

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

In the Matter of the Joint Application of )  
Sunflower Electric Power Corporation, Prairie Land )  
Electric Cooperative, Inc., The Victory Electric )  
Cooperative Association, Inc., and Western ) Docket No. 21-SEPE-049-TAR  
Cooperative Electric Association, Inc., for Approval of )  
Continuation of 34.5 kV Formula-Based Rates and )  
Updated 34.5 kV Loss Factors. )

**PREFILED DIRECT TESTIMONY OF**

**CHARLES W. LOOK**

**ON BEHALF OF**

**PRAIRIE LAND ELECTRIC COOPERATIVE, INC.**

**July 29, 2020**

1   **Q:    Please state your name.**

2   A:    My name is Charles W. Look.

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

4   A:    I am employed by Prairie Land Electric Cooperative, Inc. ("Prairie Land").

5        My business address is 14935 U.S. Highway 36, Norton, Kansas.

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

7   A:    I graduated from Stockton High School in 1971 and attended Fort Hays

8        State University for three semesters in 1972 and 1973.

9   **Q:    Please summarize your work experience.**

10   A:   In June 1978, I became employed by Norton-Decatur Cooperative Electric

11       Company, Inc., the predecessor company of Prairie Land. From June

12       1978 to August 1993, I was an apprentice lineman, journeyman lineman,

13       lead lineman, and area foreman. In August 1993, I was promoted to staff

14       assistant; in 2005, I was promoted to be the assistant to the manager; and

15       in 2010, I became the Assistant Manager. In January 2019, I was

16       promoted to be Prairie Land's Chief Executive Officer ("CEO"). As CEO of

17       Prairie Land, I serve on the Board of Directors for Sunflower Electric

18       Power Corporation ("Sunflower").

19   **Q:    Have you previously presented testimony before the Commission?**

20   A:    Yes. I have provided testimony in Docket Nos. 19-PLCE-436-TAR and

21       20-PLCE-283-TAR.

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

23   A:    The purpose of my testimony is to provide a background of Prairie Land

1 and to confirm Prairie Land's support for (i) continuation of its 34.5 kV  
2 formula-based rate ("34.5 kV FBR") with the requested modification and  
3 clarifications, and (ii) updating its Local Access Delivery Service ("LADS")  
4 Tariff loss factor.

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

6 A. Yes, I am sponsoring the following exhibits:

- 7 • Exhibit CWL-1 - redlined and clean copy of Prairie Land's LADS Tariff with  
8 the proposed updated loss factor requested in this proceeding.

9 **Q: Please provide a brief overview of Prairie Land.**

10 A: Prairie Land is an electric cooperative formed under the Kansas Electric  
11 Cooperative Act K.S.A. 17-4601 et seq. It was organized for the purpose  
12 of supplying and promoting the use of electric energy in rural areas of  
13 northwest Kansas. Prairie Land is the successor cooperative of the 1997  
14 merger of two other electric cooperatives: Norton-Decatur Cooperative  
15 Electric Company, Inc. and Northwest Kansas Electric Cooperative  
16 Association, Inc. Norton-Decatur Cooperative Electric Company was  
17 formed in 1938. Prairie Land, therefore, has been providing electric retail  
18 service in northwest Kansas for over 80 years. Today, Prairie Land serves  
19 approximately 24,595 retail customers, maintains 6,982 miles of line, and  
20 employs 84 full-time employees in its service areas.

21 **Q: What is Prairie Land's opinion concerning the proposed 34.5 kV**  
22 **FBR?**

1 A: Prairie Land supports the continuation of its 34.5 kV FBR with limited  
2 modification and minor clarifications, as detailed in the Joint Application  
3 and the Prefiled Direct Testimony of Elena E. Larson submitted in support  
4 of this Joint Application.

5 **Q: Have you been directly involved in Prairie Land's annual update**  
6 **filings for its 34.5 kV FBR?**

7 A Yes. Since 2019, as CEO of Prairie Land, I have filed direct testimony in  
8 each year's annual update filing. Prior to that, I was heavily involved in  
9 each year's annual update filing in my former capacity as Assistant CEO  
10 of Prairie Land.

11 **Q: What are the reasons for Prairie Land's request to continue its 34.5**  
12 **kV FBR with limited modification and minor clarification?**

13 A: In Prairie Land's opinion, the FBR approach has reduced the costs and  
14 regulatory lag of a traditional rate case with respect to determining the  
15 annual local access charge ("LAC") while ensuring the Commission and  
16 interested parties are afforded a comprehensive and systematic review of  
17 the resultant rates (which, by the inherent design of the proposed 34.5 kV  
18 FBR, remain cost-based). Prefiled Direct Testimony of Elena E. Larson  
19 further highlights the advantages that a formula-based rate approach  
20 offers to the Commission, affected utilities, and customers when  
21 compared to a traditional rate application.

22 **Q: Are you of the opinion that Prairie Land's 34.5 kV FBR has captured**  
23 **the general advantages and benefits of formula-based rates?**

1 A: Yes. In my view, the general arguments in favor of a formula-based rate  
2 have been realized by Prairie Land's 34.5 kV FBR.

3 **Q. In your opinion, have the annual updates each year provided a**  
4 **streamlined and efficient process to determine an annual LAC?**

5 A: Yes. Typically, Commission Staff and interveners issue various data  
6 requests as part of the review process, and Prairie Land provides  
7 responses. Outside of that light discovery, there has been little action in  
8 each year of Prairie Land's annual update filings. In most years, no  
9 questions were presented by the interveners during the technical  
10 conference, and in one year, Commission Staff and interveners agreed to  
11 cancel the technical conference altogether. No annual update filing of  
12 Prairie Land has ever resulted in the need for an evidentiary hearing, and  
13 each annual update filing's applied-for rate has been approved.

14 **Q: What is the basic approach utilized in the proposed Prairie Land 34.5**  
15 **kV FBR?**

16 **A:** Prairie Land's proposed 34.5 kV FBR calculates the annual revenue  
17 requirement based upon pertinent operating expenses and margin  
18 requirements. Ultimately, the formula determines the LAC in each year's  
19 annual update filing.

20 **Q: What type and level of margin requirement is Prairie Land requesting**  
21 **be used as the basis for the return requirement incorporated into its**  
22 **34.5k V FBR?**

1 A: Prairie Land requests that a greater of a 1.8 Operating Times Interest  
2 Earned Ratio ("OTIER") or a 1.8 Modified Debt Service Coverage Ratio  
3 ("MDSC") be used as the margin requirement for determining the return  
4 requirement. That is the approved margin requirement associated with the  
5 original implementation of Prairie Land's 34.5 kV FBR.

6 **Q: Why are those still appropriate levels and types of financial ratios for**  
7 **determination of Prairie Land's margin requirement?**

8 A: Prairie Land finds that a 1.8 OTIER/MDSC would continue to allow for a  
9 sufficient level of positive operating margins to facilitate the improvement  
10 of capital structure to ensure safe and reliable service, as well as help deal  
11 with unexpected contingencies. Additionally, using the "greater of," with a  
12 secondary metric (the MDSC of 1.8), allows flexibility in choosing the most  
13 appropriate driver for the margin requirement as our debt matures.

14 **Q: Do you support the Prefiled Direct Testimony of Elena E. Larson with**  
15 **respect to all aspects of the margin requirements and levels thereof**  
16 **that are used to determine the revenue requirement in Prairie Land's**  
17 **34.5 kV FBR?**

18 A: Yes. I would defer to Ms. Larson as to the specific details and conclusions  
19 contained in her analysis regarding the margin requirements. Generally,  
20 however, I concur with her analysis and the margin requirements she  
21 details, which are the same margin requirements I previously mentioned.

22 **Q. Can you describe the limited modification to the 34.5 kV FBR that**  
23 **Prairie Land is requesting?**

1 A. As previously approved by the Commission, the 34.5 kV FBR calculates  
2 the LAC in each annual update filing using historical costs, plus some  
3 limited budgeted projections. Because the calculation includes some  
4 limited budgeted projections, each annual update filing includes a true-up  
5 of the previous year's limited budgeted projections to the actual costs of  
6 those projections. Prairie Land proposes to remove the limited budgeted  
7 projections from the formula so that the 34.5 kV FBR calculates the LAC  
8 based solely on known historical costs at each annual update filing.  
9 Because only known historical costs are used in the formula, the true-up  
10 no longer serves a purpose and can be removed from the 34.5 kV FBR.  
11 Although it is a change to the formula, I believe the change simplifies the  
12 34.5 kV FBR.

13 **Q. Why do you believe removal of limited budgeted projections and the**  
14 **corresponding annual-true up is a simplification of the 34.5 kV FBR?**

15 A. To give a general answer, it is one less item for all parties to calculate and  
16 address each year in the annual update filing, and its removal does not  
17 harm customers. Using limited budgeted projections in a formula rate  
18 helps further achieve an overall objective of reduced regulatory lag, but it  
19 necessitates the need for a true-up to actual costs for those projected  
20 items. In the last five years, it has been Prairie Land's experience that the  
21 concept of using projections with a true-up does reduce regulatory lag with  
22 respect to those items. However, the time and effort for all parties  
23 associated with calculating and reviewing the true-up each year outweigh

1 the benefits of that conceptual structure. Prairie Land believes using only  
2 known historical costs in the 34.5 kV FBR will eliminate time and effort that  
3 did not provide enough benefit to Prairie Land or customers.

4 **Q. Without a true-up, how can Prairie Land assure that the 34.5 kV FBR**  
5 **is a cost-based rate-making mechanism?**

6 A. As modified by the request in this Joint Application, the 34.5 kV FBR only  
7 includes known historical costs. By using only known costs in its formula,  
8 customers and the Commission can be assured the 34.5 kV FBR is a  
9 cost-based rate-making mechanism. The added benefit is that because  
10 those costs are known and certain, there is no need to true-up those costs  
11 to actuals, because they are actual costs. For that reason, there is  
12 nothing to true-up, and a true-up is no longer necessary in the 34.5 kV  
13 FBR.

14 **Q. You have testified that the 34.5 kV FBR has worked very well in the**  
15 **last five years, so why are you requesting a modification to the 34.5**  
16 **kV FBR in this Joint Application?**

17 A. The 34.5 kV FBR has worked well for the last five years, but that does not  
18 mean that Prairie Land does not believe there could be ways to streamline  
19 it for greater efficiency. While this is a modification, it is my opinion that  
20 the modification is a simplification of the 34.5 kV FBR, to the benefit of  
21 Prairie Land, Commission Staff, and customers.

22 **Q. Does Prairie Land support the updated LADS Tariff loss factor**  
23 **applied for in this Joint Application?**

1 A. Yes, Prairie Land supports the updated loss factor for its LADS Tariff, as  
2 detailed in the Joint Application and the Prefiled Direct Testimony of Erik  
3 Sonju submitted in support of this Joint Application. I have attached to my  
4 testimony Exhibit CWL-1, which shows the updated LADS Tariff with the  
5 proposed loss factor requested in this proceeding.<sup>1</sup>

6 **Q. What are the reasons for Prairie Land's support of updating its LADS**  
7 **Tariff loss factor?**

8 A. Topology and load on a system can drive the amount of losses that occur  
9 on a system. Over time, topology of, and load on, a system changes. My  
10 understanding is that the current loss factor in Prairie Land's LADS Tariff  
11 was determined in Docket No. 09-MKEE-969-RTS. Prairie Land believes  
12 now is a good time to review and update the loss factors for its 34.5 kV  
13 facilities to account for the changes in the system I referenced.

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

15 A: Yes, it does.

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<sup>1</sup> For clarity, Prairie Land has a pending request to update the LADS Tariff in Docket No. 20-PLCE-434-TAR, and the requested update from that docket is not included in this exhibit because it has not yet been approved. If approved, it is likely such update will occur prior to the end of this docket. In that event, if the proposed loss factors requested in this docket are approved, the LADS Tariff to be updated as a result will include approved changes from Docket No. 20-PLCE-434-TAR.

**VERIFICATION OF CHARLES W. LOOK**

STATE OF KANSAS            )  
  ) ss:  
COUNTY OF Norton    )

Charles W. Look, being first duly sworn, deposes and says that he is the Charles W. Look referred to in the foregoing document entitled "Direct Testimony of Charles W. Look" 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.

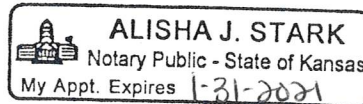
Charles W. Look

Charles W. Look

**SUBSCRIBED AND SWORN** to before me this 28 day of July  
\_\_\_\_\_, 2020.

Alisha J. Stark  
Notary Public

My Appointment Expires:



PRAIRIE LAND ELECTRIC COOPERATIVE, INC

(Name of Issuing Utility)

Schedule: 1921-LAC

Replacing Schedule 18-19-LAC Sheet 1

Which was filed September 11, 2019

MID-KANSAS 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 Mid-Kansas Service Area.

APPLICABLE

For delivery to wholesale (sales for resale) customers over Prairie Land'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 @ \$2.88 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 Prairie Land's monthly Local Access Delivery System peak in the billing month measured at the low side of the delivery point ("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 Prairie Land'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 MKEC or paying MKEC for the Real Power Losses at MKEC's wholesale rate. The applicable Real Power Loss factor for the entire Mid-Kansas Service Area is as follows:

LOSS FACTOR

2.182.33 percent of energy as measured at delivery point.

DELAYED PAYMENT

As per schedule DPC.

Issued September 12 2019  
Month Day YearEffective October 1 2019  
Month Day Year

By Charles Look CEO

THE STATE CORPORATION COMMISSION OF KANSAS

Exhibit CWL-1  
Index No. 24

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.  
(Name of Issuing Utility)

Schedule: 1921-LAC

MID-KANSAS SERVICE AREA  
(Territory to which schedule is applicable)

Replacing Schedule 1819-LAC Sheet 2  
Which was filed on September 11, 2018

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

Sheet 2 of 2 Sheets

TERMS AND CONDITIONS

Service will be rendered under Company's Rules and Regulations as filed with the Kansas Corporation Commission.

Issued September 12 2019  
Month Day Year

Effective October 1 2019  
Month Day Year

By Charles Look CEO

PRAIRIE LAND ELECTRIC COOPERATIVE, INC

(Name of Issuing Utility)

Schedule: 21-LAC

Replacing Schedule 19-LAC Sheet 1

Which was filed September 12, 2019

MID-KANSAS SERVICE AREA

(Territory to which schedule is applicable)

No supplement or separate understanding  
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Issued \_\_\_\_\_  
Month Day YearEffective \_\_\_\_\_  
Month Day YearBy \_\_\_\_\_  
Charles Look CEO

# THE STATE CORPORATION COMMISSION OF KANSAS

Exhibit CWL-1  
Index No. 24

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.  
(Name of Issuing Utility)

Schedule: 21-LAC

MID-KANSAS SERVICE AREA  
(Territory to which schedule is applicable)

Replacing Schedule 19-LAC Sheet 2  
Which was filed on September 12, 2019

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

Sheet 2 of 2 Sheets

## TERMS AND CONDITIONS

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

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

By \_\_\_\_\_  
Charles Look CEO