

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Informational)
Filing of Southern Pioneer Electric)
Company to Provide Notification of)
Shared Services Agreement)

Docket No. 19- SPEE-158-CON

INFORMATIONAL FILING

COMES NOW Southern Pioneer Electric Company (“Southern Pioneer”) pursuant to K.S.A. §66-101c, and files with the Commission for informational purposes a Shared Services Agreement entered into by Southern Pioneer and Pioneer Electric Cooperative, Inc. In support of this informational filing, Southern Pioneer states:

1. Southern Pioneer is a Kansas Corporation not-for-profit utility with its principal place of business located in Ulysses, Kansas with distribution and customer service offices in Liberal and Medicine Lodge, Kansas. Southern Pioneer is regulated by the Commission and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc., a Kansas member-owned electric cooperative that is not subject to the jurisdiction, regulation and control of the Commission pursuant to the provisions of K.S.A. § 66-104d.
2. In addition to the undersigned, copies of pleadings, documents, and correspondence in this docket should be sent to:

Randall D.Magnison
Executive Vice President – Assistant CEO
Pioneer Electric Cooperative, Inc.
1850 West Oklahoma Street
P.O. Box 368
Ulysses, KS 67880-0368
(620) 424-5211
rmagnison@pioneerelectric.coop

3. On June 20, 2018, Southern Pioneer and Pioneer executed a Shared Services Agreement (the “Agreement”), pertaining to jurisdictional services by Southern Pioneer, whereby (i) Southern Pioneer is providing certain operational services to Pioneer Electric on an “as needed” basis as fully detailed in Annex 2.00 of the Agreement; and (ii) Pioneer is providing Southern Pioneer with certain managerial, supervisory, regulatory, customer, accounting and billing, human resource, and engineering and operational services on a regular and/or “as needed” basis as fully detailed in Annex 2.00 of the Agreement. All services provided by either party under the Agreement will be billed in the ordinary course of and pursuant to the reasonable requirements of the business and “at cost.”¹ The Agreement is attached hereto and incorporated herein by reference as Exhibit A.

4. On September 7, 2018, Southern Pioneer received the necessary lender approvals required by the Agreement, attached hereto and incorporated herein by reference as Exhibit B.

WHEREFORE, Southern Pioneer prays that the Commission take notice of the Agreement for informational purposes.

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¹ Provided, mutual assistance during storm restoration services provided will be billed pursuant to the rates provided in the Mutual Assistance During Storm Restoration Plan in effect at the time of the services for either company.

Respectfully submitted,

/s/ Lindsay A. Campbell

Lindsay A. Campbell, #23276
Executive Vice President – General Counsel
Southern Pioneer Electric Company
1850 West Oklahoma Street
P.O. Box 430
Ulysses, Kansas 67880-0368
(620) 424-5206 telephone
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**COUNSEL FOR SOUTHERN PIONEER
ELECTRIC COMPANY**

Exhibit A

SHARED SERVICES AGREEMENT

SHARED SERVICES AGREEMENT

This Shared Services Agreement (the "Agreement" or "SSA") is made as of the 20 day of June, 2018 between PIONEER ELECTRIC COOPERATIVE, INC., a Kansas electric cooperative with a principal place of business and notice address of 1850 W. Oklahoma, Ulysses, Kansas, 67880 ("Pioneer Electric"), and SOUTHERN PIONEER ELECTRIC COMPANY, a Kansas not-for-profit corporation ("Southern Pioneer") with a principal place of business and notice address of 1850 W. Oklahoma, Ulysses, Kansas, 67880. In this Agreement, Pioneer Electric and Southern Pioneer shall be identified collectively herein as the "Parties" and each may be referred to as a "Party." "Service Provider" refers to Pioneer Electric whenever it is providing the hereinafter described services to Southern Pioneer, and Southern Pioneer whenever Southern Pioneer is providing the hereinafter described services to Pioneer Electric. "Service Recipient" refers to Pioneer Electric whenever it is receiving services from Southern Pioneer and to Southern Pioneer whenever it is receiving services from Pioneer Electric.

RECITALS

A. Pioneer Electric is engaged in the business of operating a not-for-profit, tax-exempt cooperative electric utility for the benefit of its members in its certified territory in southwest Kansas.

B. Southern Pioneer is engaged in the business of operating a not-for-profit, taxable corporate electric utility for the benefit of its consumers in its certified territory in south central and southwest Kansas.

C. A diagram of Southern Pioneer's service territory is attached hereto and incorporated herein as Exhibit "A" (the "Southern Pioneer Territory"). Southern Pioneer is obligated to operate and maintain Southern Pioneer Assets, including, without limitation, the obligation to conduct the utility operations in the Southern Territory. Southern Pioneer desires to contractually obtain certain services and personnel needed to perform its obligations from Pioneer Electric and Pioneer Electric is willing to provide those contractual services and personnel to Southern Pioneer upon the terms, and subject to the conditions, set forth herein.

D. A diagram of Pioneer Electric's service territory is attached hereto and incorporated herein as Exhibit "B" (the "Pioneer Electric Territory"). Pioneer Electric is obligated to operate and maintain the Pioneer Electric Assets, including, without limitation, the obligation to conduct the utility operations in the Pioneer Electric Territory. Pioneer Electric desires to contractually obtain certain services and personnel needed to perform its obligations from Southern Pioneer and Southern Pioneer is willing to provide those contractual services and personnel to Pioneer Electric upon the terms, and subject to the conditions, set forth herein.

E. In order to avoid cross-subsidization (or the appearance thereof) between Southern Pioneer and Pioneer Electric or Pioneer Electric and Southern Pioneer, it is the intention and desire that Southern Pioneer and Pioneer Electric shall strictly account for, and in accordance with acceptable industry accounting practices or standards, any costs incurred for

personnel, equipment or services provided pursuant hereto; invoice the same and receive reimbursement as agreed and stated herein.

AGREEMENT

The Recitals are made a part of this Agreement to the extent that they provide the context for the covenants and memorialize the consideration for the Parties' covenants and the basic intent of the Parties in entering this Agreement. In consideration of the premises and the mutual covenants and agreements set forth herein, Pioneer Electric and Southern Pioneer agree as follows:

1.00. Access to Service Recipient Assets. Service Recipient will provide Service Provider (and Service Provider's authorized employees, representatives, agents, contractors and subcontractors, if any) with a non-exclusive right of access to the Service Recipient's Assets to the extent reasonably required for Service Provider to provide the Services, as defined below.

2.00. Provided Services. Pioneer Electric shall, subject to the terms and conditions of this Agreement, provide Southern Pioneer the following categories of service, each of which is described in more detail on **Annex 2.00A**, attached hereto and incorporated herein:

- 2.01. Executive Management Services**
- 2.02. Management of Energy Services, Customer Services and Consumer Accounting**
- 2.03. Corporate Financial Accounting**
- 2.04. Corporate Communications**
- 2.05. Corporate Marketing and Public Relations**
- 2.06. Management of Purchasing, Warehousing and Facilities**
- 2.07. Management of Key Accounts Program**
- 2.08. Meter and Transformer Testing**
- 2.09. Information Technology**
- 2.10. Regulatory Compliance**
- 2.11. Corporate Insurance**
- 2.12. Management of Human Resources**
- 2.13. Management of Engineering & Operations**
- 2.14. Management of Safety & Compliance**

2.15 Storm Restoration

Southern Pioneer shall, subject to the terms and conditions of this Agreement, provide Pioneer Electric the following categories of service, each of which is described in more detail on **Annex 2.00B**, attached hereto and incorporated herein:

2.16. Engineering and Operations

2.17 Collection and Write-Off of Delinquent Accounts

2.18. Storm Restoration

(the above described Services as they apply to each Service Provider are hereinafter referred to as the “Services”)

3.00 Performance of Work and Approvals.

Service Provider shall be obligated to provide the Services to Service Recipient notwithstanding the occurrence of a strike, work stoppage or labor shortage. Further, Service Provider will maintain an Emergency Restoration Plan (ERP) and therefore will include as part of its ERP Plan, disaster recovery provisions that are reasonably satisfactory to Service Recipient to ensure Service Recipient’s business continuity. Unless extenuating circumstances or conditions exists beyond the control of Service Provider or Service Recipient that warrant immediate changes due to workplace safety or ensuring reliable service, the categories of Services covered by this Agreement and the terms and conditions governing their provision may only be revised, supplemented, increased or reduced by Southern Pioneer receiving the prior written approval of Pioneer Electric and Southern Pioneer’s Boards and their lender(s).; provided, any immediate change or modification of the Services that is required due to extenuating circumstances beyond the control of the Parties shall immediately be reported to the Boards of Pioneer Electric and Southern Pioneer, and any required amendment to the Agreement to reflect the change shall be completed and submitted for approval within thirty (30) days following such event.

4.00. Compensation for Services

Southern Pioneer and Pioneer Electric agree that all Services billed to Service Recipient will be in the ordinary course of and pursuant to the reasonable requirements of the business of Service Recipient and “at cost”. For the purpose of this Agreement, “at cost” is defined as the actual cost (the employee rate per hour, prorated employee benefit, third-party invoice, etc.) and such costs will not be marked up or down by Service Provider. This “at cost” provision does not prohibit Pioneer Electric from charging and collecting interest as outlined in this Section. Notwithstanding anything to the contrary contained herein, all Mutual Assistance During Storm Restoration Services provided by Service Provider will be billed to Service Recipient pursuant to the rates provided in the Mutual Assistance During Storm Restoration Plan in effect at the time of the services for Pioneer Electric and Southern Pioneer.

Service Provider Services billed to Service Recipient will be based on and include, but not limited to, the direct and indirect labor (to include benefits) recorded, the actual cost invoiced by third-party vendors or established Internal Revenue Service (IRS) rates or per diems, out-of-

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pocket and incidental expenses. In those cases, where both Southern Pioneer and Pioneer Electric benefit from the Service Provider Services, a prorated amount will be allocated to each Party based on their proportionate share or use as measured in units of, but not limited to, time (hours, days, months, etc.), miles, customers served, meters, space utilized (rented, leased, consumed) or dollars, [saved].

Service Provider will account for and accrue as a receivable the costs for Service Provider Services to Service Recipient. Monthly, Service Provider will invoice Service Recipient for the unbilled Service Provider Services. Service Recipient will immediately pay the billed Service Provider Services, provided Service Recipient satisfies the financial loan covenants established by its lender(s). In the event Service Recipient does not immediately pay the billed Service Provider Services by the due date, Service Recipient will pay interest equivalent to the Prime Rate as published on the first day of the month in which Service Recipient is invoiced the unbilled services.

For purposes of this Agreement, "Prime Rate" shall equal the prime rate for corporate loans at major U.S. money center commercial banks as published in the "Money Rates" table of The Wall Street Journal on the first Tuesday of each month (although the Prime Rate may not be the lowest rate of interest offered by any U.S. bank to any class of borrowers). Adjustments for changes in the Prime Rate will be made automatically without notice to Service Recipient on the 15th day of each month. If The Wall Street Journal should at any relevant time publish a range for the Prime Rate, the Prime Rate under this Agreement shall be equal to the lowest point of the published range. If that rate is no longer published, the "Prime Rate" will be determined by Service Provider, in its reasonable discretion, by selecting another index which is similar, beyond Service Provider's control and readily verifiable by Service Recipient.

5.00. Compliance with Law. Service Provider shall obtain any and all permits and approvals required from any City, County, State or Federal government or agency to provide the Service Provider Services. Each Party will comply (and cause their respective authorized employees and representatives, agents, contractors and subcontractors to comply) with the other Party's reasonable then current Board-approved policies, procedures, approved Rules and Regulations, personnel badging and security access procedures and other reasonable company rules of which a Party gives the other Party notice.

6.00. Evidence of Work Authorization Status of Personnel. Service Provider is, and will remain, in compliance with the United States statute known as the Immigration Reform and Control Act of 1986, as amended, and will permit Service Recipient, upon reasonable notice, to inspect and audit Service Provider's records documenting such compliance for personnel who perform services under this Agreement. Service Provider agrees that all its contracts with all lower-tier contractors, if any, that it may use to perform the Services under this Agreement will contain similar undertakings as set forth in this Section.

7.00. Term. This Agreement shall be effective upon execution by both Parties, its approval by Pioneer Electric and Southern Pioneer's lender(s), and Southern Pioneer's filing of this Agreement with the Kansas Corporation Commission. This Agreement shall remain in full force and effect until terminated or amended as provided herein. (the "Term").

7.01. Early Termination for Default. Either Party may terminate this Agreement upon not less than three (3) months written notice of termination following implementation of the dispute resolution procedure set forth in Section 12.00 below if the other Party has materially defaulted on its obligations hereunder and has not cured such default within such three (3) month period; provided, a Party may immediately terminate this Agreement upon written notice to the defaulting Party for nonpayment by the defaulting Party.

7.02. Termination for Convenience. Either Party reserves the right to terminate this Agreement, or any part hereof, for its sole convenience at no cost to either Party upon three (3) month's advance written notice to the other Party (including, without limitation the right to terminate any separate category of Services described on **Annex 2.00**). The provisions of this article shall not limit or affect the right of either Party to cancel this contract for default.

8.00. Modification Notifications.

8.01. Southern's Notification Obligation. Southern Pioneer agrees to notify Pioneer Electric (at the contact information set forth below or otherwise provided in writing to Southern Pioneer from time-to-time) of any Southern Pioneer operational changes, site use modifications, construction or demolition activities at the Southern Pioneer Assets that could materially impact Pioneer Electric Provided Services or require coordination with Pioneer Electric's operations.

8.02. Pioneer Electric's Notification Obligation. Pioneer Electric agrees to notify Southern Pioneer (at the contact information set forth below or otherwise provided in writing to Pioneer Electric) of any operational changes, site use modifications, construction or demolition activities at Pioneer Electric's facilities that could materially impact Southern Pioneer's operations or require coordination with Southern's operations.

9.00. Indemnification. Each Party agrees to indemnify and hold harmless the other, their respective subsidiaries and affiliates and their directors, trustees, officers, employees and agents from and against all actions, causes of action, liabilities, claims, suits, judgments, liens, awards and damages of any kind and nature whatsoever (including, without limitation any such that is based upon an allegation that a party has negligently performed or failed to perform its duties hereunder for property damages, personal injury or death (including without limitation injury to or death of either Party's employees or any subcontractor thereto) and expenses arising out of or in any way related to a failure to perform any obligation pursuant to this Agreement

10.00. Limitation on Damages. In no event will either Party be liable to the other for any consequential, incidental, punitive, special, exemplary or indirect damages, lost profits, lost revenue or other business interruption damages, by statute, in tort or under contract, under any indemnity provision or otherwise, whether or not the possibility of such damages has been disclosed to the other Party in advance, or could have been reasonably foreseen by the other Party. Notwithstanding the foregoing, the provisions of this Clause 10 shall not in any event

limit the obligations or liability of either Party to the other, for or with respect to third party claims.

11.00. Compliance with Laws. The Parties shall comply with all applicable statutes and government rules, regulations, rules, tariffs and orders.

12.00. Assignment; Binding Effect. Neither Party may assign its respective rights or delegate or subcontract any of its respective obligations under the Agreement without the prior written consent of the other Party and the Parties' lender(s); provided, however that either Party may assign their rights and delegate their duties to a wholly-owned subsidiary or parent company, but such assigning or delegating Party shall remain responsible for all of its obligations hereunder. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended or shall be construed to confer upon any person, other than the parties and successors and permitted assigns, any right, remedy or claim under or by reason of this Agreement.

13.00. Disputes

(a) If any question, dispute or difference (the "Matter in Dispute") arises between Pioneer Electric and Southern Pioneer in relation to this Agreement that cannot be settled by agreement between the Parties within thirty (30) days of one Party notifying the other Party of the Matter in Dispute, either Party may give the other written notice of the Matter in Dispute, specifying its nature and specifying the steps that the Party giving notice considers need to be taken to resolve the Matter in Dispute. The Parties agree to use reasonable efforts to resolve any dispute arising out of the Agreement through a meeting of their authorized representatives within thirty (30) days after receipt of such notice. If the Parties are unable to resolve the dispute at this level within the 30-day period, either Party may escalate the dispute to its executives. If the executive-level meeting fails to resolve the Matter in Dispute, either Party may request mediation or, without further notice, pursue other available remedies, including legal proceedings in order to resolve the Matter in Dispute. Any dispute that arises under or is related to this Agreement that cannot be settled by mutual agreement of the Parties may be decided by a court of competent jurisdiction. Pending final resolution of any dispute, the Parties will proceed with their respective performance obligations under the Agreement.

(b) Negotiations undertaken pursuant to this Section 12.00 will be deemed confidential settlement discussions. Nothing said by a Party nor any position taken during the course of the negotiations will be introduced as evidence by the opposing Party in any litigation concerning the same or related transactions or Matter in Dispute.

(c) The rights and remedies of either Party set forth in any provision of this Agreement shall not limit any other rights or remedies afforded to such Party by any other provision of this Agreement or by applicable law, including but not limited to, injunctive relief.

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14.00. Insurance. Each Party shall, at their sole cost and expense, procure and maintain during the term of this Agreement the following insurance coverage:

14.01. Commercial General Liability Insurance. This insurance shall contain broad form contractual liability with a combined single limit of a minimum of \$1,000,000 each occurrence and an aggregate limit of at least \$2,000,000. Coverage must include coverage for, but not limited to, the following:

- (a) Bodily Injury and Property Damage
- (b) Fire legal liability
- (c) Products and completed operations

14.02. Business Automobile Insurance. This insurance shall contain a combined single limit of at least \$1,000,000 per occurrence, and include coverage for, but not limited to the following:

- (a) Bodily injury and property damage
- (b) Any and all vehicles owned, used or hired

14.03. Workers Compensation and Employers Liability Insurance. This insurance shall include coverage for, but not limited to:

- (a) statutory liability under the worker's compensation laws of the state(s) in which the work is to be performed. If optional under State law, the insurance must cover all employees anyway.
- (b) employers' Liability (Part B) with limits of at least \$1,000,000 each accident, \$1,000,000 by disease policy limit, \$1,000,000 by disease each employee.

14.04. Other Requirements:

All policies (applying to coverage listed above) shall contain no exclusion for punitive damages and certificates of insurance shall reflect that no exclusion exists.

Insurance policies through policy endorsement, must include wording which states that the policy shall be primary and non-contributing with respect to any insurance carried by the other Party. The certificate of insurance must reflect that the above wording is included in evidenced policies.

All policy(ies) required above (excluding Workers Compensation) shall include a severability of interest endorsement and shall name the other Party as an additional insured to the extent of the indemnity obligation in Section 9.00. in this Agreement.

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Severability of interest and naming the other Party as an additional insured shall be indicated on the certificate of insurance.

If a Party elects to include any deductible, self-insured retention or other financial responsibility for claims, the Party shall itself directly cover, in lieu of insurance, any and all liabilities that would otherwise, in accordance with the provisions of this Agreement, be covered by the Party's insurance as if the Party elected not to include a deductible, self-insured retention or other financial responsibility for claims.

Each Party shall provide the other Party upon request an acceptable certificate(s) of insurance including an original signature of the authorized representative evidencing the required coverage, endorsements, and amendments and referencing the contract audit/folder number if available. Each Party shall notify the other Party in writing at least 30 days prior to any cancellation, substitution or material alteration.

Any insurance policy shall be written by a reputable insurance company reasonably acceptable to the other Party with a current Best's Guide Rating of A- and Class VII or better, and authorized to do business in the state(s) in which the service is to be provided. Insurance policies obtained through policy endorsement, must include wording which states that the policy shall be primary and non-contributing with respect to any insurance carried by a Party. The certificate of insurance must reflect that the above wording is included in evidenced policies.

15.00. Choice of Law. The terms of this Agreement shall be construed pursuant to the laws of the State of Kansas.

16.00. Waiver of Jury Trial. The Parties mutually, expressly, irrevocably and unconditionally waive trial by jury for any proceedings arising out of or relating to the Agreement. This Clause survives the expiration or termination of the Agreement.

17.00. Amendments. Except as set forth in Clause 19 below, this Agreement may not be modified, amended or supplemented except by an agreement in writing signed by each of the Parties and approved by the Parties' lender(s).

18.00. Reformation and Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under the present or future laws effective during the term hereof, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision of similar terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable consistent with the intentions of the Parties, and the legality, validity and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

19.00. Entire Agreement. This Agreement and its attached Annexes and the other agreements referenced herein contain the entire understanding of the Parties relating to the matters contemplated hereby. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are superseded hereby and shall be of no further

EXHIBIT A

force or effect. This Agreement may not be amended or added to except by an agreement in writing signed by the Parties and their respective successors and interests.

20.00. No Waiver. The waiver by either Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent breach. Any failures, delays or forbearances of either Party in insisting upon or enforcing any provisions of this Agreement, or in exercising any rights or remedies under this Agreement, shall not be construed as a waiver or relinquishment of any such provisions, rights or remedies. The rights and remedies set forth in this Agreement are cumulative and in addition to any other rights or remedies that the Parties may have at law or in equity.

21.00. Survival. In the event of termination, applicable provisions of this Agreement shall continue in effect after termination or expiration to the extent necessary to provide for final billings, billing adjustments, confidentiality of records, right of access, and payments pertaining to liability and indemnification obligations arising from acts or events that occurred while this Agreement was in effect.

22.00. Joint Effort. Both Parties affirm that they have read this Agreement in its entirety and it agrees to the terms and conditions contained herein. This Agreement shall be considered for all purposes as prepared by the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the preparation, substitution, submission or other event of negotiation, drafting or execution hereof.

23.00. Headings. The indexes, titles and descriptive headings included throughout this Agreement are inserted solely for convenience and shall not be construed or considered in interpreting any terms or provisions of this Agreement.

24.00. Counterparts. This Agreement may be executed in several counterparts, and all so executed shall become one Agreement binding upon all the Parties hereto.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the date set forth below their respective signatures.

Pioneer Electric Cooperative, Inc.

By: Melvin Winger
Name: Melvin Winger
Its: Chairman

Date: June 20, 2018

Southern Pioneer Electric Company

By: Stephen J. Epperson
Name: Stephen J. Epperson
Its: President-Chief Executive Officer

Date: June 20, 2018

ANNEX 2.00A
TO
SHARED SERVICES AGREEMENT
DATED JUNE 20, 2018

Pioneer Electric Provided Services

[All capitalized terms used in this **Annex 2.00A** shall, unless otherwise defined in this **Annex 2.00A**., have the meanings specified in the above referenced Shared Services Agreement (the “SAA”).]

I. PIONEER ELECTRIC PROVIDED EXECUTIVE MANAGEMENT SERVICES.

A. Subject to Southern Pioneer’s rights under Section **6.00**. of the SAA, Pioneer Electric shall provide to Southern the following Executive Management Services:

- Executive and Senior Management level Pioneer Electric employees appointed annually by the Board to serve as the Corporate Officers (President-Chief Executive Officer (“CEO”), Executive Vice President-Assistant CEO Secretary, Assistant Secretary, Chief Financial Officer (“CFO”)), and any number of Vice Presidents (“VP”) of Southern Pioneer.
- Implement Board-approved policies and directives
- Implement and oversee Board-approved programs
- Develop and implement Board-approved Strategic Plan, Mission and Vision.
- Serve as liaison between Board of Directors and employee group
- Oversee the corporate functions and operations of Southern Pioneer
- Supervise and evaluate Southern Pioneer’s leadership team
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Executive Management Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – President-CEO or their designee
- Pioneer Electric – CEO or their designee

C. Pioneer Electric’s sole consideration and compensation for providing Executive Management services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.

- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate, as applicable.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

II. PIONEER ELECTRIC PROVIDED MANAGEMENT OF ENERGY SERVICES, CUSTOMER SERVICE AND CONSUMER ACCOUNTING SERVICES.

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide to Southern Pioneer the following Management of Energy Services, Customer Service and Consumer Accounting Services:

- The services of a Pioneer Electric employee, who has mastered the core skills in Pioneer Electric's Energy Services and Consumer Accounting Departments and is the equivalent to that of a Consumer Account Supervisor at Pioneer Electric.
- Daily supervision of Southern Pioneer's Energy Services and Consumer Accounting Department and functions performed therein in all offices operated by Southern Pioneer.
- Serve as liaison between Southern Pioneer's Energy Services and Consumer Accounting Department staff and Southern Pioneer's executive management team.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Management of Energy Services, Customer Service and Consumer Accounting Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Manager of Energy Services and alternate, VP of Energy Services.
- Pioneer Electric – VP of Energy Services and alternate, Manager of Energy Services.

C. Pioneer Electric's sole consideration and compensation for providing Management of the Energy Services, Customer Service and Consumer Accounting services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.

- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

III. PIONEER ELECTRIC PROVIDED CORPORATE FINANCIAL ACCOUNTING SERVICES

A. Subject to Southern Pioneer's rights under Section **6.00.** of the SSA, Pioneer Electric shall provide Southern Pioneer the following Corporate Financial Accounting Services:

- Preparation of monthly and annual budget, financial statements, forecasts and audit reports; KCC reports, franchise tax reports, sales and use tax reports; property tax report, various payroll reports, Secretary of State report; Energy Department report, various IRS reports, unclaimed property report, and debt financing related reports, etc.
- Preparation of budget analysis, forecasts for estimated revenue and power costs, construction work plan and vehicle reports, etc.
- Processing of Southern Pioneer's accounts payable, payroll, purchase orders, work orders, continuing property records, special equipment, point of sale and vehicle analysis, etc.
- Oversight and coordination of Southern Pioneer's cash management and short and long-term investments.
- Coordination of Southern Pioneer's filing of income tax and other compliance related reports, etc.
- Process monthly consumer billing information to include review of meter and electricity consumption data for reasonableness and accuracy, compile statistical data for audit purposes, reconcile monthly reports to general ledger, schedule billing calculations by cycle, compile and mail consolidated billing statements, process penalties and past due notices, and make necessary revenue and usage adjustments on accounts in accordance with Board-approved policies or KCC-approved Rules and Regulations, etc.
- Similar items of service as needed

B. Southern and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Financial Accounting Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – CFO – VP of Finance & Accounting and alternate, Manager of Accounting.
- Pioneer Electric – CFO – VP of Finance & Accounting and alternate, Manager of Accounting.

C. Pioneer Electric's sole consideration and compensation for providing Corporate Financial Accounting services to Southern Pioneer shall be, but not limited to:

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- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

IV. PIONEER ELECTRIC PROVIDED CORPORATE COMMUNICATIONS SERVICES

A. Subject to Southern Pioneer's rights under Section **6.00.** of the SSA, Pioneer Electric will provide Southern Pioneer the following Corporate Communications Services:

- Maintain corporate image, logo and tag line
- Coordinate printing of material ranging from business cards, letter head, envelopes and decals/signage for offices and vehicles etc.
- Coordinate Southern Pioneer's advertising campaign with various media outlets (print, radio, television, social media, etc.).
- Coordinate Southern Pioneer's newsletter to consumers
- Maintain Southern Pioneer's web site
- Assist with developing brochures, billing inserts and billing statement messages, etc.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Communications Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Manager of Energy Services and alternate, Communications Specialist.
- Pioneer Electric – Manager of Energy Services and alternate, Communication Specialist.

C. Pioneer Electric's sole consideration and compensation for providing Corporate Communications services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.

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- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

V. PIONEER ELECTRIC PROVIDED CORPORATE MARKETING AND PUBLIC RELATIONS SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide Southern Pioneer the following Corporate Marketing and Public Relations Services:

- Develop surveys to poll customer base on service needs
- Develop and implement speaker bureau
- Engage customer base to local chapters of Chamber of Commerce, Rotary and other clubs and organizations.
- Meet with area city councils, county commissioners, and senior sites to educate customers on Southern Pioneer's business practices.
- Evaluate products & services needs
- Evaluate environmental practices and procedures
- Review commitment to community practices
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Marketing and Public Relations Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Energy Services Coordinator and alternate, Manager of Energy Services.
- Pioneer Electric – Manager of Energy Services and alternate, VP of Energy Services.

C. Pioneer Electric's sole consideration and compensation for providing Corporate Marketing and Public Relations Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

VI. MANAGEMENT OF PIONEER ELECTRIC PROVIDED PURCHASING, WAREHOUSING AND FACILITIES SERVICES

EXHIBIT A

A. Subject to Southern Pioneer's rights under Section **6.00.** of the SSA, Pioneer Electric shall provide Southern Pioneer the following Management of Purchasing, Warehousing and Facilities Services:

1. Purchasing and Warehousing Services

- Pioneer Electric's Manager of Purchasing, Warehousing & Facilities will serve as the primary contact for the Board-approved Integrated Supply Agreement ("ISA"), material vendors and the purchasing agent for Southern Pioneer and therefore oversee procurement of all materials (nuts, bolts, wire, power distribution transformers, meters, power poles, etc.) pursuant to the ISA.
- Provide daily supervision of Southern Pioneer's warehouse personnel and schedule direct delivery of material to warehouses and outposts, etc.
- Monitor and maintain inventory levels at all warehouses
- Supervise or assist with all paperwork, including but not limited to, purchase-orders, return orders, warranty replacements, work-order creation/billing/closing necessary to complete transactions pertaining to inventory.
- Provide the necessary training required to perform all of the duties required in the warehousing department.
- Similar items of service as needed

2. Facilities Services

- Monitor all Customer Service – Distribution Center buildings and their mechanical systems for potential problems, any required maintenance and updating to include, but not limited to, HVAC, lighting, plumbing, security system and locks, etc.
- Serve as primary contact for contractors arranging servicing, repairs and replacement on building systems.
- Serve as liaison for coordinating remodeling and upgrading of offices and building facilities to include, but not limited to, furniture, carpeting, painting, window treatment, building structures, etc.
- As requested or necessary, secure for approval service agreements with contractors and vendors for the upkeep and on-going maintenance of all owned, leased or rented buildings and equipment, etc.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Supervision of Purchasing and Warehousing Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Manager of Purchasing, Warehousing & Facilities and alternate, Warehouse Personnel.

EXHIBIT A

- Pioneer – Manager of Purchasing, Warehousing & Facilities and alternate, VP of Engineering & Operations.

C. Pioneer Electric's sole consideration and compensation for providing Management of Purchasing, Warehousing and Facilities Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

VII. MANAGEMENT OF PIONEER ELECTRIC PROVIDED KEY ACCOUNTS PROGRAM SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide Southern Pioneer the following Supervision of Key Accounts Program Services:

- Assist with developing a company-wide Key Accounts Program by defining purpose and criteria.
- Define Key Accounts that have a strategic impact on Southern Pioneer and categorize by revenue, wholesale, profitability or franchise, etc.
- Develop a Key Account Program for each Key Account identified that will partner to build a working relationship and identify opportunities for efficiency and expansion.
- Develop and cultivate relationships with City and County boards, local economic development groups and area Chamber of Commerce's.
- In attracting new customers, work with Economic Development groups, Corporate or Community leaders to educate about incentives, services, rates, etc.
- Assist with building Customer loyalty by developing a model to offer value-added services, composite billing, infra-red screening, power quality or power factor assistance, on-line bill viewing, ACH program, etc.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Supervision of Key Account Program Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Manager of External Affairs and alternate, Executive VPs.

EXHIBIT A

- Pioneer Electric – Manager of External Affairs and alternate, Executive VPs.

C. Pioneer Electric's sole consideration and compensation for providing Management of Key Accounts Program Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

VIII. PIONEER ELECTRIC PROVIDED METER AND TRANSFORMER TESTING SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide Southern the following Meter and Transformer Testing Services:

- Review in-house testing of meters, cycle in years for all meter types and forms.
- Tests and repairs meters to ensure accurate meter readings
- Maintains records of meters received, tested, repaired, and destroyed, and reports data to appropriate Southern Pioneer personnel.
- Assist with installing meters and metering devices
- Review procedures for testing of large commercial/industrial installations
- Examines self-contained 480 volt and other hook-ups
- Determine Automatic Meter Infrastructure ("AMI") compatibility of electronic meters
- Evaluate demand meters and load size
- Review power factor impact and rate
- Review procedures and opportunities for volume meter purchasing
- Review test intervals and maintenance for transformers, reclosers, meters, breakers and voltage regulators, etc.
- Determine spare equipment and voltage ratings
- Examine transformer loading and philosophy
- Examine present clearances and signage
- Review relay and control types
- Determine if PCB status of all equipment, including transformer bushings and potentials, meet industry standards.
- Similar items of service as needed

EXHIBIT A

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Meter and Transformer Testing Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Managers of Engineering & Operations and alternate, VP of Engineering & Operations.
- Pioneer Electric – Substation, Metering & Apparatus Coordinator and alternate, VP of Engineering & Operations.

C. Pioneer Electric's sole consideration and compensation for providing Meter and Transformer Testing Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for materials consumed in testing process that are not direct billed to Southern Pioneer.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

IX. PIONEER ELECTRIC PROVIDED INFORMATION TECHNOLOGY SERVICES

A. Subject to Southern Pioneer's rights under Section **6.00.** of the SSA, Pioneer Electric shall provide Southern Pioneer the following Information Technology Services:

- Serve as the primary contact for local and long-distance carriers in maintaining Southern Pioneer's telecommunications network between its offices and Pioneer Electric.
- Coordinate requests for repairs or programming of telephone systems maintained at each Southern Pioneer office.
- Provide or arrange for technical support of the wide area network (WAN) to interconnect each Southern Pioneer office and Pioneer Electric, and local area network (LAN) within each office.
- Prepare for Southern Pioneer, an Information Technology (IT) Plan to identify short-term and long-range needs.
- Based on the IT plan, will prepare annually an Information Technology budget for review and acceptance as part of Southern Pioneer's overall budgeting process.
- As budgeted and approved, order all related computer hardware, software and peripheral devices, etc.

EXHIBIT A

- Because all customer data will be licensed under Pioneer Electric's master user's license(s) and will reside and be maintained on the information server(s) at Pioneer Electric's Ulysses office, Pioneer Electric's System Administrator or their designee, oversee all necessary system upgrades (hardware and software) and ensure all data is backed up in accordance with approved IT Plan, etc.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Information Technology Services and shall keep each other informed of the contact information for each such appointee. The initial appointees are:

- Southern Pioneer – System Administrator and alternate, LAN/WAN Administrator.
- Pioneer Electric – System Administrator and alternate, LAN/WAN Administrator.

C. Pioneer Electric's sole consideration and compensation for providing Information Technology Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for licenses or materials consumed or used that are not direct billed to Southern Pioneer, but benefit Southern Pioneer.
- Reimbursement (prorated and based on number of customers involved) for annual maintenance agreements not direct billed to Southern Pioneer and maintenance or replacement of server hardware, etc.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

X. PIONEER ELECTRIC PROVIDED REGULATORY COMPLIANCE SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide Southern Pioneer the following Regulatory Compliance Services:

- Assist with reviewing and interpreting KCC-approved Tariffs, Rules and Regulations.
- Assist with filing for KCC approval Tariffs, Rules and Regulations for Southern Pioneer.

EXHIBIT A

- Assist with on-going review and recommending changes to approved Tariffs, Rules and Regulations.
- Assist with collecting and analyzing data to support future rate adjustments, etc.
- Prepare for Board approval and signature, requested changes to Tariffs, Rules and Regulations, etc.
- As necessary and requested by Southern Pioneer, attend KCC scheduled hearings or round table meetings to provide testimony, input, etc.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Regulatory Compliance Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Executive VP-Assistant CEO and alternates, VP – Finance & Administration and General Counsel.
- Pioneer Electric – Executive VP-Assistant CEO and alternates, VP – Finance & Administration and General Counsel.

C. Pioneer Electric's sole consideration and compensation for providing Regulatory Compliance Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

XI. PIONEER ELECTRIC PROVIDED CORPORATE INSURANCE SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00. of the SSA, Pioneer Electric shall provide Southern Pioneer the following Corporate Insurance Services:

- Assist with determining the appropriate limits of insurance for General Liability; Auto; Directors, Officers and Managers; and Workers' compensation, etc.
- Obtain quotes as requested or necessary
- Coordinate renewals of various plans
- Assist with investigating and filing claims under each type of coverage
- Participate in risk analysis and loss control programs
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Insurance Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Pioneer Electric's Manager of Accounting and alternate, VP – Finance & Accounting.
- Pioneer Electric – Manager of Accounting and alternate, VP – Finance & Accounting.

C. Pioneer Electric's sole consideration and compensation for providing Corporate Insurance Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

XII. PIONEER ELECTRIC PROVIDED CORPORATE HUMAN RESOURCES MANAGEMENT SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00 of the SSA, Pioneer Electric shall provide Southern Pioneer the following Human Resources Management Services:

- Assist all departments with recruiting, advertising, and interviewing for all board approved positions.
- Manage Drug & Alcohol Testing Programs along with DOT driver qualification files.
- Assist in maintaining all personnel files.
- Oversee the administration of all benefit plans.
- Assist in all mandatory compliance filings.
- Assist Executive Staff & Managers in developing recommendations and updates to policies and procedures for Board-approval.
- Administer the Salary & Wage plan.
- Assist with administration of the evaluation process, drafting and implementing personal development plans, and any and all other employment actions as necessary.
- Assist with all worker's compensation related filings, monitoring, and claims.
- Assist with all corporate-wide training programs, service awards, and employee recognition.

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Human Resources Management Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Pioneer Electric's Manager of Human Resources and alternate, Administration & Benefits Coordinator.
- Pioneer Electric – Manager of Human Resources and alternate, Assistant CEO.

C. Pioneer Electric's sole consideration and compensation for providing Management of Human Resources Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- a. Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

XIII. PIONEER ELECTRIC PROVIDED ENGINEERING AND OPERATIONS MANAGEMENT SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00 of the SSA, Pioneer Electric shall provide Southern Pioneer the following Engineering and Operations Management Services to include, but limited to:

- Management of all employees, projects, communications and outages required to provide safe reliable service as provided in the KCC-approved Rules and Regulations.
- Assist with designing and in managing the sub-transmission and distribution electrical system, to include construction, maintenance and other functions to ensure service reliability.
- Assist with preparation, development and monitoring construction work plans, annual budgets, short and long-term load forecasts, sectionalizing coordination and other required planning as necessary.
- Oversee coordination of contractor work.
- Provide or delegate supervision of all Operations employees or crews.
- Provide or delegate supervision of all Engineering personnel and related staking and mapping functions.
- Assist or coordinate as necessary, dispatching service orders and outage tickets.

EXHIBIT A

- Assist or coordinate as necessary, mainlining current industry specific software programs.
- Assist in developing criteria for switching, energizing lines, and taking outages, including customer contact and any other personnel.
- Assists in purchasing materials, vehicles, heavy equipment, and the maintenance thereof.
- Responsible for employee training in their respective field to ensure organizational reliability.
- Oversight of relationships with industry business partners and customers.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Engineering and Operations Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Managers of Engineering & Operations and alternate, VP – Engineering & Operations.
- Pioneer Electric – Manager of Engineering & Operations and alternate, VP – Engineering & Operations.

C. Pioneer Electric's sole consideration and compensation for providing Engineering and Operations Management Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

XIV. PIONEER ELECTRIC PROVIDED SAFETY AND COMPLIANCE MANAGEMENT SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00 of the SSA, Pioneer Electric shall provide Southern Pioneer the following Safety and Compliance Management Services to include, but limited to:

- Coordinate and present Monthly Safety Meetings.
- Provide or coordinate employee training on Board-approved Safety Manual and other Federal or State regulations to include but not limited to OSHA, NESC, US DOT, KDOT, NFPA etc. to ensure compliance.
- Conduct and document regular inspections of facilities, equipment, vehicles and crew visits.

EXHIBIT A

- Conduct or coordinate submission of all insurance claims for employee or customer accidents.
- Under the direction of General Counsel, conduct or coordinate all accident and incident investigations and report same to insurance carrier.
- Coordinate and manage activities of Safety Teams.
- Similar items of service as needed

B. Southern Pioneer and Pioneer Electric shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Corporate Insurance Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Manager of Safety & Compliance and alternate, VP – Engineering & Operations.
- Pioneer Electric – Manager of Safety & Compliance and alternate, VP – Engineering & Operations.

C. Pioneer Electric's sole consideration and compensation for providing Safety and Compliance Management Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

XV. PIONEER ELECTRIC PROVIDED STORM RESTORATION SERVICES

A. Subject to Southern Pioneer's rights under Section 6.00 of the SSA, Pioneer Electric shall provide Southern Pioneer the following Storm Restoration Services to include, but not limited to:

- As requested, provide employees and equipment to assist in restoring service to customers during times of natural disasters, etc.

B. Southern Pioneer and Pioneer Electric shall each appoint, on a case-by-case occurrence, a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Pioneer Provided Storm Restoration Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Southern Pioneer – Managers of Engineering & Operation and alternate, VP – Engineering & Operations.

EXHIBIT A

- Pioneer Electric – Manager of Engineering & Operations and alternate, VP – Engineering & Operations.

C. Pioneer Electric's sole consideration and compensation for providing Storm Restoration Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs at the rate equivalent to and as defined in the KEC's most recently revised Statewide Mutual Assistance Plan.
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, etc.

ANNEX 2.00B
TO
SHARED SERVICES AGREEMENT
DATED JUNE 20, 2018

Southern Pioneer Provided Services

[All capitalized terms used in this **Annex 2.00B** shall, unless otherwise defined in this **Annex 2.00B.**, have the meanings specified in the above referenced Shared Services Agreement (the “SSA”).]

I. SOUTHERN PIONEER PROVIDED ENGINEERING AND OPERATIONS SERVICE

A. Subject to Pioneer Electric’s rights under Section 6.00 of the SSA, as requested Southern Pioneer shall provide Pioneer Electric the following Engineering and Operations Services to include, but limited to:

- Assist with building or maintaining distribution electrical system, to include engineering, staking, construction, maintenance, substations, transformers, metering and any other functions to ensure service reliability.
- Similar items of service as needed

B. Pioneer Electric and Southern Pioneer shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Southern Pioneer Provided Engineering and Operations Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Pioneer Electric – Manager of Engineering & Operations and alternate, VP – Engineering & Operations.
- Southern Pioneer – Managers of Engineering & Operations and alternate, VP – Engineering & Operations.

C. Southern Pioneer’s sole consideration and compensation for providing Engineering and Operations Management Services to Pioneer Electric shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.

EXHIBIT A

- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

II. COLLECTION AND WRITE-OFF OF DELINQUENT ACCOUNTS SERVICES

A. Subject to Pioneer Electric's rights under Section 6.00 of the SSA, Southern Pioneer shall provide Pioneer Electric the following Collection and Write-Off of Delinquent Accounts Services to include, but limited to:

- Upon electric accounts becoming past due, and not responding to system-generated past due notices, send consumers written notice advising that if account is not paid in accordance with Board-approved Rules and Regulations, the past due account will be referred to collections.
- For accounts deemed uncollectible after sending written notice(s), prepare quarterly listing of delinquent accounts for Board review and authorization to write-off and refer to Board-approved collection agency.
- As delinquent payments are recovered by collection agency or made directly to the Pioneer Electric as a result of collection agents efforts, coordinate with Accounting the crediting to uncollectible allowance for bad debt, etc.
- Similar items of service as needed

B. Pioneer Electric and Southern Pioneer shall each appoint a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Southern Pioneer Provided Collection and Write-Off of Delinquent Accounts Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Pioneer Electric – Consumer Accounting Supervisor and alternate, VP – Energy Services.
- Southern Pioneer – Consumer Accounting Specialist and alternate, VP – Energy Services.

C. Southern Pioneer's sole consideration and compensation for providing Collection and Write-Off of Delinquent Accounts Services to Pioneer Electric shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, attendance of meetings and training, etc.

III. SOUTHERN PIONEER PROVIDED STORM RESTORATION SERVICES

A. Subject to Pioneer Electric's rights under Section 6.00 of the SSA, Southern Pioneer shall provide Pioneer Electric the following Storm Restoration Services to include, but not limited to:

- As requested, provide employees and equipment to assist in restoring service to customers during times of natural disasters, etc.

B. Pioneer Electric and Southern Pioneer shall each appoint, on a case-by-case occurrence, a service representative and alternate service representative to receive notices of the need for service and to receive notices of planned service interruptions in connection with the Southern Pioneer Provided Storm Restoration Services and shall keep each other informed of the contact information for each such appointee. The appointees are:

- Pioneer Electric – Manager of Engineering & Operations and alternate, VP – Engineering & Operations.
- Southern Pioneer – Managers of Engineering & Operation and alternate, VP – Engineering & Operations.

C. Southern Pioneer's sole consideration and compensation for providing Storm Restoration Services to Southern Pioneer shall be, but not limited to:

- Reimbursement for actual direct or indirect labor costs at the rate equivalent to and as defined in the KEC's most recently revised Statewide Mutual Assistance Plan.
- Reimbursement for prorated share of employer-provided benefits for involved employees.
- Reimbursement for use of company-owned vehicles using prorated actual cost based on mileage or personal vehicle(s) at the approved IRS mileage rate.
- Reimbursement for fees, out-of-pocket and incidental expenses incurred in the ordinary course of business, etc.

EXHIBIT A
SOUTHERN PIONEER ELECTRIC COMPANY
SERVICE TERRITORY

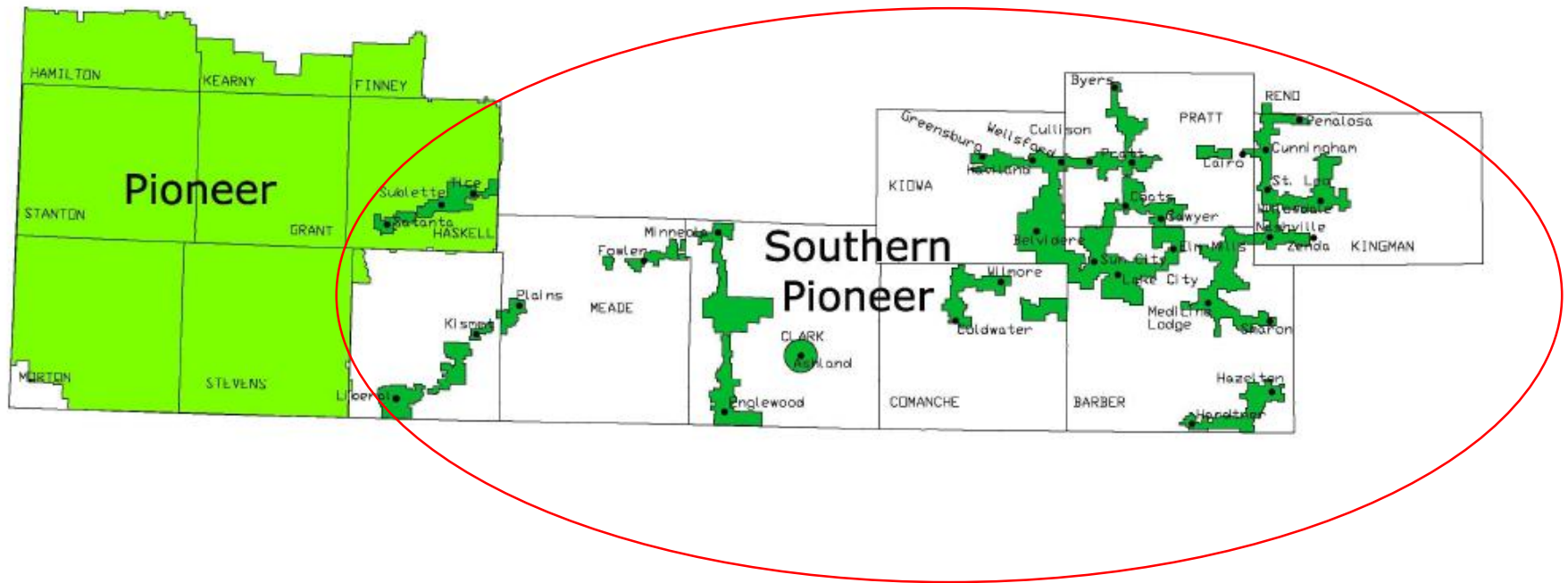


EXHIBIT A

EXHIBIT B
PIONEER ELECTRIC COOPERATIVE, INC.
SERVICE TERRITORY

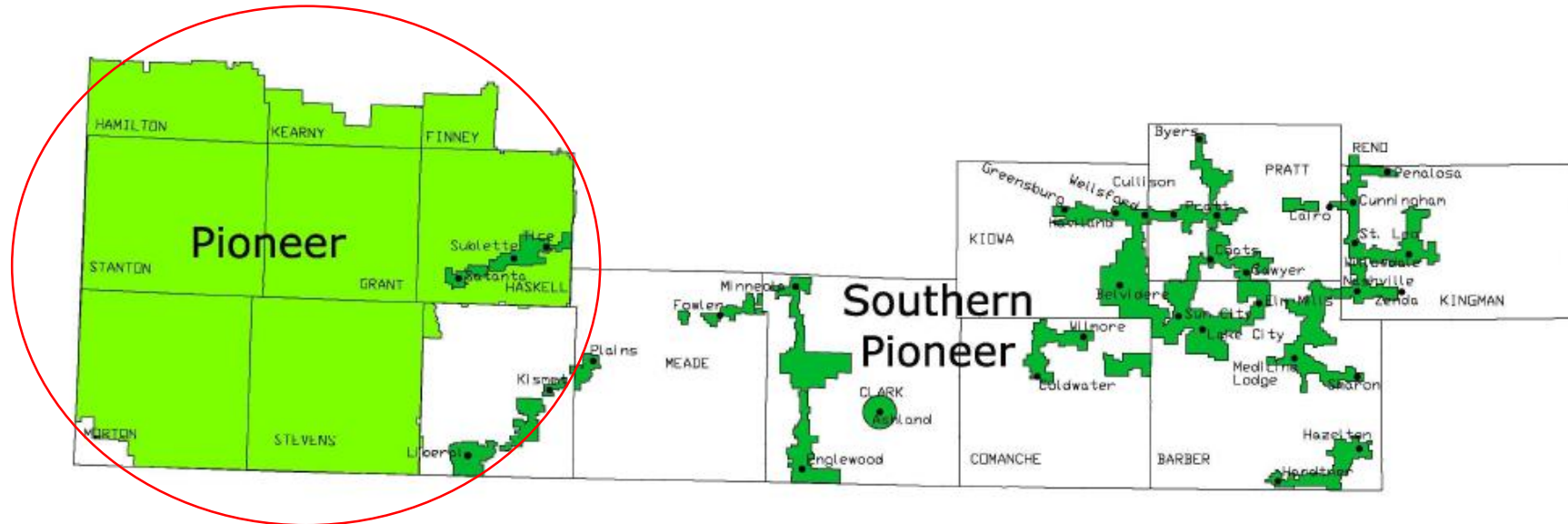


Exhibit B

LENDER APPROVAL LETTER



6340 South Fiddlers Green Circle
Greenwood Village, CO 80111
800-542-8072
www.cobank.com

September 7, 2018

Southern Pioneer Electric Company
Mr. Stephen J. Epperson
PO Box 430
Ulysses, KS 67880-0430

RE: Shared Services Agreement

Dear Mr. Epperson:

CoBank is in receipt of the Shared Services Agreement ("Agreement") dated June 20, 2018, executed by Pioneer Electric Cooperative, Inc. and Southern Pioneer Electric Company (jointly, the "Parties"). After review, and pursuant to Section 17, CoBank finds the Agreement between the Parties acceptable, and acknowledges the vital role each of the Parties fulfill in providing the other greater efficiency and savings.

If you have questions regarding or wish to discuss CoBank's approval, then please do not hesitate to contact us.

Sincerely,

A handwritten signature in blue ink that reads "Graham D. Kaiser".

Graham D. Kaiser
Vice President