

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

In the Matter of the Annual Filing of Southern)
Pioneer Electric Company for Approval to) Docket No. 25-SPEE-395-RTS
Make Certain Changes to its Charges for)
Electrical Services, Pursuant To the)
Consolidated Formula Based Ratemaking
Plan Approved in Docket No. 19-SPEE-240-
MIS

**TESTIMONY IN RESPONSE TO DIRECT TESTIMONY PREPARED BY TIM
REHAGEN, UTILITIES DIVISION, KANSAS CORPORATION COMMISSION
SUBMITTED BY**

**CHANTRY C. SCOTT
EXECUTIVE VP, ASSISTANT CEO & CFO
SOUTHERN PIONEER ELECTRIC COMPANY**

**Filed on Behalf of
SOUTHERN PIONEER ELECTRIC COMPANY**

July 3, 2025

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

2 A: My name is Chantry C. Scott. My business address for legal service is 1850 Oklahoma,
3 Ulysses Kansas 67880 and for mail receipt is PO Box 430, Ulysses Kansas 67880-0430.

4 **Q: Are you the same Chantry Scott who filed Direct Testimony in this docket?**

5 A: Yes, I am.

6 **Q: Please state the purpose of your testimony.**

7 A: I am providing the following testimony in response to Direct Testimony Prepared by Tim
8 Rehagen, Utilities Division, Kansas Corporation Commission, which was filed June 24,
9 2025 in this docket (“Rehagen Testimony”).

10 **Q: Have you reviewed the Rehagen Testimony?**

11 A: Yes.

12 **Q: Please state the content of your response to the Rehagen Testimony.**

13 A. Mr. Rehagen recommends an adjustment to the FBR calculations be made beginning on p.
14 7 of his testimony. Specifically, Mr. Rehagen made adjustments to the FBR calculation to
15 remove certain “expenses related to sponsorships, coffee, meals, prizes, gifts, holiday
16 partis, etc.,” which he identified on Southern Pioneer’s Exhibit 12, as well as on the full
17 ledger detail from accounts 902 through 932. In total, Mr. Rehagen’s adjustments would
18 disallow an additional \$29,523. in which he states that “an additional \$29,523 of various
19 expenses related to coffee, drinks, gifts, holiday parties, gym memberships, etc. should be
20 disallowed” from the calculation. He states that “[t]hese expenses are the result of activities
21 or programs that are not necessary to provide safe and reliable electric utility service to
22 customers,” and that they should therefore be disallowed.

1 **Q: Do you disagree with Mr. Rehagen's assessment that these expenses should be**
2 **disallowed?**

3 A. Yes.

4 **Q: Please state why you disagree.**

5 A: These are legitimate business expenses of Southern Pioneer, and I do not agree that they
6 should be removed or disallowed from the filing on the premise that these expenses are not
7 necessary to provide safe, efficient and reliable service.

8 **Q: Why is that?**

9 A. I believe Mr. Rehagen's position is flawed in that it ignores that these expenses are
10 reasonable and legitimate expenses for the benefit of Southern Pioneer's employees, and
11 to further promote Southern Pioneer's relationships with the community and its workforce.
12 It is important to attract and retain experienced, high-performing employees as our
13 employees are the basis for provisioning safe, efficient and reliable service to our
14 customers. Minimal expenditures made to support our employees and remind them how
15 valuable they are to our business is a *direct* cost of doing business. If our employees feel
16 valued, it impacts their work activities which increases customer service and relations.

17 As was noted in Southern Pioneer's filing in 2024, it important to note that with the
18 increase in self-generation over the past few years, customers have alternatives for
19 obtaining electric service. They are not bound to receiving all their power from only the
20 local distribution utility. Customer service and satisfaction helps keep our customers on
21 our system and thus contributing to the payment of overhead costs. It is best for all our
22 customers to take steps and incur reasonable expenses to achieve that goal.

23 **Q. Are there other reasons supporting these expenditures as justified business costs?**

1 A. Yes. Mr. Rehagen's testimony seems to assume that the *only* role of an electric utility like
2 Southern Pioneer is to provide safe, efficient and reliable electric service. Although this
3 level of service is certainly expected, and Southern Pioneer takes that expectation very
4 seriously, Southern Pioneer serves other roles as well. Southern Pioneer also takes
5 seriously its obligations to its employees to provide a quality work environment, and to
6 contribute to the health and well-being of its employees. In addition, as a corporate citizen
7 in communities it serves, Southern Pioneer is expected and committed to support those
8 communities where its customers work and live and where its employees work and live.
9 The expenses Mr. Rehagen suggests should be disallowed are reasonable and normal
10 services and additional benefits provided to Southern Pioneer employees, and they foster a
11 healthy and committed workforce, as well as a connection between that workforce and the
12 local communities Southern Pioneer serves. As such, they are valid and reasonable
13 business expenses incurred by Southern Pioneer in connection with important corporate
14 missions and values of Southern Pioneer, and should not be disallowed.

15 **Q: Why did Southern Pioneer include these expenses in its calculation?**

16 A. Southern Pioneer included as "Other Deductions" that portion of expenses that it
17 understands were not disallowed in whole or in part by the Commission pursuant to
18 Commission policy in accordance with K.S.A. 66-101f(a), specifically related to dues,
19 donations, charitable contributions, promotional advertising, penalties and fines and
20 entertainment expenses. As Mr. Rehagen notes, Southern Pioneer removed 50% or 100%
21 of expenses in these categories that the Commission had disallowed pursuant to its policies.
22 Mr. Rehagen is proposing that the Commission should disallow an additional \$29,523 over
23 and above those expenses disallowed under existing policies developed under K.S.A. 66-

1 101f(a). Again, these expenses are reasonable expenses consistent with valid corporate
2 functions of Southern Pioneer, and their inclusion is not in violation of any stated policy
3 of the Commission requiring that they be removed or disallowed. That is why Southern
4 Pioneer included these expenses, and why Southern Pioneer believes these expenses should
5 not be disallowed.

6 **Q: Does Southern Pioneer believe a hearing is necessary to address this adjustment and**
7 **the disallowances in Mr. Rehagen's Testimony?**

8 A. No. Southern Pioneer understands that the parties, including Staff, may present to the
9 Commission in their recommendation or testimony their position and reasoning in support
10 of inclusion or disallowance of these items, and that although this disagreement may exist
11 it is expected that disagreement on these issues would not be grounds for requiring the case
12 to go to evidentiary hearing, and that absent other issues supporting the need for the
13 evidentiary hearing, these matters will be resolved by the Commission based upon the
14 paper record. Southern Pioneer believes this issue, and likely any issue of disagreement
15 regarding these allowable expenses, can and should be resolved either by settlement among
16 the parties, or by the Commission based upon the written record and without an evidentiary
17 hearing.

18 **Q: What is Southern Pioneer's ultimate position as to how the Commission should**
19 **resolve the adjustment proposed in Mr. Rehagen's testimony?**

20 A: While Southern Pioneer believes the expenses are reasonable and should be allowed, this
21 issue should not prevent the Commission from approving the overall rate adjustment under
22 its Consolidated Formula Based Ratemaking Plan as soon as reasonable possible, and
23 without the need for any further proceedings. Although Southern Pioneer disagrees with

- 1 Mr. Rehagen's reasoning for the disallowance, it is willing to accept the adjustment if the
- 2 Commission deems the adjustment appropriate.
- 3 **Q: Does this conclude your testimony?**
- 4 A: Yes.

VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF GRANT)

The undersigned, Chantry C. Scott, upon oath first duly sworn, states that he is Executive VP – Assistant CEO & Chief Financial Officer of Southern Pioneer Electric Company, that he has reviewed the foregoing document titled “ Testimony in Response to Direct Testimony Prepared by Tim Rehagen, Utilities Division, Kansas Corporation Commission” before the State Corporation Commission of the State of Kansas, that he is familiar with the contents thereof, and that the statements contained therein are true and correct to the best of his knowledge and belief.

Chantry C. Scott

Subscribed and sworn to before me this 3rd day of July, 2025.



Notary Public

My appointment expires: 12/3/28

CERTIFICATE OF SERVICE

I hereby certify that a copy of the above and foregoing was electronically filed with the Kansas Corporation Commission on July 3, 2025, and that one copy was delivered electronically to all parties on the service list as follows:

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/s/ Will B. Wohlford _____

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