



July 28, 2020

Via: KCC E-filing Express

Lynn Retz  
Secretary to the Commission  
1500 SW Arrowhead Road  
Topeka, Kansas 66604

Re: Joint Application

Dear Ms. Retz:

Attached for filing is the Joint Application of Southern Pioneer Electric Company ("Southern Pioneer") and Sunflower Electric Power Corporation ("Sunflower"). As designated therein, information contained in Exhibit ESS-2 to the Prefiled Direct Testimony of Mr. Erik S. Sonju is CONFIDENTIAL pursuant to K.S.A. 66-1220a and K.A.R. 82-1-221a, as it constitutes confidential commercial information. The information designated as confidential contains customer load data regarding characteristic and usage of the 34.5kV system generally, and at specific delivery points. Such information could be helpful in competing for the provision of wholesale electric transmission service, wholesale power supply, or any future deregulation of monopolized retail service. Disclosure of such information could cause a competitive disadvantage for Sunflower and Southern Pioneer or the release of commercially sensitive information.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Brungardt".

James Brungardt  
Manager Regulatory Relations  
Sunflower Electric Power Corporation

A handwritten signature in blue ink, appearing to read "Randy Magnison".

Randy Magnison  
Executive Vice President – Assistant CEO  
Southern Pioneer Electric Company

Encl. 1

**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.	)		

**JOINT APPLICATION**

Southern Pioneer Electric Company (“Southern Pioneer”) and Sunflower Electric Power Corporation (“Sunflower”) (Southern Pioneer and Sunflower are hereinafter referred to as the “Joint Applicants”), pursuant to K.S.A. § 66-117, hereby file this Joint Application seeking approval from the State Corporation Commission of the State of Kansas (“Commission”) of an updated 34.5 kV loss factor in Southern Pioneer’s Local Access Delivery Service (“LADS”) Tariff.

**I. INTRODUCTION AND JURISDICTION**

1. Southern Pioneer is a Kansas not-for-profit corporation and certificated electric public utility. Southern Pioneer’s principal place of business is located in Ulysses, Kansas, with distribution and customer service offices located in Liberal and Medicine Lodge, Kansas.

2. Southern Pioneer is fully regulated by the Commission and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc., a not-for-profit Kansas member-owned electric cooperative not subject to Commission regulation for retail ratemaking purposes pursuant to K.S.A. § 66-104d.

3. Southern Pioneer provides retail electric service to just under 17,000 consumers in 34 communities throughout south central and southwestern Kansas. In addition to providing retail service, Southern Pioneer also provides certain wholesale services, including service to wholesale LADS customers over its 34.5 kV sub-transmission facilities.

4. Sunflower is a generation and transmission electric utility operating in the state of Kansas on a non-profit cooperative basis, with its principal place of business located in Hays, Kansas. Sunflower is a certificated electric public utility that has elected to exempt itself from the jurisdiction, supervision and control of the Commission pursuant to K.S.A. 66-104d.<sup>1</sup> Sunflower remains subject to the Commission's jurisdiction for those items referenced in K.S.A. 66-104d(f).

5. Sunflower is owned by six Kansas consumer-owned cooperatives and one non-profit corporation, wholly owned by one of the six consumer-owned cooperatives.<sup>2</sup> On January 1, 2020, pursuant to Commission order in Docket No. 19-SEPE-054-MER ("19-054 Docket"), Sunflower merged with Mid-Kansas Electric Company, Inc. (formerly known as Mid-Kansas Electric Company, LLC) ("Mid-Kansas"), with Sunflower as the surviving entity.

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<sup>1</sup> Order Affirming Sunflower Electric Power Corporation's Electric to Deregulate, Docket No. 10-SEPE-072-DRC (filed September 28, 2009).

<sup>2</sup> The seven electric utilities that own Sunflower and their respective headquarters are as follows: Lane-Scott Electric Cooperative, Inc., Dighton, Kansas; Southern Pioneer Electric Company, Ulysses, Kansas; Pioneer Electric Cooperative, Inc., Ulysses, Kansas; Prairie Land Electric Cooperative Association, Inc., Norton, Kansas; The Victory Electric Cooperative Association, Inc., Dodge City, Kansas; Western Cooperative Electric Association, Inc., WaKeeney, Kansas; and Wheatland Electric Cooperative, Inc., Scott City, Kansas. Southern Pioneer is a not-for-profit corporation wholly owned by Pioneer Electric Cooperative, Inc.

## **II. 34.5 kV FACILITIES AND WHOLESALE LADS**

6. The Southern Pioneer 34.5 kV sub-transmission facilities provide service to both Southern Pioneer retail customers and wholesale LADS customers. The rates paid by wholesale LADS customers for service over Southern Pioneer's 34.5 kV system are provided by the Southern Pioneer LADS Tariff, which includes a monthly unit demand local access charge (the "LAC") as well as a loss factor percentage charge that is the subject of this filing. The LAC stated in the LADS Tariff represents wholesale LADS customers' load ratio share of the total Southern Pioneer 34.5 kV revenue requirement.<sup>3</sup> The loss factor represents the amount of energy that is "lost" between the point at which energy enters the 34.5 kV facilities, and the moment it leaves the 34.5 kV facilities.

7. On March 10, 2016 in Docket No. 16-MKEE-023-TAR, the Commission approved a 34.5 kV formula based rate plan ("FBR Plan") for Southern Pioneer which allowed Southern Pioneer to annually adjust both its retail charges and the LAC in its LADS Tariff for changes in the cost of providing service over Southern Pioneer's 34.5 kV sub-transmission system. LADS Tariff states the current loss factor. Any updates to the loss factor in the Southern Pioneer LADS Tariff would require separate Commission approval.

8. The initial 34.5 kV FBR Plan was approved by the Commission for a three-year period, to align with the term of the Southern Pioneer distribution system DSC FBR Plan already in place. The annual updates to the Southern Pioneer retail rates and

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<sup>3</sup> Southern Pioneer's retail customers' load ratio share of the total 34.5 kV revenue requirement is "bundled" in and recovered through the composite retail rate found in Southern Pioneer's respective retail rate schedules.

wholesale LAC in the LADS Tariff under the 34.5 kV FBR Plan were reviewed and approved by the Commission in Docket Nos. 16-SPEE-501-TAR, 17-SPEE-476-TAR and 18-SPEE-477-RTS. On December 9, 2019, Southern Pioneer filed an application with the Commission in Docket No. 19-SPEE-240-MIS, requesting to continue both its 34.5 kV FBR Plan and DSC FBR Plan by combining into one FBR Plan. The requested FBR Plan provides for, *inter alia*, the same process to annually update the LAC in the Southern Pioneer LADS Tariff. Southern Pioneer and intervenors are currently awaiting a Commission Order on the request to approve the new FBR Plan pursuant to a Stipulation and Agreement.<sup>4</sup>

9. In accordance with the Commission Order in Docket No. 11-GIME-597-GIE, Sunflower is the billing and administration agent for wholesale LADS provided over Southern Pioneer's 34.5 kV sub-transmission system. Mid-Kansas (prior to the merger with Sunflower), as agent for the Mid-Kansas members, previously administered wholesale LADS ("transmission service") over the 34.5 kV facilities pursuant to the terms and conditions of the Mid-Kansas Open Access Transmission Tariff ("OATT") and agreements entered into between Mid-Kansas, the Mid-Kansas members and wholesale LADS customers. The Mid-Kansas OATT is the tariff under which wholesale LADS is provided, and incorporates by reference the Southern Pioneer LADS Tariff providing the LAC and loss factor to be charged to wholesale LADS customers.

10. 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, with

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<sup>4</sup> See Joint Motion for Approval of Unanimous Stipulation and Agreement, Docket No. 19-SPEE-240-TAR, June 22, 2020.

Sunflower serving as the “Transmission Provider” under the Mid-Kansas OATT.<sup>5</sup> For that reason, Sunflower now serves as Transmission Provider under the Mid-Kansas OATT, is responsible for applying the LAC and loss factor for wholesale LADS when LADS is billed to wholesale LADS customers, and is a Joint Applicant herein. For a more detailed description of the reasons for Sunflower’s involvement in this proceeding, please see the Prefiled Direct Testimony of James Brungardt.

### **III. LOSS FACTOR UPDATE**

11. Southern Pioneer desires in the instant proceeding to update the existing energy loss factor that is stated in its LADS Tariff. The loss factor is represented by a percentage that in essence, “true[s] up” the amount of energy that leaves the 34.5 kV facilities to the amount that initially entered the 34.5 kV facilities for purposes of billing demand determinants. In other words, the loss factor estimates the true amount of service, in terms of billing demand determinants, that a customer actually takes.

12. The current energy loss factor of 1.86% in Southern Pioneer’s LADS Tariff was approved by the Commission in Docket No. 09-MKEE-969-RTS. Loss factors are a function of the topology and load of the system whose losses they represent. Over time, the topology of a system can change, and so can the loads on that system. Thus, periodically, loss factors for a specific system should be reviewed and/or updated.

13. Sunflower retained Power System Engineering, Inc. to perform a study to determine the updated loss factor as represented by the current topology of Southern Pioneer’s 34.5 kV facilities. Specifically, the study estimated the energy losses that

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<sup>5</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 Approving Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER (filed March 28, 2019).

occurred during 2018. A study was necessary to determine this loss factor because unlike the Sunflower transmission and Southern Pioneer distribution systems, the 34.5 kV facilities are not metered at all distribution substations. In general, distribution substations corresponding to wholesale loads are metered, while substations corresponding to retail loads are not metered. The absence of metering points at all 34.5 kV input and output locations creates a complex arrangement from a system loss calculation standpoint. In other words, system losses cannot be simply calculated based on “metered energy in” less “metered energy out”. Rather, an engineering model needed to be established that could sufficiently represent all electrical component, loads, and associated losses.

14. Pursuant to the results of the study, the Joint Applicants are requesting approval of an updated energy loss factor of 2.70% for inclusion in Southern Pioneer’s LADS Tariff. Because this loss factor is the result of a comprehensive study, the Joint Applicants believe it accurately represents the energy losses on Southern Pioneer’s 34.5 kV facilities, and is just and reasonable. For a more detailed description of the loss factor study and support for the requested loss factor, please see the Prefiled Direct Testimony of Mr. Erik Sonju. For a more detailed description of how Sunflower applies the loss factor, please see the Prefiled Direct Testimony of James Brungardt.

#### **IV. TESTIMONY AND SERVICE**

15. The testimony of three witnesses is submitted with this Joint Application. The names of the witnesses, the subject of their direct testimony, and the exhibits they sponsor are as follows:

**James Brungardt, Manager, Regulatory Relations**  
**Sunflower**

- Reasons for Sunflower joining as a Joint Applicant in this proceeding.
- Overview of how Sunflower applies the 34.5 kV facilities loss factor.

**Erik Sonju, President and Vice President of Utility System Planning and Studies  
Power Systems Engineering, Inc.**

- Results of loss factor study
  - Exhibit ESS-1: Curriculum vitae
  - Exhibit ESS-2: Southern Pioneer Electric Company 34.5kV System Loss Analysis

**Stephen J. Epperson, President and CEO**

**Southern Pioneer**

- Overview of Southern Pioneer's organization and governance.
- Support for proposed 34.5 kV facilities loss factor applied for in this Joint Application.
- Proposed changes to the Southern Pioneer LADS Tariff updating the loss factor.

16. In addition to the undersigned, copies of pleadings, documents, and correspondence in this docket should be sent to:

<b>Southern Pioneer Electric Company</b> P.O. Box 430 1850 W. Oklahoma Ulysses, Kansas 67880	Steve Epperson President & CEO <a href="mailto:sepperson@pioneerelectric.coop">sepperson@pioneerelectric.coop</a>	Randy Magnison Executive VP & Asst. CEO <a href="mailto:rmagnison@pioneerelectric.coop">rmagnison@pioneerelectric.coop</a>
	Chantry Scott CFO – VP Finance & Accounting <a href="mailto:cscott@pioneerelectric.coop">cscott@pioneerelectric.coop</a>	Larissa Hoopingarner Executive Legal Assistant <a href="mailto:lhoopingarner@pioneerelectric.coop">lhoopingarner@pioneerelectric.coop</a>
<b>Sunflower Electric Power Corporation</b> 301 W. 13th Street P.O. Box 980 Hays, Kansas 67601	James Brungardt Manager, Regulatory Regulations <a href="mailto:jbrungardt@sunflower.net">jbrungardt@sunflower.net</a>	Monica A. Seib Corporate Paralegal Supervisor <a href="mailto:mseib@sunflower.net">mseib@sunflower.net</a>

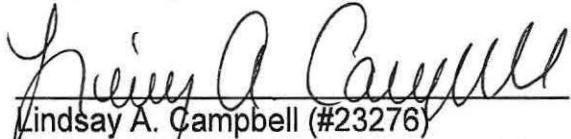
**V. CONCLUSION**

17. The update to the Southern Pioneer LADS Tariff loss factor proposed in this Joint Application is in the public interest and should be approved by the Commission. The proposed LADS Tariff loss factor is the result of and supported by a comprehensive loss study, and is just and reasonable.



WHEREFORE, the Joint Applicants pray that the Commission approve the proposed loss factor to be updated in Southern Pioneer's LADS Tariff, and such other and further relief as the Commission may deem just and reasonable.

Respectfully submitted,



Lindsay A. Campbell (#23276)  
Executive Vice President – General Counsel  
Southern Pioneer Electric Company  
P.O. Box 430  
Ulysses, Kansas 67880  
(620) 424-5206 telephone  
(620) 356-4306 facsimile  
[lcampbell@pioneerelectric.coop](mailto:lcampbell@pioneerelectric.coop)

**COUNSEL FOR SOUTHERN PIONEER  
ELECTRIC COMPANY**



Taylor P. Calcara (#25561)  
Watkins Calcara, Chtd.  
1321 Main Street, Suite 300  
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(620) 792-2775 facsimile  
[tcalcara@wcrf.com](mailto:tcalcara@wcrf.com)

**COUNSEL FOR SUNFLOWER ELECTRIC  
POWER CORPORATION**

**VERIFICATION**

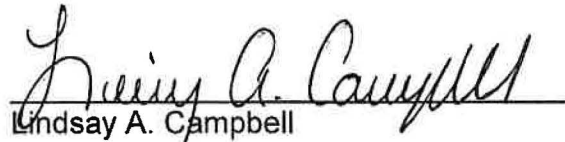
STATE OF KANSAS )

COUNTY OF GRANT )

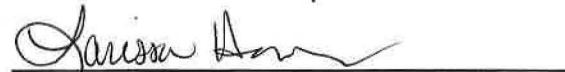
ss:

Lindsay A. Campbell, of lawful age, being first duly sworn on oath states:

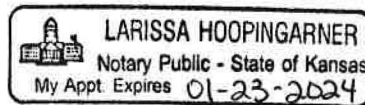
That she is Executive Vice President – General Counsel for Southern Pioneer Electric Company; that she has read the foregoing pleading and knows the contents thereof; and that the facts therein are true and correct to the best of her knowledge, information, and belief.

  
Lindsay A. Campbell

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

  
Notary Public

My Commission expires: \_\_\_\_\_




**VERIFICATION**

STATE OF KANSAS                    )  
                                              )  
COUNTY OF BARTON            )       ss:

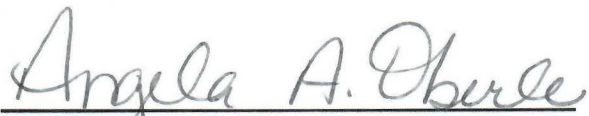
Taylor P. Calcara, of lawful age, being first duly sworn on oath states:

That he is Corporate Counsel for Sunflower Electric Power Corporation; that he has read the foregoing pleading and knows the contents thereof; and that the facts therein are true and correct to the best of his knowledge, information, and belief.

  
Taylor P. Calcara

SUBSCRIBED AND SWORN to before me this 23rd, day of July, 2020.



  
Notary Public

My Commission expires: April 10, 2021