filed August 1, 2018

SERVICE AREA

(Territory to which schedule is applicable)

No supplement or separate understanding  
shall modify the tariff as shown hereon.

Sheet 2 of 2 Sheets

## LOSS FACTOR

2.70 percent of energy as measured at delivery point.

## DELAYED PAYMENT

As per schedule DPC.

## TERMS AND CONDITIONS

Service will be rendered under Company's Rules and Regulations and the Mid-Kansas Open Access Transmission Tariff (for service over Southern Pioneer's 34.5 kV sub-transmission system) as filed with the Kansas Corporation Commission.

Issued \_\_\_\_\_  
Month Day Year

Effective \_\_\_\_\_  
Month Day Year

By \_\_\_\_\_  
Randall D. Magnison Exec VP/Assistant CEO