

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

In the Matter of the Application of Prairie )  
Land Electric Cooperative, Inc. Seeking )  
Commission Approval to Update Its Local ) Docket No. 23-PLCE-789 - TAR  
Access Delivery Service Tariff Pursuant to )  
the 34.5kV Formula Based Rate Plan )  
Approved in Docket No. 21-SEPE-049-TAR. )

**PREFILED DIRECT TESTIMONY OF**

**KIRK GIRARD**  
**CHIEF EXECUTIVE OFFICER**  
**PRAIRIE LAND ELECTRIC COOPERATIVE, INC.**

**ON BEHALF OF**

**PRAIRIE LAND ELECTRIC COOPERATIVE, INC.**

May 1, 2023

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**PART I - QUALIFICATIONS**

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

A. My name is Kirk Girard. My business address is 14935 U.S. Highway 36, Norton, Kansas.

**Q. What is your profession?**

A. I am Chief Executive Officer of Prairie Land Electric Cooperative, Inc. (“Prairie Land” or “Cooperative”).

**Q. What is your educational background?**

A. I graduated from Bethany College in Lindsborg, Kansas in 1987 with a Bachelor of Arts degree with a concentration in Business Management/Economics.

**Q. What is your professional background?**

A. Beginning in October 1988, I worked as an Office Specialist and later as an Accountant for the State of Kansas Department of Corrections in Norton, Kansas. I started my electric industry career in May 1993 as an Accountant with Norton-Decatur Cooperative Electric Company, Inc., the predecessor company of Prairie Land. In June 2002, I was promoted to the Office Manager and held that position until October 2005, when I was promoted to Director of Finance. In October 2013, I assumed the responsibilities of Director of Finance and Administration overseeing accounting, consumer billing, human resources, purchasing, and investment activities. In January 2019, I became the Assistant CEO. In January 2021, I was promoted to be Prairie Land’s Chief Executive Officer. As Chief Executive Officer of Prairie Land, I serve on the Board of Directors for Sunflower Electric Power Corporation (“Sunflower”), generation and transmission (“G&T”) entity, of which Prairie Land is a member-owner of.<sup>1</sup>

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<sup>1</sup> Prior to January 1, 2020, Prairie Land was also a member-owner of the Mid-Kansas Electric Company, LLC (“Mid-Kansas”), a G&T for the acquired Mid-Kansas division of the Cooperative. Effective January 1,

1 **Q. Have you previously presented testimony before the Kansas Corporation Commission**  
2 **(“KCC” or “Commission”)?**

3 A. Yes, I filed Rebuttal testimony in the KCC Docket No. 21-SEPE-049-TAR (“21-049 Docket”)  
4 where Commission approved the continuation of Prairie Land’s 34.5kV Formula Based Rate  
5 (“34.5kV FBR”) plan, and Direct Testimony in Docket Nos. 21-PLCE-406-TAR and 22-  
6 PLCE-496-TAR. I have also been closely involved in the annual update filings for the  
7 Cooperative’s initial 34.5kV FBR five-year plan approved by the Commission in the Docket  
8 No. 16-MKEE-023-TAR.

9  
10 **PART II - SUMMARY OF DIRECT TESTIMONY**

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

12 A. The purpose of my testimony is as follows:

- 13 1. Affirm Prairie Land’s support for the calculation of the wholesale demand rate for the  
14 Local Access Delivery Service (“LADS”) service over Prairie Land’s 34.5kV sub-  
15 transmission system (Mid-Kansas division) as contained in Ms. Larson’s Prefiled  
16 Direct Testimony.
- 17 2. Confirm that Prairie Land will notify its customers as required in Section C of the  
18 Commission-approved 34.5kV FBR Protocols (“Protocols”) (attached to the April 15,  
19 2021 Commission Order Approving Unanimous Settlement Agreement as Attachment  
20 A1 to Exhibit A in the 21-049 Docket).
- 21 3. Attest to the Equity Test requirement noted in Section G of the Protocols.
- 22
- 23

24 2020, Mid-Kansas and Sunflower merged into a single entity. However, for purposes of this filing, all  
25 data inputs used to calculate the LADS rate still represent the Cooperative’s Mid-Kansas division’s data, as  
required by the Commission-approved Protocols for the 34.5kV Formula-Based Rate Plan.

1 4. Provide the information required by Item No. 10 listed in Section F of the Protocols.

2 **Q. What is Prairie Land's opinion concerning the proposed 2022 34.5kV FBR rate**  
3 **remaining the same as currently in effect at \$2.91/kW?**

4 A. Prairie Land Staff has provided the data necessary for the calculations as contained in the  
5 populated 34.5kV FBR template attached to the Application filed in the instant Docket as  
6 Exhibit 5. Cooperative Staff has reviewed the exhibit and the supporting work papers and is  
7 in agreement that the resultant rate was arrived in accordance to Prairie Land's 34.5kV FBR  
8 Protocols as approved by the Commission.

9 **Q. Do you agree with the extraordinary adjustment made to exclude debt service associated**  
10 **with the Storm Uri in this year's filing as described in Ms. Larson Prefiled Testimony?**

11 A. Yes. Prairie Land's debt related to extraordinary purchase power costs incurred in February  
12 2021 as a result of Storm Uri, that will be paid over a 3 year period, has a correlating retail  
13 rider set to recover these costs from its retail members over the same period of time. As Ms.  
14 Larson noted on page 9 of her Prefiled Testimony filed in the instant Docket, the said  
15 extraordinary costs are segregated and clearly identifiable as shown in Exhibit 8, also provided  
16 in the instant Docket. Accordingly, Prairie Land believes the resultant rate, as detailed in Ms.  
17 Larson's Prefiled Direct Testimony and included in the proposed LADS tariff, is just and  
18 reasonable, as it is based on the cost of service ("COS") and follows the Commission-  
19 prescribed methodology.

20 **Q. Please elaborate on how the Customer Notification requirement, detailed in Section C of**  
21 **the Protocols, will be fulfilled.**

22 A. Upon filing of the Application and all of the exhibits in the instant Docket (and once the actual  
23 Docket Number is known to the Cooperative), all customers taking wholesale LADS from  
24 Prairie Land will receive notice of the filing when it was made with the Commission. Such  
25 notice may be made via electronic mail or bill insert and will contain the following information:

1. The date the filing was made with the Commission and the docket number assigned.
2. The amount of the revenue adjustment sought.
3. The resulting rate impact.
4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV FBR, with a cite to Docket No. 21-SEPE-049-TAR and the date of the Commission's April 15, 2021 Order approving the application for continuation of Prairie Land's 34.5kV FBR for another five-year term.
5. A Prairie Land contact person and phone number for questions.

**Q. Please address the Equity Test requirement as noted in Section G of the 34.5kV FBR Protocols.**

A. Per Section G of the Protocols, Prairie Land (Mid-Kansas division) must notify the Commission when its distribution equity ratio (calculated exclusive of equity in or from Associated Organizations) reaches 36.31 percent, which would signal the re-evaluation of the currently-approved Operating Times Interest Earned ("OTIER") and Modified Debt Service Coverage ("MDSC") ratios as used in the 34.5kV FBR.

**Q. Has Prairie Land (Mid-Kansas division) calculated its Distribution Equity Ratio for the 2022 Test Year?**

A. Yes. Table 1 on the following page evidences that for 2022, Prairie Land's Distribution Equity Ratio (for the Mid-Kansas division), calculated to be at 31.32 percent, was below the prescribed 36.31 percent threshold. This calculation was performed using the unsocialized margins (based only on the margins actually earned by Prairie Land's Mid-Kansas division), as directed by Commission Staff and reflected in the Commission Order in the 21-049 Docket.<sup>2</sup>

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<sup>2</sup> Equity ratio after removing \$2,065,487.03 in deferred debit associated w/ Storm Uri is 32.16%, still below the authorized cap.

**Table 1. Prairie Land (Mid-Kansas Division) 2022 Distribution Equity Ratio**

Excluding investment in Associated Organizations

Bal. Sheet				
Ln. No.				
C29	Total Assets & Other Debits		\$	95,941,921.81
C36	Total Margins & Equities		\$	41,860,636.58
C8	Investment in Associated Organizations - Patronage Capital		\$	16,830,500.39
C9	Investment in Associated Organizations - Other - General Funds		\$	366,826.02
C10	Investment in Associated Organizations - Other - Nongeneral Funds		\$	-
	Total Investment in Associated Organizations		\$	17,197,326.41
<b>Distribution Equity Ratio</b>	$\frac{C36 - (C8+C9+C10)}{C29 - (C8+C9+C10)}$	$=$	$\frac{\$41,860,636.58 - \$17,197,326.41}{\$95,941,921.81 - \$17,197,326.41}$	$=$ <b>31.32%</b>

**Table 2. Prairie Land (Mid-Kansas Division) 2022 Investment in Associated Organizations**

Bal. Sheet			
Ln. No.	Description		Amount
C8	Cooperative Response Center - Equity Investment		6,871.58
	Federated Insurance Capital Credits		253,632.04
	Kansas Electric Cooperatives - Capital Credits		29,105.79
	Mid West Energy - Capital Credits		169.43
	Farmway Co-op - Capital Credits		362.43
	NRUCFC - Capital Credits		789,431.74
	Rural Telephone Capital Credits		2,741.66
	CoBank - Capital Credits		7,480.58
	National Information Solutions Cooperative - Capital Credits		94,423.91
	National Rural Telecommunications Cooperative		8,600.82
	Sunflower Electric Power Corp - Patronage Capital		4,420,107.54
	Mid-Kansas Electric Company/Sunflower Electric Power Corporation - Margins Allocation		11,217,572.87
			16,830,500.39
C9	Mid-Kansas Electric Company - Margins Allocation		366,826.02
C10			-
	Total Investment in Associated Organizations		17,197,326.41

**Q. Now please discuss the information required for Item No. 10 on the list of required filing exhibits as contained in Section E of the Protocols.**

A. This Item requires the Cooperative to provide a summary explanation of any material increases from the previous year (where “material” is quantified to be over 10 percent) in a COS item for the 34.5kV FBR. Comparing line items in Column (i) FBR Revenue Requirement on Exhibit 5, Page 1 submitted in the instant Docket against the same categories as approved last year by the Commission in the 22-PLCE-496-TAR Docket, the Transmission Plant Depreciation and Interest – Other categories are showing an increase of over 10 percent when compared to the 2022 COS. See the following summary in Table 3.

<b>Table 3. Prairie Land (Mid-Kansas Division) COS Item Comparison</b>						
<b>COS Item Description</b>		<b>2022 FBR Approved Revenue Requirement</b>	<b>2022 FBR Revenue Requirement</b>	<b>Diff \$</b>	<b>Diff \$</b>	
<b><u>Operating Expenses</u></b>						
Transmission O&M	\$	684,071	\$	626,442	\$ (57,629)	-8%
Administration & General	\$	139,878	\$	125,472	\$ (14,406)	-10%
Depreciation & Amortization				\$ -		
Transmission	\$	615,982	\$	677,785	\$ 61,803	10%
General Plant	\$	9,170	\$	7,395	\$ (1,775)	-19%
Property Tax	\$	-	\$	-	\$ -	
Other Taxes	\$	12	\$	-	\$ (12)	-100%
L.T. Interest	\$	628,671	\$	652,602	\$ 23,931	4%
Interest Charged to Construction	\$	-	\$	-	\$ -	
Interest - Other	\$	682	\$	3,781	\$ 3,100	455%
Other Deductions	\$	-	\$	-	\$ -	
<b><u>Margin Requirement Components</u></b>						
Principal Payments	\$	574,747	\$	619,349	\$ 44,602	8%
L.T. Interest	\$	628,671	\$	652,602	\$ 23,931	4%

**Q. Please explain the drivers behind the change in Transmission Plant Depreciation.**

A. Under DSC rate making, depreciation expense is backed out of the calculation as a margin offset, and therefore does not impact the resultant rate.



1 **Q. Please explain the drivers behind the change in Interest - Other.**

2 A. The increase in interest expense other is due to an increased use in our line of credit in  
3 2022. Instead of drawing down long term debt, we elected to utilize our line of credit  
4 through the majority of 2022. In September 2022, we drew down long term debt funds  
5 which in turn will reduce the need for the line of credit in the future.

6 **Q. Do you have any other comments regarding the steps Prairie Land took to lessen the**  
7 **impact of the cost increase noted above on its customers?**

8 A. I would like to close by noting that increases in costs due to operational changes affect  
9 Prairie Land's wholesale and retail customers alike. Decisions made with regards to  
10 staffing, debt financing, and the overall operations of Prairie Land are always made with  
11 the customers' best interest in mind. Every effort is taken to find cost saving measures  
12 whenever possible in order to lessen the impact to our customers.

13 **Q. What is your final recommendation to the Commission?**

14 A. I support Ms. Larson's recommendation to approve Prairie Land's Application in the instant  
15 Docket, as the resultant rate is reflective of the COS, was calculated in accordance to the  
16 Commission-approved 34.5kV FBR Protocols, and therefore is just and reasonable and is in  
17 the public interest.


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

19 A. Yes, it does.  
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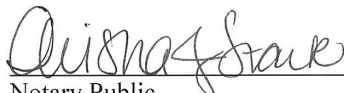
**VERIFICATION OF KIRK GIRARD**

STATE OF KANSAS                    )  
  ) ss:  
COUNTY OF NORTON                )

Kirk Girard, being first duly sworn, deposes and says that he is the Kirk Girard referred to in the foregoing document entitled "Prefiled Direct Testimony of Kirk Girard" before the State Corporation Commission of the State of Kansas and that the statements therein were prepared by him or under his direction and are true and correct to the best of his information, knowledge and belief.

  
Kirk Girard

**SUBSCRIBED AND SWORN** to before me this 26 day of April 2023.

  
Notary Public

My Appointment Expires:



## CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the foregoing pleading was electronically served this 28<sup>th</sup> day of April 2023 to:

BRIAN G. FEDOTIN, GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
[b.fedotin@kcc.ks.gov](mailto:b.fedotin@kcc.ks.gov)

WALKER HENDRIX, LITIGATION  
COUNSEL  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
[w.hendrix@kcc.ks.gov](mailto:w.hendrix@kcc.ks.gov)

TIMOTHY REHAGEN, COMMISSION  
STAFF  
KANSAS CORPORATION COMMISSION  
1500 SW ARROWHEAD RD  
TOPEKA, KS 66604  
[t.rehagen@kcc.ks.gov](mailto:t.rehagen@kcc.ks.gov)

KIRK A. GIRARD, CEO  
PRAIRIELAND ELECTRIC COOPERATIVE,  
INC.  
14935 US HWY 36  
PO BOX 360  
NORTON, KS 67654-0360  
[kgirard@ple.coop](mailto:kgirard@ple.coop)

/s/ John McClymont  
John McClymont