

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

**In the Matter of the Application of Southern )  
Pioneer Electric Company for Approval of its)  
Renewable Energy Program Rider Tariff )**

**Docket No. 24-SPEE-540-TAR**

**TESTIMONY IN SUPPORT OF  
UNANIMOUS SETTLEMENT AGREEMENT**

**PREPARED BY**

**CHAD UNREIN**

**UTILITIES DIVISION**

**KANSAS CORPORATION COMMISSION**

**July 8, 2024**

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2 **I. Introduction, Qualifications, Assigned Responsibilities**

3 **Q. Would you please state your name?**

4 A. My name is Chad Unrein.

5 **Q. What is your business address?**

6 A. My business address is 1500 Southwest Arrowhead Road, Topeka, Kansas 66604.

7 **Q. By whom are you employed and in what capacity?**

8 A. I am employed by the Kansas Corporation Commission (Commission) as the Chief of  
9 Accounting and Financial Analysis.

10 **Q. Would you please describe your educational background and business experience?**

11 A. I graduated with a Bachelor's of Business Administration (B.B.A.) with an emphasis in  
12 Accounting and a Certificate in Leadership Studies from Washburn University in 2004.  
13 In addition, I hold a Master's Degree in Business Administration (M.B.A) from  
14 Washburn University that was completed in 2010.

15 Prior to graduating with my B.B.A, I started an internship with Westar Energy, Inc.  
16 (d/b/a Evergy Central). Following graduation, I accepted a position as an Associate  
17 Accountant in the Financial Reporting Department of Westar Energy with various  
18 responsibilities, including the preparation of financial statements, FERC Regulatory

1 Reporting, and developing financial analysis for managerial reports. In 2005, I accepted  
2 a position as a Risk Management Analyst in Westar's Risk Management Department,  
3 which was responsible for the oversight of Westar's asset and non-asset based energy  
4 marketing portfolios. My primary responsibilities in this position included counterparty  
5 credit analytics to establish credit limits, and virtual transaction reporting.

6 In 2006, I accepted a position at Security Benefit Group as a Portfolio Performance  
7 Analyst in their Asset Management Department. I was responsible for a variety of  
8 benchmarking analysis, risk/return evaluations, and portfolio performance assessments  
9 to aid fund managers in assessing fund performance.

10 I began my employment with the Commission as a Regulatory Auditor in January of  
11 2014. At the Commission, I served in a variety of auditing positions with differing levels  
12 of responsibilities in the Commission's review of State, Federal, and Southwest Power  
13 Pool's regulatory matters. My most recent promotion as Chief of Accounting and  
14 Financial Analysis occurred in February of 2024. My current role includes the  
15 management of the Audit section of the Utilities Division.

16 While employed with the Commission, I've participated in and directed the review  
17 of various tariff/surcharge filings and rate case proceedings involving electric, natural  
18 gas distribution, water distribution and telecommunications utilities. In my new capacity  
19 as Chief of Accounting and Financial Analysis, I have a supervisory responsibility for  
20 the activities of the Commission's Audit section within the Utilities Division. In that  
21 capacity, I plan, manage, and perform audits relating to utility rate cases, tariff/surcharge  
22 filings, fuel cost recovery mechanisms, transmission delivery charges, alternative-

1       ratemaking mechanisms, and other utility filings which have an impact on utility rates in  
2       Kansas.

3       **Q. Have you ever testified before the Commission?**

4       A. Yes, I filed testimony in Docket Nos. 14-SPEE-507-RTS, 14-BHCG-502-RTS,  
5       14-MRGT-097-KSF, 15-SPEE-519-RTS, 15-SPEE-161-RTS, 15-KCPE-116-RTS,  
6       16-MKEE-023-TAR, 16-SPEE-497-RTS, 16-KGSG-491-RTS, 17-SPEE-476-RTS,  
7       18-WSEE-328-RTS, 18-KCPE-480-RTS, 19-MPCE-064-COC, 19-GBEE-253-ACQ,  
8       19-EPDE-223-RTS, 24-EKCE-775-RTS, and 24-KGSG-610-RTS.

9       **II. Executive Summary**

10      **Q. What is the purpose of your testimony in this proceeding?**

11      A. I am testifying on behalf of the Staff of the Kansas Corporation Commission (KCC or  
12      Commission) in support of the settlement of the issues outlined in the Unanimous  
13      Settlement Agreement (Settlement Agreement or Agreement) between Staff; Southern  
14      Pioneer Electric Company (Southern Pioneer); and the Citizens' Utility Ratepayer Board  
15      (CURB) (combined, Signatories) in Southern Pioneer's Docket No. 24-SPEE-540-TAR  
16      (24-540 Docket). National Beef Packaging Company, LLC (National Beef) and Air  
17      Products and Chemicals, Inc. (Air Products) filed petitions for intervention and the  
18      Commission Granted Intervention to both on March 12, 2024. National Beef and Air  
19      Products notified the Signatories that the parties would not sign on to the Settlement  
20      Agreement; however, the parties indicated that they do not oppose the Settlement  
21      Agreement.<sup>1</sup>

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<sup>1</sup> National Beef and Air Products do not support the contract terms contained in the Renewable Energy Program Participant Agreement between Sunflower, the Distribution Co-op/Southern Pioneer, and the C&I Customer (Three-Party Participant Agreement). Staff will discuss the Three-Party Participant Agreement in greater detail in Section IV of my testimony.

1           My testimony will explain why the Commission should approve the Settlement  
2           Agreement as a reasonable resolution of the issues in this Docket, which is in the public  
3           interest and will contribute to just and reasonable rates.

4           **Q. Please explain how your remaining testimony is structured.**

5           A. My testimony is structured in the following four sections with short summaries of the  
6           material discussed in each section:

- 7           ▪ Section III: Docket Overview and Procedural Background: this portion of my  
8           testimony addresses the procedural history of Southern Pioneer’s Application for  
9           a voluntary Renewable Energy Program, pursuant to K.S.A. 66-117.
- 10          ▪ Section IV: Analysis of Settlement Agreement: this portion of my testimony  
11          provides an overview of the Settlement Agreement. The testimony addresses the  
12          general terms of the Renewable Energy program and the proposed conditions for  
13          Commission approval contained in Staff’s Report and Recommendation, which  
14          were formalized into the Agreement. The testimony discusses the proposed  
15          Three-Party Participant Agreement between Southern Pioneer, Sunflower  
16          Electric Power Corporation’s (“Sunflower”) Energy and Commercial and  
17          Industrial (C&I) customers and discuss National Beef and Air Products position  
18          as it relates to the Three-Party Participation Agreement.
- 19          ▪ Section V: Commission Standards for Review: this portion of my testimony  
20          focuses on the Standard of review used to guide the Commission in its  
21          consideration of whether to accept the Agreement.<sup>2</sup>

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<sup>2</sup> See Order Approving Contested Settlement Agreement, Docket No. 08-ATMG-280-RTS, pp. 4-6 (May 12, 2008).

- 1       ▪ Section VI: Review of Evidence in Record: this portion of my testimony focuses  
2       on the evidence in the record that supports the Settlement Agreement and  
3       recommends the Commission accept the Agreement.

4       **III.   Procedural History of Docket**

5       **Q. Please provide a brief background of Southern Pioneer’s Application to implement**  
6       **a voluntary Renewable Energy Program?**

7       A. On January 31, 2024, Southern Pioneer filed an Application seeking Commission  
8       approval of its voluntary Renewable Energy (“RE”) Program Rider Tariff. This Program  
9       is designed to provide an alternative to customer-sited renewable energy generation  
10      while allowing customers to participate in utility-scale renewable resources and receive  
11      the associated economic benefits without the long-term commitment, risk, and cost  
12      associated with customer-sited systems.

13       On February 2, 2024, CURB filed a petition to intervene, which was granted on  
14      February 8, 2024. On February 14, 2024, National Beef and Air Products filed petitions  
15      to intervene, which were both granted on March 12, 2024.

16       On May 31, 2024, Staff filed its Report and Recommendation (“Staff R&R”),  
17      recommending that the Commission approve the RE Program and Three-Party  
18      Participation Agreement with the following three conditions:

- 19           1. Southern Pioneer must note in the customer education materials that  
20           residential participation in their Community Solar Program will not add  
21           any additional renewable generation to Sunflower’s generation portfolio  
22           and allocates a portion of the existing generation from Johnson Corner  
23           Solar Project to participating Community Solar customers;
- 24           2. As detailed in the Southern Pioneer/Sunflower Three-Party Participant  
25           Agreement, Southern Pioneer/Sunflower must pursue all legal recourse to

1 minimize the impact of any Tier 3 customer default on Southern Pioneer's  
2 retail customer base; and

- 3 3. If Sunflower/Southern Pioneer places any defaulted portion of a Purchase  
4 Power Agreement (PPA) transacted on behalf of a third-party customer  
5 into its Energy Cost Adjustment, Sunflower will flow-through any legal  
6 proceeds received from the customer default back through Southern  
7 Pioneer's ECA, less any legal fees incurred to win a judgement or settle  
8 damages.

9 On June 14, 2024, Southern Pioneer and CURB filed their responses to Staff's  
10 R&R agreeing to accept the three conditions proposed by Staff above. A settlement  
11 conference was scheduled for June 20, 2024. Upon the agreement of all parties in  
12 the Docket, the settlement conference was cancelled due to the general agreement of  
13 the parties positions and a Settlement Agreement was filed on June 25, 2024, seeking  
14 Commission Approval of the Settlement Agreement as stipulated by Staff, the RE  
15 Program Tariff, and the Three-Party Participation Agreement attached to Staff's  
16 R&R as Attachment A.

17 Subsequent to the cancellation of the settlement conference, National Beef and  
18 Air Products notified the signatories that they would not sign onto the Settlement  
19 Agreement, based on the form of the contracts and contract terms of the Three-Party  
20 Participation Agreement. While not signatories, both parties represented their non-  
21 opposition to the Settlement Agreement.

22

1    **IV.    Analysis of Settlement Agreement**

2    **Q. Please describe the Settlement Agreement filed June 25, 2024.**

3    A. The Settlement Agreement consists of Southern Pioneer's filed Renewable Energy  
4        Program for Residential and C&I Customers, Staff's stipulated positions and  
5        Sunflower's proposed Three-Party Participant Agreement included as Attachment A to  
6        Staff's R&R. The Settlement Agreement adopts both the RE Rider, contained in Exhibit  
7        CCS-1, and the Community Solar Share Agreement, contained in Exhibit CCS-2, in the  
8        Testimony of Southern Pioneer Witness Chantry C. Scott.

9    **Q. Please discuss the development of Southern Pioneer's Rider to implement a**  
10    **voluntary Renewable Energy Program.**

11   A. The RE Rider was developed by Sunflower for its distribution cooperatives and is  
12        administered at the retail level by Sunflower's member cooperatives.<sup>3</sup> Unlike the other  
13        distribution cooperatives, Southern Pioneer's implementation of the RE Rider requires  
14        Commission-approval for the voluntary program to be rolled out in Southern Pioneer's  
15        service territory, given Southern Pioneer's status as a regulated distribution utility. As  
16        with its other distribution cooperatives, Sunflower serves as generation and transmission  
17        supplier to Southern Pioneer.

18   **Q. Please discuss the breakout of Southern Pioneer's voluntary Renewable Energy**  
19    **Program?**

20   A. The RE Program is separated by customer class with a different program available for  
21        C&I customers and residential customers. The RE Program utilizes two divisions for

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<sup>3</sup> Sunflower's member cooperatives are Southern Pioneer, Pioneer Electric, Lane-Scott Electric Cooperative, Prairie Land Electric Cooperative, The Victory Electric Cooperative, Western Cooperative Electric, and Wheatland Electric Cooperative.



1 renewable generation – Wind and Solar – and a Tier-based system that includes  
2 escalating minimum size requirements, customer participation limits (Participant Caps)  
3 and total participation limits (Total Tier Caps). Customers must meet certain load  
4 qualifications to participate in certain Divisions/Tiers. Once qualified, the customer may  
5 select a participation level ranging from 25% of their total energy consumption to a  
6 maximum of either 100% of their total energy in kilowatt-hours (kWh) consumption or  
7 the Tier Participant Cap, whichever is greater.

8 **Q. Please discuss the general terms for Southern Pioneer’s Renewable Energy Program**  
9 **available to residential customers?**

10 A. Residential customers have access to the Community Solar Program or Solar Division  
11 Tier 1b.<sup>4</sup> The Community Solar program is limited to residential customers to buy shares  
12 and participate through a direct allocation of 125 kWh shares of Sunflower’s Johnson  
13 Corner Solar Farm, which Southern Pioneer was allocated 2,907 shares to sell to  
14 residential customers for \$5 per share or \$0.04 per kWh. This is the equivalent of two  
15 rooftop solar panels. Residential customers may purchase up to the customer’s total  
16 energy usage, which is on average approximately 1,000 kWh, or 8 shares.

17 Residential customers pay a fixed price and then are allocated an energy margin that  
18 is generated from selling the Johnson Solar farm into the Southwest Power Pool’s energy  
19 markets. Southern Pioneer calculates a monthly adjustment (dollars per kWh) between  
20 the fixed price RE Rider amount and the SPP revenues generated by the solar farm for  
21 each share.

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<sup>4</sup> See Testimony of Chantry S. Scott, Exhibit CCS-2: Community Solar Share Agreement.

1 All shares are sold on a first-come, first-served basis until the available shares have  
2 been fully subscribed. Once enrolled, the customers may terminate the subscription at  
3 any time. However, after termination, the customer must wait one year before they can  
4 re-subscribe to the program.

5 **Q. How does the C&I customer sign-up process for Southern Pioneer's RE Program**  
6 **differ from the residential sign-up?**

7 A. All C&I customers will be required to enter into a Three-Party Participation Agreement  
8 between Southern Pioneer, Sunflower, and the customer, which will define the Division  
9 (Solar or Wind), Tier (Tier 1, Tier 2, and Tier 3) and the Customer Participation Level.  
10 The term of the agreement will be determined between the parties, but will not be less  
11 than one year for service under Tier 1 (Wind Tier 1 and Solar Tier 1a), Tier 2 (Wind Tier  
12 2 and Solar Tier 2).

13 Tier 3 service agreements will include exit fee provisions to protect against stranded  
14 investment if a customer leaves prior to the expiration of any new power supply  
15 arrangement entered into by Sunflower as Southern Pioneer's wholesale power provider  
16 to serve the customer per the terms of this Rider.

17 **Q. Please discuss the general terms for Southern Pioneer's Renewable Energy Program**  
18 **available to C&I customers?**

19 A. The C&I Program includes three tiers for Wind and Solar that each contain minimum  
20 sizing requirements, tier participation caps and total tier caps. The smallest C&I  
21 customers can access Solar Tier 1a, which requires a minimum size of 1 kilowatt (kW)  
22 of the customer's average hourly demand, a Participant Tier cap of 100,000 kWh, and a  
23 total Tier Cap of 600,000 kWh. Solar Tier 2 for C&I customers requires a minimum size

1 of 5 kW of average hourly demand, a Participant Tier cap of 200,000 kWh and a total  
2 Tier Cap of 1.2 million kWh. Solar Tier 3 for C&I customers require an average hourly  
3 demand of 500 kW, and does not contain a participant Tier cap or total Tier cap.

4 For participation in Southern Pioneer's wind program, C&I customers would need  
5 to meet the minimum size requirement for average hourly demand for Tier 1 of 100kW,  
6 Tier 2 of 200 kW, and Tier 3 of 300 kW. Participant caps for wind resources for C&I  
7 customers would begin at Tier 1 with a cap of 1.5 million kWh, for Tier 2 with a cap of  
8 3 million kWh, for Tier 3 with no participant caps. Southern Pioneer's total tier cap  
9 would be set for Tier 1 at 8 million kWh, Tier 2 at 16 million kWh, and Tier 3  
10 participation would not be capped.

11 **Q. Please explain why Southern Pioneer does not have participant or tier caps for its**  
12 **Tier 3 wind and solar programs.**

13 A. Tier 3 does not require a participant cap or total cap in the RE Rider, as Sunflower would  
14 actively search for and sign a new Purchase Power Agreements (PPAs) on behalf of the  
15 large C&I customer. As most PPA contracts are long-term, multi-year agreements, Tier  
16 3 customers would have Three-Party Participant Agreements between Sunflower,  
17 Southern Pioneer, and C&I customer, with a provision requiring exit fees. The Exit Fee  
18 provision is meant to protect Southern Pioneer's retail customers from absorbing any  
19 impact of default from a Three-Party Participant Agreement.

20 The length of the third-party agreement for Tier 3 Wind or Solar resources would  
21 likely depend on the length of the PPA contract that Sunflower, Southern Pioneer and  
22 the C&I customer would negotiate. Staff filed the Three-Party Participation Agreement  
23 as an Attachment A to its Report & Recommendation in the 24-540 Docket.

1    **V.    Commission Standard for Approving Settlement Agreements**

2    **Q. Has the Commission previously used factors or standards to review a settlement**  
3    **agreement?**

4    A. Yes. The Commission's Order in Docket No. 08-ATMG-280-RTS (08-280 Docket)  
5    discusses five factors, or standards, and multiple agreements have been reviewed by the  
6    Commission using the five factors since that Order.<sup>5</sup> However, multiple recent  
7    Commission Orders have noted that for unanimous settlement agreements, parties need  
8    not apply the historical five-factor test set forth in the 08-280 Docket.<sup>6</sup>

9    **Q. What standards does the Commission generally examine when considering a**  
10    **unanimous settlement agreement?**

11    A. The Commission may accept a settlement agreement so long as approval of the  
12    settlement is: (1) supported by substantial competent evidence in the record as a whole;  
13    (2) results in just and reasonable rates; and (3) is in the public interest.<sup>7</sup> Each of these  
14    factors is discussed individually below.

15    **VI.    Support of Settlement - Review of Evidence in the Record**

16    **Q. Please address whether the Settlement Agreement is supported by substantial**  
17    **competent evidence in the record as a whole.**

18    A. The Settlement Agreement is supported by substantial competent evidence in the record  
19    as a whole. The Settlement support includes Southern Pioneer's Application and the  
20    direct testimony of Southern Pioneer Witness Chantry C. Scott. In his Testimony, Mr.

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<sup>5</sup> See Order Approving Contested Settlement Agreement, 08-280 Docket, p. 5 (May 5, 2008).

<sup>6</sup> See Order on KCP&L's Application for Rate Change, Docket No. 15-KCPE-116-RTS, ¶ 16, p. 6 (Sept. 10, 2015).

<sup>7</sup> Ibid, ¶ 15; see *Citizen's Util. Ratepayer Bd. v. State Corp. Comm'n of State of Kansas*, 28 Kan. App. 2d 313, 316 16 P.3d 319, 323 (2000).

1 Scott includes the tariff language for Renewable Energy Program Rider in Exhibit No.  
2 CCS-1 and the Community Solar Share Agreement in Exhibit No. CCS-2. In addition  
3 to the discovery process, the intervening parties held two technical conferences with  
4 Southern Pioneer to gain understanding and reasons for filing the RE Program.

5 Southern Pioneer's request was driven by customer engagement in looking for a  
6 similar RE program that was active in Pioneer Electric's service territory. Southern  
7 Pioneer requested an extension of one month to give the parties adequate time to review  
8 the Three-Party RE Program Participation Agreement. Based on Staff's review of the  
9 Application and witness Testimony, Staff issued its Report & Recommendation,  
10 requesting Commission approval of the RE Program, with the following Conditions:

- 11 1. Southern Pioneer must note in the customer education materials that residential  
12 participation in their Community Solar Program will not add any additional  
13 renewable generation to Sunflower's generation portfolio and allocates  
14 generation from its Johnson Corner Solar Project;
- 15 2. As detailed in the Southern Pioneer/Sunflower Participant Agreement, Southern  
16 Pioneer/Sunflower must pursue all legal recourse to minimize the impact of any  
17 Tier 3 customer default on Southern Pioneer's retail customer base; and
- 18 3. If Sunflower/Southern Pioneer places any defaulted portion of a PPA transacted  
19 on behalf of a third-party customer into its Energy Cost Adjustment, Sunflower  
20 will flow-through any legal proceeds received from the customer default back  
21 through Southern Pioneer's ECA, less any legal fees incurred to win a judgement  
22 or settle damages.

23 Based on the review of Staff's R&R, Southern Pioneer and CURB filed responsive  
24 comments supporting Staff's conditions as reasonable<sup>8</sup> because the conditions promote

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<sup>8</sup> See Southern Pioneer's Response to Staff's R&R, page 2, ¶4.

1 customers making informed decisions while minimizing the risks of additional costs on  
2 non-participating customers.<sup>9</sup>

3 These filed positions represent the body of evidence the Commission would rely on  
4 to make a determination of the issues presented by this case, if the case were to be fully  
5 litigated. The Parties also relied on this evidence in negotiations and eventually arrived  
6 at an agreed upon resolution of all of the issues in this case. It is Staff's position that the  
7 terms of this Agreement are commensurate with what could be expected if the case were  
8 to be fully litigated.

9 **Q. Does Staff contend that the Settlement Agreement will result in just and reasonable**  
10 **rates?**

11 A. Yes, the Settlement Agreement promotes a voluntary renewable energy program that  
12 gives residential, commercial and industrial customers access to renewable generation at  
13 a fixed price. Southern Pioneer's Community Solar Program represents the highest rate  
14 at \$0.04 per kWh that residential customers would pay prior to receiving a share of the  
15 energy margin Johnson Corner Solar Farm receives from sales of energy into the SPP  
16 IM.

17 The energy price is reasonable and provides consumers who want to receive power  
18 from renewable resources an alternative means to access renewable generation other than  
19 investing in a roof-top solar system. The cost of roof-top solar systems is prohibitive to  
20 some consumers or locks customers into a long-term lease agreement. Southern  
21 Pioneer's RE Program allows customers to transfer off the program based on the  
22 customer's actual experience, which isn't possible with a roof-top investment.

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<sup>9</sup> See CURB's response to Staff's R&R, page 8, ¶14.

1 Finally, Southern Pioneer's RE Program allows for energy demand to be retained on  
2 Southern Pioneer's system, resulting in lower rates for those who remain on the system,  
3 in comparison to a roof-top system. This is an important factor given the size of Southern  
4 Pioneer's system and the percentage of commercial and industrial load on its system.

5 **Q. Does Staff believe the Settlement Agreement is in the public interest?**

6 A. Yes, there were multiple interests represented by the Parties involved in this Docket;  
7 Southern Pioneer as the Applicant, CURB representing the interests of residential and  
8 small commercial ratepayers; and National Beef and Air Products representing the  
9 interests of some of Southern Pioneer's large commercial and industrial customers. Staff  
10 attempted to balance each of those interests while representing the interests of the public  
11 generally. The fact that all parties, with their varied interests, were able to collaborate  
12 and present a unanimous resolution of the issues in this case strongly indicates the public  
13 interest standard has been met.

14 Generally speaking, the public interest is served when ratepayers are protected from  
15 unnecessarily high prices, discriminatory prices and/or unreliable service. More  
16 specifically, it is Staff's opinion that the Settlement meets the public interest due to the  
17 following factors:

- 18       ▪ The RE Program is completely voluntary for all customers, so customers  
19       will only pay more if they choose to do so;
- 20       ▪ Staff has reviewed and made recommendations on improving customer  
21       education materials so that any interested customer is able to make an  
22       informed decision about taking service under the Program;

- 1           ▪ Staff added a stipulation that clarified that in the event of a third party  
2           default, Southern Pioneer and Sunflower would pass-through any  
3           settlement damages (less legal costs) recovered from third-party  
4           customers, in the event Sunflower added the defaulted PPA contract into  
5           its ECA. This was necessary because the PPA contract could impact the  
6           rates for non-participating members of Southern Pioneer's RE Program.
- 7           ▪ In settlement negotiations, each of the Parties represented their respective  
8           interests by putting time, thought, and professional analysis into deriving  
9           a settlement position it found reasonable;
- 10          ▪ The Settlement was based on the record and is a reasonable compromise  
11          among the Parties based on each party's own analysis of a reasonable  
12          outcome; and
- 13          ▪ If this Settlement is approved, the Parties would avoid the costly and time-  
14          consuming process of a fully-litigated hearing. It is in the public interest  
15          to avoid these costs, if possible, and this Settlement accomplishes this  
16          result.

17   **Q. Is Staff aware why National Beef and Air Products did not become signatories to**  
18   **the Agreement?**

19   A. Yes. The parties indicated that they had begun the process of discussing mutually  
20   agreeable contract terms for a renewable solar program directly with Sunflower  
21   throughout the past two years. Like the other parties in the Docket, National Beef and  
22   Air Products did not see the relevant contract language of the Three-Party Participation  
23   Agreement until May of 2024. As proposed, the Three-Party Participation Agreement



1 includes contract terms that were not supported by National Beef and Air Products; and  
2 therefore, the parties did not sign on as signatories to the Settlement Agreement in this  
3 Docket.

4 Both National Beef and Air Products, and other members of the industrial customer  
5 group, have represented they are willing to continue to negotiate in good faith with  
6 Sunflower Electric and the electric cooperative owners of Sunflower Electric, to reach  
7 mutually agreeable contract terms for the purchase of solar energy.

8 **Q. Does Staff support this effort by the C&I Customers and Sunflower to continue**  
9 **negotiations on a Three-Party Participation Agreement?**

10 A. Yes. Staff supports the continued effort to work towards a mutually agreeable Three-  
11 Party Participation Agreement. As discussed above, Staff requested Southern Pioneer  
12 and Sunflower provide the Three-Party Participation Agreement prior to the approval of  
13 the RE Program. The contract was provided late in the process. Staff reviewed the  
14 contract and did not have any concerns with the language, but Staff analyzed the contract  
15 from the perspective of whether it would benefit the public generally, not from the  
16 specific perspective of a C&I customer. Staff believes as a whole, the contract provides  
17 an avenue for C&I customers to engage in utility-scale renewable resources and receive  
18 the associated economic benefits, while adequately protecting residential ratepayers from  
19 covering the utility's losses if one of these contracts fall through.

20 Staff would support efforts from Sunflower and Southern Pioneer to engage with its C&I  
21 customers and continue to work toward mutually agreeable terms.

22 While Staff never received any proposed redlined edits from the C&I Customers,  
23 Staff understands that these customers have spent considerable time and effort during

1 these negotiations with Sunflower. Staff supports the Three-Party Participation  
2 Agreement as is, but could theoretically also support a Three-Party Participation  
3 Agreement that National Beef and Air Products found to be more favorable, assuming  
4 the protections for residential customers remained intact.

5 Staff recommends the Commission approve the Three-Party Participation Agreement  
6 as it stands. While the Three-Party Participation Agreement may not be as favorable from  
7 a C&I perspective as National Beef and Air Products would like, they are not opposing  
8 the Agreement. The Three-Party Participation Agreement is not harmful to C&I  
9 customers. It allows these customers to access utility-scale solar projects while shielding  
10 residential ratepayers from financial liability if one of those projects fails. The Three-  
11 Party Participation Agreement is also fully voluntary, so no C&I customer will be forced  
12 into a program in which they do not wish to participate.

13 If Southern Pioneer, National Beef, and Air Products continue negotiation and are  
14 able to iron out provisions for the Three-Party Participation Agreement that National  
15 Beef and Air Products can support, it is Staff's position that those parties should file the  
16 revised contract in this docket for Commission review. The contract resubmission would  
17 allow Staff to determine whether an adequate level of retail customer protections remains  
18 in any revised Three-Party Participation Agreement.

19 Until a new Three-Party Participation Agreement is put forward by Southern Pioneer  
20 and its C&I customers, Staff supports the terms of the existing Third-Party Participation  
21 Agreement and recommends the Commission approve the same.

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

23 A. Yes.

STATE OF KANSAS                    )  
  ) ss.  
COUNTY OF SHAWNEE            )

**VERIFICATION**

Chad Unrein, being duly sworn upon his oath deposes and states that he is Chief of Accounting and Financial Analysis for the Utilities Division of the Kansas Corporation Commission of the State of Kansas, that he has read and is familiar with the foregoing *Direct Testimony*, and attests that the statements contained therein are true and correct to the best of his knowledge, information and belief.



Chad Unrein  
Chief of Accounting and Financial Analysis  
State Corporation Commission of the  
State of Kansas

Subscribed and sworn to before me this 2 day of July, 2024.



Notary Public

My Appointment Expires: 4/28/25



NOTARY PUBLIC - State of Kansas  
ANN M. MURPHY  
My Appt. Expires 4/28/25

## **CERTIFICATE OF SERVICE**

24-SPEE-540-TAR

I, the undersigned, certify that a true and correct copy of the above and foregoing Testimony was served via electronic service this 8th day of July, 2024, to the following:

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Ann Murphy  
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