

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

In the Matter of the Application of Southern)
Pioneer Electric Company for Limited Waiver) Docket No. 25-SPEE-307-MIS
of Provisions of its Rules and Regulations and)
for Expedited Relief.)

**APPLICATION FOR WAIVER FROM TARIFF PROVISION AND REQUEST FOR
EXPEDITED REVIEW AND RELIEF**

Southern Pioneer Electric Company (“Southern Pioneer” or “Company”), pursuant to K.S.A. 66-117, hereby requests approval from the State Corporation Commission of the State of Kansas (“KCC” or “Commission”) for a limited waiver of certain provisions of its Rules and Regulations tariff, allowing Southern Pioneer to disallow the option to pay by credit card for customers of the sub-transmission and transmission service (“STR”) customer class, and requesting that the Commission act on an expedited schedule and order said relief no later than 60 days from filing of this Application.

I. BACKGROUND

1. Southern Pioneer is a Kansas not-for-profit corporate utility with its principal place of business located in Ulysses, Kansas, with distribution and customer service offices located in Liberal and Medicine Lodge, Kansas.

2. Southern Pioneer is regulated by the Commission and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc. (“Pioneer Electric”), a not-for-profit Kansas member-owned electric cooperative not subject to Commission rate regulation pursuant to K.S.A. 66-104d.

3. Southern Pioneer provides electric service to approximately 17,000 consumers in 34 communities located in Barber, Clark, Comanche, Haskell, Kingman, Kiowa, Meade, Pratt, Reno, and Seward counties. Throughout these counties, Southern Pioneer serves 28 distribution substations operated at 13.8-kV. These substations feed 60 primary distribution circuits, containing approximately 830 miles of overhead distribution line.

II. OVERVIEW OF APPLICATION

4. In Section R4 at p. 18–19 of Southern Pioneer's Rules and Regulations tariff, it identifies the available payment methods for all customers to pay their monthly bills, which includes payment by credit card. This provision applies to, and according to its terms, permits payment by credit card by customers of all classifications.

5. In Commission Docket 18-SPEE-241-TAR (“241 Docket”), Southern Pioneer had requested approval to limit credit card payments to residential customers, or to set the limit for credit card transactions at \$1,000, citing the possible accrual of exorbitant merchant and transaction fees and possible substantial unknown costs created by those fees.

6. At the time of the 241 Docket, Staff expressed concern with Southern Pioneer's request “based on the data presented in [that] case,” also noting that Southern Pioneer had not provided “sufficient evidence in [that] case to support its concern that the unknown costs would be unreasonably high.”¹ Staff acknowledged, however, that it would be willing “to expedite another review of transaction costs when actual cost data is available.”² The Commission ultimately adopted Staff's analysis in denying Southern Pioneer's requests, finding that there was

¹ Docket No. 18-SPEE-241-TAR, Staff's Reply to Southern Pioneer's Response to Staff and CURB's Recommendations, July 25, 2018, at ¶ 11–12.

² Id. at ¶ 13.

not sufficient evidence that the possibility of large credit card payments for non-residential customers warranted a rule limiting credit card payments to residential customers only.³

7. Over recent months, one of Southern Pioneer's largest customers has begun paying its invoices by way of a series of numerous credit card transactions. Although Southern Pioneer is not able to isolate the fee information for each transaction, Southern Pioneer's merchant fee invoices increased from a monthly average of \$7,000 during previous months, to \$34,000 in the months when this customer made these large payments via multiple credit card transactions.⁴

8. Unlike the circumstances in the 241 Docket, Southern Pioneer is able to point to specific examples of unreasonably high unexpected or unknown costs related to these credit card transactions, and addresses Staff's and the Commission's concerns in the 241 Docket that Southern Pioneer had not provided evidence that such costs would or could be substantially and unreasonably high.

9. Southern Pioneer is preparing to file a proceeding to amend its Rules and Regulations, and intends to request that it be allowed to amend its Rules and Regulations as a whole, and to include a more permanent solution to address this issue.

10. In the immediate term, however, excess merchant fees of at least \$130,000 have accrued during the five months of unusual credit card activity in 2024, and if it continues throughout the year of 2025, those excess merchant fees could grow to \$300,000-\$400,000, if not more.⁵ Those costs are currently incorporated into Southern Pioneer's cost of service and recovered through base rates, allocated between classes per Southern Pioneer's formula-based rates.

³ Docket No. 18-SPEE-241-TAR, Order Allowing Bill Payment from all Southern Pioneer Customers, August 30, 2018, at ¶ 7.

⁴ Refer to testimony and exhibits.

⁵ Refer to testimony and exhibits.

11. Southern Pioneer respectfully requests interim or expedited relief, allowing Southern Pioneer a partial waiver of its Rules and Regulations in order to permit Southern Pioneer to disallow payment by credit card from its STR class of customers.

12. Currently, the STR class is comprised of six customers: the customer described above in paragraph 7 and one other large commercial and industrial customer. Limiting those six customers' ability to pay their bills by credit card, although it does not completely resolve the issue on a permanent basis, would provide a reasonably narrow solution that would help limit the unusually high transaction fees that have been incurred over the past year as a result of the unusual credit card payments by the STR customer discussed in paragraph 7.

13. Under K.S.A. 66-101, the Commission has "full power, authority and jurisdiction to supervise and control the electric public utilities . . . doing business in Kansas, and is empowered to do all things necessary and convenient for the exercise of such power, authority and jurisdiction."

14. Southern Pioneer respectfully submits that the request relief—a limited waiver to eliminate credit card payments only by STR Customers—is reasonable and necessary to limit and prevent further harm as described herein to Southern Pioneer's customers related to and caused by the unusual credit card payments made by certain customers. In order to prevent these charges from accruing in the future without mitigation, expedited review and relief in the manner requested by Southern Pioneer is justified, is reasonable and necessary under the circumstances. The expedited relief sought herein is in the public interest, as it will curtail unnecessary charges and fees from accruing to the detriment of Southern Pioneer's customers as a whole—customers which have done nothing to cause these substantial charges to accrue. In addition, because the requested

relief is only limited to STR Customers, it is narrowly tailored so that it does not impair other customers' ability to pay by credit card.

15. The relief requested in this Application is reasonable and necessary to ensure continuing efficient and sufficient service to Southern Pioneer customers under fair and reasonable rules, regulations and conditions.

16. Southern Pioneer requests entry of a schedule requiring any interested parties submit responsive testimony no later than thirty (30) days after filing of this Application, and providing that the Commission will enter an order on Southern Pioneer's requested relief no later than sixty (60) days after filing of this Application.

III. TESTIMONY AND SERVICE

17. Submitted with this Application is the testimony and supporting exhibits of the following witnesses Chantry C. Scott, Southern Pioneer Executive VP – Chief Financial Officer, along with Exhibits A and B showing information related to the observable impacts from these unusual credit card payments, and accrual of substantial transaction fees.

18. In addition to the undersigned counsel, all correspondence, pleadings, orders, decisions and communications regarding this proceeding should be sent to:

<p>Lindsay Campbell President and Chief Executive Officer Southern Pioneer Electric Company P.O. Box 430 Ulysses, KS 67880-0430 lcampbell@pioneerelectric.coop</p>	<p>Chantry Scott Executive VP – Asst. CEO & CFO Southern Pioneer Electric Company P.O. Box 430 Ulysses, KS 67880-0430 cscott@pioneerelectric.coop</p>
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WHEREFORE, Southern Pioneer respectfully requests the Commission issue an Order granting this Application granting Southern Pioneer's request for relief on an expedited basis, no more than sixty (60) days from the date of filing of this application granting a limited waiver from the above-cited section of Southern Pioneer's Rules and Regulations to allow Southern Pioneer to prohibit payment by credit card from STR Customers, and for such other and further relief as the Commission deems just and proper.

Respectfully submitted,

/s/ Will B. Wohlford

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STATE OF KANSAS)
) ss:
COUNTY OF SEDGWICK)

VERIFICATION

I, Will B. Wohlford, verify under penalty of perjury that I have caused the foregoing pleading to be prepared; that I have read and reviewed the same; and that the contents thereof are true and correct to the best of my information, knowledge and belief.

/s/ Will B. Wohlford _____