

BEFORE THE CORPORATION COMMISSION
OF THE STATE OF KANSAS

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State Corporation Commission
of Kansas

IN THE MATTER OF THE APPLICATION OF]
OF MID-KANSAS ELECTRIC COMPANY, LLC] KCC Docket No. 12-MKEE-380-RTS
FOR APPROVAL TO MAKE CERTAIN]
CHANGES IN ITS CHARGES FOR]
ELECTRIC SERVICES IN THE GEOGRAPHIC]
SERVICE TERRITORY SERVED BY]
SOUTHERN PIONEER ELECTRIC COMPANY]

DIRECT TESTIMONY OF

ANDREA C. CRANE

ON BEHALF OF

THE CITIZENS' UTILITY RATEPAYER BOARD

April 20, 2012

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1 **I. STATEMENT OF QUALIFICATIONS**

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

3 A. My name is Andrea C. Crane and my business address is 90 Grove Street, Suite 211,
4 Ridgefield, Connecticut 06877. (Mailing Address: PO Box 810, Georgetown, Connecticut
5 06829.)
6

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

8 A. I am President of The Columbia Group, Inc., a financial consulting firm that specializes in
9 utility regulation. In this capacity, I analyze rate filings, prepare expert testimony, and
10 undertake various studies relating to utility rates and regulatory policy. I have held several
11 positions of increasing responsibility since I joined The Columbia Group, Inc. in January
12 1989. I became President of the firm in 2008.
13

14 **Q. Please summarize your professional experience in the utility industry.**

15 A. Prior to my association with The Columbia Group, Inc., I held the position of Economic
16 Policy and Analysis Staff Manager for GTE Service Corporation, from December 1987 to
17 January 1989. From June 1982 to September 1987, I was employed by various Bell Atlantic
18 (now Verizon) subsidiaries. While at Bell Atlantic, I held assignments in the Product
19 Management, Treasury, and Regulatory Departments.
20

1 **Q. Have you previously testified in regulatory proceedings?**

2 A. Yes, since joining The Columbia Group, Inc., I have testified in over 350 regulatory
3 proceedings in the states of Arizona, Arkansas, Connecticut, Delaware, Hawaii, Kansas,
4 Kentucky, Maryland, New Jersey, New Mexico, New York, Oklahoma, Pennsylvania, Rhode
5 Island, South Carolina, Vermont, Washington, West Virginia and the District of Columbia.
6 These proceedings involved electric, gas, water, wastewater, telephone, solid waste, cable
7 television, and navigation utilities. A list of dockets in which I have filed testimony since
8 January 2008 is included in Appendix A.

9
10 **Q. What is your educational background?**

11 A. I received a Master of Business Administration degree, with a concentration in Finance, from
12 Temple University in Philadelphia, Pennsylvania. My undergraduate degree is a B.A. in
13 Chemistry from Temple University.

14
15 **II. PURPOSE OF TESTIMONY**

16 **Q. What is the purpose of your testimony?**

17 A. On December 19, 2011, Mid-Kansas Electric Company (“MKEC” or “Company”) filed an
18 Application with the State of Kansas Corporation Commission (“KCC” or “Commission”)
19 seeking a rate increase in distribution rates for customers served in the Southern Pioneer
20 portion of its service territory (“Southern Pioneer Division”). MKEC is owned by five
21 Kansas cooperatives and one corporation, Southern Pioneer Electric Company, which is a

1 wholly-owned subsidiary of a sixth Kansas cooperative, Pioneer Electric Cooperative.

2 Collectively, the owners of MKEC are referred to as its "Members".

3 The Company requested a rate increase of \$7,992,522 or 13.7%, based on a Debt
4 Service Coverage ("DSC") ratio of 2.0.¹ Alternatively, MKEC proposed a DSC Regulatory
5 Plan based on a DSC ratio of 1.8. The DSC Regulatory Plan would result in a rate increase
6 of \$6,112,948, or approximately 10.5%. It should be noted that the rate increases referenced
7 in the Company's testimony are based on total revenues, including purchased power
8 revenues. The Company's filing reflects rate increases on base (non-purchased power)
9 revenues at DSC ratios of 2.0 and 1.8 of approximately 59.4% and 45.4% respectively.

10 The Columbia Group, Inc. was engaged by The State of Kansas, Citizens' Utility
11 Ratepayer Board ("CURB") to review MKEC's Application, and to provide
12 recommendations to the KCC regarding the rate increases being requested in this case.

13
14 **Q. What are the most significant issues in this rate proceeding?**

15 **A.** The most significant issues driving the rate increase being requested in this case are the DSC
16 margin requirement and the debt service costs being claimed by the Southern Pioneer
17 Division. Other significant issues include increases relating to salaries and wages, payroll-
18 related benefit cost increases, and depreciation expenses on plant additions made since the
19 Company's last rate case.

20

1 Exhibit RJM-3, page 1.

1 **III. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

2 **Q. What are your conclusions concerning the need for rate relief?**

3 A. Based on my analysis of the filing and other documentation in this case, my conclusions and
4 recommendations are as follows:

- 5
- 6 1. The KCC should reject the Company's proposed DSC Regulatory Plan and instead
7 continue to regulate the Southern Pioneer Division based on the traditional
8 ratemaking approach.
 - 9 2. The KCC should establish rates for the Southern Pioneer Division based on a DSC
10 ratio of 1.75.
 - 11 3. The KCC should grant the Southern Pioneer Division a rate increase of \$1,787,075,
12 based on a total revenue requirement of \$60,785,052, as shown in Schedule ACC-1.
13 \$1,598,135 of this increase should be allocated to retail ratepayers.
 - 14 4. The KCC should exclude from utility rates the debt service costs associated with the
15 prepayment premium incurred by the Southern Pioneer Division when it refinanced
16 its Rural Utilities Service ("RUS") debt, as shown in Schedule ACC-3 and Schedule
17 ACC-4.
 - 18 5. The KCC should allocate approximately \$188,940 of the rate increase to third parties
19 that use the Southern Pioneer Division's 34.5 kv facilities and this portion of the
20 increase should be recovered through the Company's Local Access Charge ("LAC")
21 rate, as shown in Schedule ACC-19.

1 6. The KCC should establish the Company's LAC rate at \$2.51 per kW-month, as
2 shown in Schedule ACC-19.

3

4

5 **IV. DISCUSSION OF THE ISSUES**

6 **A. Overview**

7 **Q. Please provide a brief description of MKEC.**

8 A. As discussed on page 2 of Mr. Lowry's Direct Testimony, MKEC was organized by its
9 Members "for the purpose of acquiring and operating the former Aquila-WPK electric utility
10 business and operations." MKEC began operating those assets on April 1, 2007, through an
11 operating agreement with Sunflower Electric Power Corporation, which is owned, directly or
12 indirectly, by the Members of MKEC.

13 MKEC owns 389 MW of generation and 1,083 miles of transmission facilities and
14 associated substation facilities. MKEC also has purchase power agreements for 175 MW of
15 generation from the Jeffrey Energy Center ("JEC") and for 75 MW of wind generation from
16 two wind facilities.

17 Customers of MKEC pay divisional rates based on the cost of service for customers
18 served by each MKEC Member. In this filing, MKEC is requesting a rate increase for
19 customers served in the Southern Pioneer service territory. These customers are largely
20 served by Southern Pioneer Electric Company through a Service Agreement with MKEC.

21

1 **Q. Does Southern Pioneer have a different organizational structure than the other**
2 **Members of MKEC?**

3 A. Yes, it does. Southern Pioneer is organized as a for-profit C corporation while the other
4 MKEC Members are not-for-profit cooperatives. Southern Pioneer is a wholly-owned
5 subsidiary of Pioneer Electric Cooperative, Inc., which in turn is a not-for-profit cooperative.
6 Even though Southern Pioneer is a for-profit entity, in this filing the Southern Pioneer
7 Division has proposed that its rates be established on a DSC methodology instead of on a rate
8 base, rate of return basis.

9
10 **Q. Do you believe that cooperative utilities should receive less scrutiny than investor-**
11 **owned utilities in the ratemaking process?**

12 A. No, I do not. Mr. Lowry states on page 5 of his testimony that cooperative utilities should
13 be viewed differently by the KCC because “there are no competing interests between
14 stockholders who want higher returns and customers who want lower rates and better
15 service.” However, as long as the KCC has jurisdiction over the rates of MKEC and its
16 Members, then the KCC should apply the same regulatory scrutiny to cooperatives that it
17 applies to investor-owned utilities. This is especially true in the case of the Southern Pioneer
18 Division, since the customers of Southern Pioneer are not directly represented by the Pioneer
19 Electric Cooperative board but are in fact customers of an investor-owned utility. Moreover,
20 the Pioneer Electric board has been reluctant to relinquish control over Southern Pioneer
21 matters or to combine the two entities, as discussed later in this testimony.

1 In addition, I understand that there is a statute in Kansas that would permit MKEC
2 and most of its Members to deregulate their utility services. However, as noted by Mr.
3 Lowry on page 6 of his testimony, "Mid-Kansas and the operations of the service territory by
4 the Mid-Kansas Members are fully regulated by the Commission and will continue to be
5 regulated unless Mid-Kansas or any eligible Mid-Kansas Member seeks to remove
6 Commission regulation over their rates pursuant to the provisions found in K.S.A. 66-104d."
7 Mr. Lowry went on to state "[i]t is important to note that the certified service territory of
8 Mid-Kansas must be transferred to its Members prior to them seeking to deregulate and that
9 Southern Pioneer is not currently eligible to de-regulate." Accordingly, the services that are
10 issue in this case are fully regulated by the KCC. As long as the KCC has regulatory
11 jurisdiction, it should provide the same level of regulatory oversight to the customers of the
12 Southern Pioneer Division that it provides to customers of investor-owned utilities. While
13 the KCC may conclude that some different methodologies are appropriate for regulating the
14 Southern Pioneer Division, it should ensure that these methodologies result in the same
15 degree of scrutiny as that given to other investor-owned utilities. The ratepayers of the
16 Southern Pioneer Division deserve nothing less.

17
18 **B. Margin Requirement and Regulatory Plan**

19 **Q. Are there differences in the way in which the KCC determines the rates of an investor-**
20 **owned utility and the method used by the KCC for utilities organized as cooperatives?**

21 **A. Yes. Instead of using a traditional rate base, rate of return ratemaking methodology, the**

1 KCC has historically regulated cooperatives based on a cash flow approach. In this
2 approach, the KCC sets rates that provide the cooperative with sufficient revenues to meet its
3 financing coverage requirements as contained in loan agreements between the cooperative
4 and its lenders. In spite of the fact that Southern Pioneer is not a cooperative, it is requesting
5 the Commission establish rates in this case based on a margin requirement methodology.

6 Specifically, Southern Pioneer is requesting that the Commission establish rates
7 based on a Debt Service Coverage ratio approach. This is the methodology that is used by
8 Southern Pioneer's lender, Co-Bank, to evaluate the financial integrity of Southern Pioneer.

9
10 **Q. Does Southern Pioneer have any equity?**

11 A. Southern Pioneer has a small amount of equity, resulting primarily from its investment in
12 MKEC. However, the vast majority of the operations of Southern Pioneer, and of other
13 MKEC Members, is financed with debt. Therefore, the coverage requirements of the lenders
14 are used to establish the level of margin that must be maintained by each entity in order to
15 comply with its debt covenants.

16
17 **Q. What are the coverage requirements that Southern Pioneer must meet?**

18 A. Pursuant to its October 24, 2011, Credit Agreement with Co-Bank, Southern Pioneer is
19 required to meet a DSC ratio of 1.35, beginning December 31, 2012. An amendment to the
20 Credit Agreement was executed on December 19, 2011, whereby Co-Bank agreed to phase-
21 in its DSC coverage requirement in the event that the KCC approves a "new ratemaking

1 methodology based upon the Company's Debt Service Coverage Ratio". Under that
2 agreement, Southern Pioneer is required to meet the following coverage ratios:
3

Fiscal Quarter Ending:	Required Ratio:
12/31/2012	1.00
3/31/2013 and 6/30/2013	1.10
9/30/2013 and 12/31/2013	1.25
3/31/2014 through 12/31/2015	1.35
3/31/2016 and after	1.50

4
5
6 **Q. How is the DSC ratio calculated?**

7 A. In the Credit Agreement, "Debt Service Coverage Ratio" is defined as:

8 The ratio of (1) the difference between (i) net income (after taxes and after
9 eliminating any gain or loss on sale of assets or other extraordinary gain or loss),
10 plus depreciation expense, amortization expense, and interest expense; minus (ii)
11 non-cash patronage and non-cash income from joint ventures; to (2) all principal
12 payments due within the period on all Long-Term Debt plus interest expense (all as
13 calculated for the twelve month period ending with the end of the quarter in which
14 the calculation is being made in accordance with GAAP consistently applied).
15

16 **Q. What level of DSC coverage is the Southern Pioneer Division requesting in this case?**

17 A. As discussed in the testimony of Mr. Macke, the Company is requesting that the KCC
18 approve rates that will result in a DSC of 2.0. If the KCC adopts the Company's proposal for
19 a DSC Regulatory Plan, then the Company is requesting that rates be established based on a
20 DSC ratio of 1.8. Both of these ratios are well above the minimums required pursuant to the
21 Credit Agreement.
22

1 **Q. Are you recommending that the KCC adopt the Southern Pioneer Division's proposed**
2 **DSC Regulatory Plan?**

3 A. No, I am not. The Company's proposal would ultimately result in higher costs for ratepayers
4 and less control and regulatory oversight by the KCC. Therefore, I am recommending that
5 the KCC reject the DSC Regulatory Plan.

6
7 **Q. Please describe the details of the DSC Regulatory Plan being proposed in this case.**

8 A. The details of the DSC Regulatory Plan are discussed in Exhibit RJM-8. The Southern
9 Pioneer Division is requesting to initially implement the DSC Regulatory Plan for a
10 minimum period of five years. Under the Company's proposal, rates would be adjusted
11 annually based on the level of margins earned in the preceding calendar year. Each year, the
12 Southern Pioneer Division would make a compliance filing on May 1, calculating the
13 "Adjusted DSC" for the prior year. The Adjusted DSC would reflect actual margins,
14 excluding income from equity investments, capital credits and patronage dividends, and
15 extraordinary items. Margins would also be adjusted to reflect the impact of rate changes
16 implemented during the year and to include certain cash payments made during the year that
17 relate to previously-allocated capital credits and patronage dividends.

18 There would be no rate adjustment if the Adjusted DSC for the prior year was
19 between 1.8 and 2.2. If the Adjusted DSC was not within this range, then rates would be
20 adjusted to produce a "DSC Target". The DSC Target would be set at 1.8 for years 1 and 2

1 of the DSC Regulatory Plan, at 1.9 for year 3, and at 2.0 for years 4 and 5. Annual rate
 2 increases would be limited to 10%.

3
 4 **Q. What level of annual rate increases does the Southern Pioneer Division estimate would**
 5 **be required each year under the DSC Regulatory Plan?**

6 A. If the DSC Regulatory Plan is adopted by the KCC, the Southern Pioneer Division expects
 7 the following increases in rates:

Year	DSC Target	Projected Increase
2012	1.80	10.5%
2013	1.80	4.9%
2014	1.90	3.3%
2015	2.0	3.1%
2016	2.0	2.8%

8
 9
 10 **Q. What impact does the DSC Regulatory Plan have on the DSC coverage ratios required**
 11 **by Co-Bank?**

12 A. If the rate plan is adopted by the KCC, then Co-Bank has agreed that it will revise its DSC
 13 coverage requirements, as follows:

Fiscal Quarter Ending:	Required Ratio With Plan	Required Ratio With Plan
12/31/2012	1.00	1.35
3/31/2013 and 6/30/2013	1.10	1.35
9/30/2013 and 12/31/2013	1.25	1.35
3/31/2014 through 12/31/2015	1.35	1.35
3/31/2016 and after	1.50	1.35

1 Thus, while the Southern Pioneer Division is proposing that utility rates be
2 established based on a lower DSC ratio of 2.0 if the DSC Regulatory Plan is rejected, it is
3 proposing to set rates based on a DSC ratio of only 1.8 if the KCC accepts the Company's
4 proposal and implements the DSC Regulatory Plan.

5
6 **Q. Would the DSC Regulatory Plan benefit Kansas ratepayers?**

7 A. No, it would not. According to the Company, the DSC Regulatory Plan would initially
8 benefit ratepayers by lowering the targeted DSC ratio, thereby reducing the pending rate
9 increase from 13.7% to 10.5%. However, under this plan, ratepayers can expect another rate
10 increase of 4.9% in 2013: that is an increase of 15.4% in just two years. Moreover, over the
11 five-year period included in the rate plan, ratepayers should expect an overall increase in
12 rates of 24.6%, significantly higher than the increases that the Commission would likely
13 approve in the absence of the DSC Regulatory Plan. Perhaps more importantly, these higher
14 rate increases would be implemented without the level of scrutiny and review provided in a
15 base rate case. Instead, these increases would be implemented by a formulaic approach that
16 would limit the ability of the KCC and other parties to challenge the Southern Pioneer
17 Division's underlying costs. Under the Company's proposal, the proposed increases become
18 more or less automatic, weakening the ratepayer protections that the Kansas legislature
19 provided to ratepayers when it authorized the KCC to regulate the utility rates of
20 cooperatives and public utilities.

1 **Q. Please comment on Mr. Epperson's statement on page 8 of his testimony that the DSC**
2 **Regulatory Plan is only a "variation" of the requirement that MKEC's Members**
3 **provide refunds if their Times Interest Earned Ratios ("TIER") exceed 2.2.**

4 A. Mr. Epperson is incorrect. The refund requirement referenced by Mr. Epperson was a
5 provision of the Stipulation in KCC Docket No. 06-MKEE-524-ACQ, which was agreed to
6 by the parties to protect Aquila ratepayers from adverse impacts of the acquisition. Given
7 the unique structure of MKEC and the fact that MKEC was a new entity created solely to
8 acquire the customers and assets of Aquila, the parties determined that additional ratepayer
9 safeguards were necessary. The refund requirement was not intended to permit increases in
10 utility rates based on the formulaic approach proposed by the Southern Pioneer Division, nor
11 was it intended to limit the oversight of the KCC with regard to utility rate increases for the
12 Members of MKEC.

13
14 **Q. Aren't there benefits to ratepayers of having Co-Bank lower the DSC ratio requirement**
15 **for Southern Pioneer?**

16 A. No, the short-term benefit provided by the DSC ratio is more than offset by higher DSC ratio
17 requirements in later years, a fact that will have an adverse effect on ratepayers. If the
18 traditional ratemaking approach is maintained, the Company is required to meet a DSC ratio
19 of 1.35 by December 31, 2012, and to retain this ratio throughout the life of the debt
20 issuance. If the DSC Regulatory Plan is adopted, Southern Pioneer is required to meet a DSC
21 ratio of only 1.0 by December 31, 2012, but this required ratio increases each year. If the

1 DSC Regulatory Plan is adopted, Co-Bank would require Southern Pioneer to meet a DSC
2 ratio of 1.35 by March 31, 2014, the same ratio it requires under the traditional regulatory
3 approach. Even more troubling, beginning on March 31, 2016, Co-Bank requires a higher
4 ratio under the DSC Regulatory Plan than under the traditional regulatory plan. So while the
5 Southern Pioneer Division would get the benefit of a lower DSC ratio until March 31, 2014,
6 if the DSC Regulatory Plan is adopted, it is subject to a higher DCS ratio from March 31,
7 2016, through the remaining life of the debt issuance. Thus, the DSC Regulatory Plan
8 provides only 14 months of lower DSC ratio requirements but results in higher requirements
9 beginning March 31, 2016, and continuing for the life of the loan.

10 Moreover, under the Company's proposal, the full benefit of the lower ratio is not
11 passed through to ratepayers. The Company's proposed 1.8 DSC margin requirement, which
12 assumes that the DSC Regulatory plan is adopted, is still significantly higher than the 1.35
13 required by its lender under a traditional ratemaking approach. Thus, the Company's offer to
14 accept a slightly lower margin requirement now provides no real benefit to ratepayers, will
15 limit the ability of regulators in future years to evaluate the Southern Pioneer Division's
16 underlying costs, and will result in higher DSC ratio requirements starting in March 31,
17 2016. Accordingly, I recommend that the proposed DSC Regulatory plan be rejected.

18
19 **Q. Given the fact that you are recommending that the proposed ratemaking plan be**
20 **rejected, what level of DSC do you recommend be adopted by the KCC?**

1 A. I am recommending that the KCC approve rates that will result in a DSC ratio of 1.75 for the
2 Southern Pioneer Division. At Schedule ACC-2, I have made an adjustment to the
3 Company's debt service costs to reflect a margin requirement based on a DSC ratio of 1.75.
4

5 **Q. What is the basis for your recommendation?**

6 A. As noted above, I recommend that the KCC apply the same level of scrutiny to cooperative
7 utilities as it applies to investor-owned utilities. Accordingly, the KCC should ensure that
8 the Company's rate increase is as low as possible without jeopardizing the Southern Pioneer
9 Division's ability to provide safe and reliable utility service. The Southern Pioneer
10 Division's request is based on a cushion of more than 48% over the DSC ratio that Southern
11 Pioneer's lender requires. While I am not adverse to rates that would provide some cushion
12 over the 1.35 DSC requirement, the question is how much is too much? I believe that a DSC
13 of 1.75 provides a reasonable balance between the need to provide some cushion to Southern
14 Pioneer and the need to approve utility rates that are just and reasonable.
15

16 **Q. How does your recommended DSC ratio of 1.75 compare with the actual DSC ratios
17 earned by Southern Pioneer over the past few years?**

18 As shown in the Compliance Reports required pursuant to the Order in KCC Docket No. 06-
19 MKEE-524-ACQ, my recommended DSC ratio of 1.75 is comparable to, or higher than, the
20 actual DSC ratios experienced over the last few years, as shown below:
21

1

Year	Reported DSC Ratio
2008	1.48
2009	1.76
2010	2.23
2011	1.72

2

3 Thus, my recommendation appears reasonable in light of Southern Pioneer's actual results.

4

5 **C. Debt Service Costs**

6 **Q. How did the Company develop its debt service cost claim in this case?**

7 A. The Company's claim is based on total outstanding debt of \$84,688,239, at a fixed annual
8 interest rate of 5.37% for a term of 30 years.

9

10 **Q. Did the Company recently refinance its debt?**

11 A. Yes, it did. As discussed on page 3 of Chantry Scott's testimony, in October 2011 the Board
12 of Southern Pioneer authorized the company to refinance its existing debt. At that time,
13 Southern Pioneer had \$54,001,835 of outstanding debt held by the Federal Finance Bank
14 ("FFB") through the Rural Utilities Service ("RUS"). RUS is an agency of the United States
15 Department of Agriculture that administers various programs for rural utilities, including
16 lending services. The RUS debt was relatively new debt, having been issued from October 8,
17 2009 through March 9, 2010. The RUS debt issuances carried interest rates of 3.714% to
18 4.232%.

1 On October 24, 2011, Southern Pioneer issued \$84,688,239 of new debt through Co-
2 Bank, ACB. This included refinancing of the RUS debt of \$54,001,835, a prepayment
3 premium of \$9,686,404 that Southern Pioneer was required to pay to RUS, and additional
4 debt of \$21,000,000 previously issued by Co-Bank that was converted from a variable to a
5 fixed rate.

6
7 **Q. Are you recommending any adjustment to the Company's claim for debt service costs?**

8 A. Yes, I am recommending that the Commission deny recovery of the debt service costs
9 associated with the prepayment premium of \$9,686,404..

10
11 **Q. What is the basis for your recommendation?**

12 A. My recommendation is based on the fact that the refinancing of the RUS debt provided
13 minimal benefit to ratepayers while significantly increasing Southern Pioneer's financing
14 costs. As noted earlier, the Co-Bank debt was issued at an interest rate of 5.37%, well above
15 the interest rates of 3.714% to 4.232% for the RUS debt. In addition to higher interest rates,
16 the refinancing also required that Southern Pioneer incur a large prepayment premium, equal
17 to almost 18% of the amount of debt outstanding with RUS.

18 In response to Data Request KEPCO 1-2, Southern Pioneer provided its analysis of
19 the costs to refinance the RUS debt. As shown in that response, even Southern Pioneer's
20 analysis demonstrated that the refinancing would result in higher rates for customers.
21 Moreover, that analysis demonstrates that the refinancing was more expensive even if the

1 prepayment premium had been as low as \$2.5 million, while the actual prepayment premium
2 was almost four times that estimate. That response indicates that refinancing would increase
3 utility rates by an incremental 2-3% over the expected level of rate increases assuming no
4 buyout of the RUS debt.

5 In addition, refinancing also resulted in higher coverage requirements. Pursuant to
6 the RUS Credit Agreement, Southern Pioneer was required to achieve a DSC ratio of 1.25 in
7 two out of the last three preceding years, while the Co-Bank Credit Agreement requires a
8 DSC ratio of 1.35, and of 1.5 by March 31, 2016, if the DSC Regulatory Plan is adopted. In
9 spite of Southern Pioneer's own analysis, it went ahead and refinanced the RUS debt, and is
10 now attempting to pass along these higher debt service costs to regulated ratepayers.

11
12 **Q. What was Southern Pioneer's rationale for refinancing the RUS debt?**

13 A. According to Chantry Scott's testimony at page 4, Southern Pioneer refinanced the RUS debt
14 due to the "uncertainty of future RUS funding, and...the negative impact of RUS' prolonged
15 approval process for construction work plan loans and other associated activities."

16
17 **Q. Has the Southern Pioneer Division demonstrated that the uncertainty of funding and
18 approval delays justified the higher costs associated with the refinancing of the RUS
19 debt?**

20 A. No, it has not. Chantry Scott states on page 4 that "RUS is a federally funded agency that is
21 dependent upon receiving allocations annually from Congress." However, this is nothing

1 new. While RUS may be dependent upon funding from Congress, there is no evidence that
2 such funding is in danger of being terminated. In fact, the other Members of MKEC continue
3 to rely upon RUS for their funding needs. In addition, there is no evidence that approval
4 delays have jeopardized the ability of Southern Pioneer, or of other MKEC Members, to
5 provide safe and reliable electric utility service.

6
7 **Q. What do you recommend?**

8 A. Given the fact that the refinancing of the RUS debt resulted in higher interest charges and
9 higher coverage ratio requirements, and is projected to result in higher utility rates, I am
10 recommending that the KCC eliminate debt service costs associated with the prepayment
11 premium from the Company's revenue requirement. My adjustment is shown in Schedule
12 ACC-3. My revenue requirement recommendation includes debt service costs on total debt
13 of \$75,001,835, based on an interest rate of 5.37% and on a term of 30 years.

14 It should be noted that I am not recommending any adjustment to the Co-Bank
15 interest rate of 5.37%, even though it is significantly higher than the interest rates for the
16 three RUS debt issuances that were refinanced. The KCC may want to make an additional
17 adjustment to reduce the pro forma interest rate reflected in the Southern Pioneer Division's
18 revenue requirement. If so, CURB would support such an adjustment.

19
20 **Q. Did you make a corresponding reduction to the Company's pro forma interest expense**
21 **claim?**

1 A. Yes, I did. At Schedule ACC-4, I made an adjustment to eliminate the interest expense
2 associated with the prepayment premium of \$9,686,404.
3

4 **Q. Were there any other adjustments required as a result of your recommendation to**
5 **exclude debt service associated with the prepayment premium?**

6 A. Yes. As shown in Exhibit RJM-2, page 1, the Company included amortization of the
7 prepayment premium above-the-line. However, since the Company's debt service claim
8 included debt service on the prepayment premium, it also made an adjustment on Exhibit
9 RJM-3, page 1 to eliminate amortization of the prepayment premium from its proposed
10 margin requirement. Since I am recommending that the Commission exclude the
11 prepayment premium from regulated rates, I have eliminated the amortization expense
12 associated with the prepayment premium, as well as the associated reduction in the margin
13 requirement, from the revenue requirement calculation, as shown in Schedule ACC-5. I have
14 made these adjustments to be consistent with the Company's presentation. However, since
15 these are offsetting adjustments, there is no net impact on the revenue requirement of the
16 Southern Pioneer Division. The entire revenue requirement impact of my recommendation
17 to eliminate debt service on the prepayment premium is captured in the debt service and
18 interest adjustments shown in Schedules ACC-3 and ACC-4, as discussed above.
19

1 **D. Pro Forma Revenue**

2 **Q. In addition to your adjustments relating to the DSC ratio and debt service on the**
3 **prepayment premium, what other adjustments are you recommending for the Southern**
4 **Pioneer Division?**

5 A. As summarized on Schedule ACC-7, I am recommending one revenue adjustment and seven
6 operating expense adjustments. Specifically, I am recommending operating expense
7 adjustments relating to salary and wage expense, payroll-related benefits expense, donations
8 expense, lobbying expense, advertising expense, gym membership expense and
9 miscellaneous expense. In addition to my operating expense adjustments, I am also
10 recommending adjustments to depreciation expense and to state and federal income tax
11 expense.

12
13 **Q. Please describe your recommended revenue adjustment.**

14 A. In its filing, the Southern Pioneer Division reflected LAC revenue at present rates based on
15 LAC demand of 384,011 kW and a current LAC rate of \$2.03 per kW-month, for revenue at
16 present rates of \$779,542. In response to KCC-198, the Southern Pioneer Division stated
17 that the billing determinants associated with LAC revenues were understated in its Petition.
18 As shown in that response, billing determinants related to LAC service should have been
19 396,089 kW, an increase of 12,078 kW over the billing determinants included in its revenue
20 requirement. These additional billing determinants would result in an adjustment to LAC
21 revenues at present rates of \$24,518. I have reflected this adjustment at Schedule ACC-6.

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Q. Does this correction also have an impact on the determination of the Company's proposed LAC rate?

A. Yes, it does. As described later in this testimony, a portion of the overall revenue requirement is allocated to LAC service. That revenue requirement is then distributed among the LAC billing determinants to develop the LAC rate. I have reflected the revised billing determinants, provided in the response to KCC-198, in determining the amount of the revenue requirement that should be allocated to LAC service and the resulting LAC rate, as discussed in Section N of this testimony.

E. Salary and Wage Expense

Q. How did the Company determine its salary and wage claim in this case?

A. The Company included a pro forma payroll adjustment to reflect the most recent payroll rates for employees, the impact of employees hired or terminated during the test year, and the addition of several new employee positions projected to be filled after the end of the test year. The Southern Pioneer Division included a total payroll adjustment of \$575,121, which reflects an increase of almost 18% over the actual test year payroll costs.

Q. Please describe the adjustment that you are recommending to the Southern Pioneer Division's claim for Salary and Wage Expense.

A. I am recommending that the KCC reject the Company's post-test-year adjustment of

1 \$575,121, and instead include only the actual payroll test year costs in the Southern Pioneer
2 Division's revenue requirement.

3
4 **Q. What is the basis for your adjustment?**

5 A. My adjustment is based on the fact that over the past few years, the Southern Pioneer
6 Division's salary and wage increases have been far greater than the average payroll increases
7 in the utility industry, or far greater than the average increases granted to employees in other
8 industries. In response to CURB-20, the Southern Pioneer Division reported that over the
9 past three years, employees have been awarded average payroll increases of 13.6%, 7.5%,
10 and 9.1% respectively. These are so much higher than the industry average, that I asked the
11 Company a follow-up question to verify that these were average individual increases, and not
12 the increases in overall payroll costs incurred by the Southern Pioneer Division. The
13 Company confirmed that the increases shown in the response to CURB-20 were in fact
14 average individual increases.

15 Given general economic conditions over the past three years, I do not believe that is
16 reasonable to require ratepayers to fund payroll increases of this magnitude. Unemployment
17 is high and many employees have had their salaries frozen, or have been forced to take pay
18 cuts. In response to CURB-22, the Southern Pioneer Division reported that new employees
19 can receive increases every six months for the first 2-3 years of service. The Southern
20 Pioneer Division's employees are not unionized so there is no contractual obligation to award
21 increases this frequently or to award increases of this magnitude.

1 At a time when many ratepayers in Kansas are experiencing financial hardship and
2 having difficulty paying their utility bills, they should not be required to pay utility rates that
3 include a post-test-year salary and wage increase of 9.1%, especially given the fact that the
4 employees of the Southern Pioneer Division received average increases totaling 21.1% in the
5 2009-2010 timeframe. In Schedule ACC-8, I have made an adjustment to eliminate the
6 Southern Pioneer Division's post-test-year salary and wage adjustment.

7
8 **F. Payroll-Related Expense**

9 **Q. What costs did the Company include in its payroll-related expense claim?**

10 A. Payroll-related expenses include long-term and short-term disability costs, FICA taxes,
11 workmen's compensation expense, medical/vision insurance, gym membership expense, life
12 insurance costs, state and federal unemployment expenses, retirement and pension expenses,
13 and 401K- matching expenses.

14
15 **Q. What adjustments did the Company make to payroll-related expenses?**

16 A. The Company made adjustments to each of these expense components, consistent with its
17 salary and wage adjustment. In each case, the Southern Pioneer Division first determined the
18 ratio of the related benefit or tax expense to its salary and wage expense. The Company then
19 made adjustments to payroll-related expenses by multiplying this ratio by its associated
20 salary and wage expense adjustment.

1 **Q. Are you recommending an adjustment to the Company's payroll-related expense**
2 **claim?**

3 A. Yes, since I am recommending that its salary and wage adjustment be rejected, it is necessary
4 to make a corresponding adjustment to eliminate the incremental payroll-related expenses
5 claimed by the Southern Pioneer Division in its filing. My adjustment is shown in Schedule
6 ACC-9. To calculate my adjustment, I determined that the payroll-related expense
7 adjustments made by the Southern Pioneer Division amounted to 68.41% of its salary and
8 wage adjustment. Therefore, at Schedule ACC-9, I applied the 68.41% to my proposed
9 salary and wage adjustment to develop my pro forma payroll-related expense adjustment.
10

11 **Q. Did you allocate your salary and wage adjustment and payroll-related benefit expense**
12 **adjustment among functional expense categories?**

13 A. Yes, I did. On Schedule ACC-10, I allocated these adjustments among transmission,
14 distribution operations, distribution maintenance, customer accounts, customer service,
15 administrative and general, and other functional categories. In allocating these adjustments,
16 I utilized the functional allocations shown on Exhibit RJM-2, page 14. It is my
17 understanding that salaries and wages and payroll-related expenses allocated to "Other" are
18 not included in the Company's revenue requirement, and therefore 27.02% of my
19 adjustments are not flowed through to my revenue requirement summary, shown in Schedule
20 ACC-1.
21

1 **G. Donations Expense**

2 **Q. Did the Southern Pioneer Division include any donations in its revenue requirement**
3 **claim?**

4 **A. Yes, as shown in the response to CURB-42, the Southern Pioneer Division included \$26,973**
5 **of donations in its revenue requirement claim.**

6
7 **Q. Are such donations appropriate to include in a utility's revenue requirement?**

8 **A. No, they are not. Donations are not costs that are necessary for the provision of safe and**
9 **adequate utility service and therefore most regulatory commissions exclude donations from a**
10 **regulated utility's cost of service. Nevertheless, I recognize that in the past the KCC has**
11 **generally permitted regulated utilities to include 50% of donations in their regulated cost of**
12 **service.**

13
14 **Q. Did the Southern Pioneer Division make an adjustment to eliminate 50% of its**
15 **donations from its regulated cost of service?**

16 **A. No, it did not. The Company included 100% of its booked donations in its revenue**
17 **requirement claim in this case. Therefore, at Schedule ACC-11, I have made an adjustment**
18 **to remove 50% of these costs. While I continue to oppose the inclusion of any donations in**
19 **regulated utility rates, my adjustment recognizes the KCC's past policy on this issue.**

1 **H. Lobbying Expense**

2 **Q. Has MKEC included any lobbying costs in its revenue requirement claim?**

3 A. Yes, it has. Although the Company stated in response to KCC-43 that it “did not have any
4 lobbying expense in the test year”, it has included in its claim dues for certain organizations
5 that engage in lobbying activities. These include the Kansas Electric Cooperative (“KEC”)
6 and various Chambers of Commerce.

7
8 **Q. Are lobbying costs an appropriate expense to include in a regulated utility’s cost of
9 service?**

10 A. No, they are not. Lobbying expenses are not necessary for the provision of safe and adequate
11 utility service. Ratepayers have the ability to lobby on their own through the legislative
12 process. Moreover, lobbying activities have no functional relationship to the provision of
13 safe and adequate regulated utility service. If the Company were to immediately cease
14 contributing to these types of efforts, utility service would in no way be disrupted. For all
15 these reasons, lobbying costs are generally disallowed by regulators and I recommend that
16 such costs be disallowed in this case as well.

17
18 **Q. How did you quantify your adjustment?**

19 A. I am recommending that the KCC disallow 20.85% of the Company’s membership dues for
20 KEC and various Chambers of Commerce identified in the response to KCC-49 on the basis
21 that such costs constitute lobbying activities or should not otherwise be charged to cost of

1 service. The Company noted in that response that 20.85% of KEC's 2010 dues related to
2 lobbying or political activity , although it does not appear that the Company eliminated any
3 KEC dues from its claim in this case. Therefore, it is reasonable to exclude 20.85% of KEC
4 dues from the Company's revenue requirement. With regard to Chamber of Commerce dues,
5 I recognize that the specific level of lobbying/public affairs/media activity varies from
6 organization to organization. However, based on my review of these organizations and on
7 recommendations in other utility rate proceedings, I believe that a 20.85% disallowance is a
8 reasonable overall recommendation for Chamber of Commerce dues as well, consistent with
9 the disallowance applied to KEC dues. My adjustment is shown in Schedule ACC-12.

10
11 **I. Advertising Expense**

12 **Q. Are you recommending any adjustment to the Company's claim for advertising costs?**

13 **A.** Yes, I am recommending that the the KCC disallow the Company's advertising costs , unless
14 these costs are directly related to the provision of regulated utility service and are shown to
15 benefit ratepayers. In the response to data request KCC-46, the Southern Pioneer Division
16 identified \$12,232 in advertising costs, most of which have been categorized as promotional
17 advertising. Promotional advertising is generally disallowed by regulators on the basis that
18 such advertising is not necessary to the provision of safe and reliable utility service.
19 Therefore, at Schedule ACC-13, I have made an adjustment to eliminate all promotional
20 advertising costs from the Company's revenue requirement. Unless the Southern Pioneer
21 Division can show a direct relationship between these costs and the provision of safe and
22

1 adequate utility service, these costs should be disallowed. The Southern Pioneer Division
2 has not made such a showing at this time. Therefore, I recommend that the KCC disallow
3 these costs.

4
5 **J. Gym Membership Expense**

6 **Q. Has the Company included costs for gym membership dues in its revenue requirement**
7 **claim?**

8 A. Yes, the Southern Pioneer Division included actual test year costs of \$3,798 relating to gym
9 membership dues in its claim, as shown in the response to KCC-53. Moreover, according to
10 the response to KCC-178, the Company subsidizes gym membership costs not only for its
11 Southern Pioneer Division's employees, but for their spouses and children as well.

12
13 **Q. Are gym membership dues appropriate costs to charge to regulated ratepayers?**

14 A. No, they are not. These costs are not necessary for the provision of regulated electric service.
15 Nor are these benefits generally provided to employees in the utility industry. While I have
16 no objection to the Southern Pioneer Division providing gym memberships to employees and
17 their families; these costs should not be paid for by regulated ratepayers. Therefore, at
18 Schedule ACC-14, I have made an adjustment to remove gym membership dues from the
19 Company's revenue requirement.

20

1 **K. Miscellaneous Expenses**

2 **Q. Are there other costs included in the Company's revenue requirement that you believe**
3 **the KCC should disallow?**

4 A. Yes, there are. In response to KCC-153, the Company identified several other costs that I
5 recommend the KCC disallow. These included a golf outing, nacho day, watermelon
6 Wednesday, a picnic and fish fry, and other similar events totaling \$8,033. I have eliminated
7 these costs at Schedule ACC-15. These costs are not necessary for the provision of safe and
8 reliable utility service and should be disallowed. Similar to my recommendation with regard
9 to gym membership dues, I have no objection to the Southern Pioneer Division providing
10 these types of events for its employees and paying the associated costs, but such costs should
11 not be funded by regulated ratepayers.

12
13 **L. Depreciation Expense**

14 **Q. How did the Southern Pioneer Division develop its pro forma depreciation expense**
15 **claim in this case?**

16 A. The Southern Pioneer Division first annualized its actual depreciation expense for the month
17 of May 2011. The Company then made an adjustment to include depreciation expense of
18 \$284,246 associated with its construction work in progress ("CWIP"). This CWIP
19 adjustment was based on total CWIP of \$10,079,634 and on a composite depreciation rate of
20 2.82%.

1 **Q. Are you recommending any adjustments to the Company's depreciation expense claim?**

2 A. Yes, I am recommending two adjustments. First, I understand that on September 14, 2011,
3 MKEC filed an Application requesting a revision in certain depreciation rates, KCC Docket
4 No. 12-MKEE-191-DRS ("191 Docket"). New rates were approved by the KCC on January
5 10, 2012. The Southern Pioneer Division did not include these revised rates in its
6 Application.

7
8 **Q. Did the Southern Pioneer Division state why it continued to use its prior rates instead
9 of the rates approved by the KCC on January 10, 2012?**

10 A. Yes, in response to KCC-90, the Southern Pioneer Division stated that "...the resulting
11 depreciation rates apply to Mid-Kansas Electric Company and not to Southern Pioneer. They
12 will not be applied to Southern Pioneer's expense calculation." However, I see nothing in
13 the Application in the 191 Docket requesting that the revised depreciation rates apply only to
14 the generation and transmission assets of MKEC. While the instant rate application applies
15 solely to the Southern Pioneer Division service territory, MKEC is the Applicant in this case
16 just as it was the Applicant in the 191 Docket. Therefore, rates approved in that proceeding
17 should be applied to MKEC's Southern Pioneer assets as well.

18
19 **Q. What do you recommend?**

20 A. For those asset accounts that were included in the Company's Application in the 191 Docket,
21 the new rates approved in that docket should apply. Therefore, at Schedule ACC-17, I have

1 recalculated the Southern Pioneer Division's pro forma depreciation expense, based on its
2 plant balances at May 31, 2011, and on the depreciation rates approved by the KCC on
3 January 10, 2012. It should be noted that MKEC's Application in the 191 Docket did not
4 address all of its asset accounts and therefore I only adjusted the depreciation rates for those
5 accounts that were included in MKEC's filing in the 191 Docket.

6
7 **Q. What is your second adjustment to the Company's claim for depreciation?**

8 A. I am recommending that the KCC reject the Southern Pioneer Division's claim for
9 depreciation expense on CWIP. There are two reasons for my recommendation. First, the
10 Company has not demonstrated that the CWIP included in its depreciation expense claim
11 meets the KCC's criteria for inclusion in prospective rates. Second, the Company has not
12 supported its proposed composite rate of 2.82%.

13
14 **Q. What is CWIP?**

15 A. CWIP is plant that is under construction but which has not yet been completed and placed
16 into service. Once the plant is completed and serving customers, then the plant is booked to
17 utility plant-in-service and the utility begins to take depreciation expense on the plant.

18
19 **Q. What CWIP did the Company include in its depreciation expense claim in this case?**

20 A. The Company's depreciation expense claim includes depreciation on all CWIP at May 31,
21 2011.

1

2 **Q. Is the KCC's treatment of CWIP governed by statute?**

3 A. Yes, it is. K.S.A. 66-128 provides for the KCC to determine the value of the property
4 included in rate base, which usually corresponds to the depreciation expense that is included
5 in the Company's revenue requirement. The statute generally requires that "property of any
6 public utility which has not been completed and dedicated to commercial service [in the test
7 year] shall not be deemed to be used and required to be used in the public utility's service to
8 the public."

9 However, the statute also provides that certain property "shall be deemed to be
10 completed and dedicated to commercial service" under certain circumstances. Specifically,
11 K.S.A. 66-128(b)(2) provides that,

12 Any public utility property described in subsection (b)(1) shall be deemed to
13 be completed and dedicated to commercial service if: (A) construction of the
14 property will be commenced and completed in one year or less; (B) the
15 property is an electric generation facility that converts wind, solar, biomass,
16 landfill gas or any other renewable source of energy; (C) the property is an
17 electric generation facility or addition to an electric generation facility, which
18 facility or addition to a facility is placed in service on or after January 1,
19 2001; or (D) the property is an electric transmission line, including all towers,
20 poles and other necessary appurtenances to such lines, which will be
21 connected to an electric generation facility.

22

23 **Q. Has the Company demonstrated that the CWIP included by the Southern Pioneer**
24 **Division meets the criteria outlined in the statute?**

25 A. No, it has not. The Southern Pioneer Division did not provide any information about its
26 CWIP claim in its Application, except for the total dollar amount of the claim. In CURB-41,

1 I asked the Company to provide information on the starting date and completion dates in an
2 effort to determine if the CWIP included in the Company's claim commenced and was
3 completed within one year. The Company responded by providing completion dates for
4 approximately \$500,000 of its claimed CWIP. The remaining CWIP was apparently not
5 completed when this response was provided. Moreover, no starting dates were provided for
6 any of the projects. The Southern Pioneer Division stated that it was not providing the
7 requested information due to the volume of projects and the lack of a readily available report
8 that identified this information. Since most of these projects were not yet completed when
9 the Southern Pioneer Division responded to our discovery request and since the Southern
10 Pioneer Division did not provide starting dates for any of these projects, clearly the Company
11 has not demonstrated that the CWIP projects included in its depreciation expense claim were
12 "commenced and completed within one year."

13
14 **Q. Do you also have a concern about the composite depreciation rate used by the**
15 **Company to determine its claim for depreciation expense associated with CWIP?**

16 A. Yes, I do. In CURB-42, we asked the Company to provide supporting documentation for the
17 claimed composite depreciation rate of 2.82%. The Company responded that "[t]he
18 referenced figure of 2.82% was determined by a Southern Pioneer employee that is not
19 currently working and is not able to provide or direct current staff to the requested
20 information at this time." Accordingly, not only did the Company fail to demonstrate that its
21 CWIP claim met the criteria for inclusion in utility rates but the Company also failed to

1 support the composite depreciation rate it used to develop its depreciation expense claim.

2
3 **Q. Please summarize your depreciation expense adjustments.**

4 A. My adjustments are summarized at Schedule ACC-16. This schedule shows my adjustment
5 to reflect the revised depreciation rates approved in the 191 Docket as well as my adjustment
6 to eliminate depreciation expense on CWIP. My adjustments reduce the Company's
7 depreciation expense claim by \$400,915.

8
9 **M. Income Tax Expense**

10 **Q. Please explain your recommended adjustment to the Southern Pioneer Division's**
11 **income expense tax claim.**

12 A. Because Southern Pioneer is a C corporation, the Company has included a claim in its filing
13 for federal and state income taxes. Thus, the Southern Pioneer Division's revenue
14 requirement includes not only margin requirements but also state and federal income taxes
15 associated with those margin requirements, putting further upward pressure on rates.
16 Accordingly, as the amount of margin included in rates is increased, ratepayers essentially
17 pay twice, once for the increased margin and again for the increased tax burden associated
18 with this increased margin.

19
20 **Q. Does the Company's treatment of state and federal income taxes conflict with its**
21 **request to utilize a margin approach to establish utility rates?**

1 A. Yes, it does. The margin approach being claimed by the Southern Pioneer Division is not
2 used to regulate investor-owned utilities. Instead, investor-owned utilities are regulated in
3 Kansas based on a rate base/rate of return methodology. The margin methodology proposed
4 by the Southern Pioneer Division is generally used to regulate cooperative utilities, which are
5 not subject to state and federal income taxes.

6 In this case, the Southern Pioneer Division is requesting that rates be set based on a
7 hybrid approach. The Company is requesting that the KCC utilize the margin methodology
8 for setting rates but also include an allowance for state and federal income taxes.

9
10 **Q. How much is included in the Southern Pioneer Division revenue requirement related to**
11 **state and federal income taxes?**

12 A. The Southern Pioneer Division purports to have included state and federal income tax
13 expense of \$1,858,305 in its claim, as shown in Exhibit RJM-3, page 2. However, I believe
14 that the Company has actually included \$2,912,594 of income tax expense in its revenue
15 requirement.

16 As shown in Exhibit RJM-3, page 2, the Southern Pioneer Division develops a total
17 pro forma state and federal income tax claim of \$1,858,305, based on its requested rate
18 increase. On page 1 of Exhibit RJM-3, MKEC includes this tax claim in its revenue
19 requirement at line 14. However, page 1 of Exhibit RJM-3 also includes "Operating Expense
20 (before interest expense)" of \$56,443,284, which was developed in Exhibit RJM-2, page 1.
21 The total Operating Expense amount of \$56,443,284 includes all of the costs shown on lines

1 7-17 and 19-20 of Exhibit RJM-2, page 1, including the \$1,054,289 of "Taxes-Other"
2 expense of \$1,054,289 shown on line 17. In response to KCC-160, the Company
3 acknowledged that the Taxes-Other category consisted exclusively of income taxes recorded
4 in the test year. Thus, instead of making an adjustment to reflect the incremental increase in
5 state and federal income taxes, MKEC included both its pro forma income taxes at proposed
6 rates as well as actual test-year income taxes in its revenue requirement claim.

7
8 **Q. Are you recommending an adjustment to the Company's claim?**

9 A. Yes, I am recommending that the KCC deny the Southern Pioneer Division's claim for
10 recovery of state and federal income taxes. It was Southern Pioneer's decision to organize as
11 a C corporation, unlike its parent company or the other Members of MKEC, all of which are
12 cooperatives. That decision resulted in the requirement to pay state and federal income taxes.
13 If Southern Pioneer was organized in a manner similar to the other Members, no state or
14 federal income taxes would be required. Moreover, although organized as a C corporation,
15 Southern Pioneer is requesting that the KCC regulate it in this case as if it were, in fact, a
16 cooperative. Therefore, there is a basic inconsistency between the Southern Pioneer
17 Division's request that the KCC regulate it on the basis of margin using a targeted DSC ratio,
18 and its request that the KCC include state and federal income taxes in its revenue
19 requirement. Moreover, the payment of income taxes generally gives rise to certain ratepayer
20 benefits that are not reflected in the Company's filing. For example, deferred income taxes
21 are deducted from a utility's rate base claim. However, since the Southern Pioneer Division

1 is not using a rate base/ rate of return methodology, there is no vehicle in this case to pass
2 along to ratepayers any benefits that may be associated with deferred income taxes. Given
3 the basic inconsistency between use of the margin methodology and the inclusion of income
4 taxes in the Southern Pioneer Division's revenue requirement, the KCC should eliminate all
5 state and federal income taxes from the Southern Pioneer Division's revenue requirement.
6 My adjustment is shown in Schedule ACC-18.

7
8 **Q. Did Southern Pioneer actually pay any federal income taxes in the test year?**

9 A. No, it did not. While Southern Pioneer did file a federal income tax return in the test year, it
10 reported a taxable loss and therefore no federal income taxes were actually paid. Moreover,
11 it appears from the return, which was provided in response to KCC-56, that no state taxes
12 were paid either.

13
14 **Q. Why does Southern Pioneer report an income tax expense in the test year even though
15 it did not actually pay any income taxes in 2010?**

16 A. It is not unusual for a company's booked income tax expense to differ from the actual taxes
17 paid to the Internal Revenue Service, due to timing differences and other differences between
18 how certain revenues and costs are treated for book purposes relative to tax purposes.

19
20 **Q. Didn't you include income taxes in your revenue requirement recommendation in the
21 Southern Pioneer Division's last base rate case, KCC Docket No. 09-MKEE-969-RTS?**

1 A. Yes, I did include income taxes in my revenue requirement recommendation in that case.
2 However, I also expressed concerns about the inclusion of income taxes in utility rates, given
3 that the Southern Pioneer Division was proposing to be regulated as a cooperative in that
4 case using a coverage ratio methodology. In addition, it should be noted that both Staff and
5 CURB have expressed concerns about Southern Pioneer's corporate structure since MKEC
6 was initially formed. Moreover, there was an expectation that Southern Pioneer and its
7 parent company would explore a combination of the two entities, which could result in the
8 conversion of Southern Pioneer into a true cooperative. As a result of concerns raised in
9 KCC 06-MKEE-524-ACQ, the parties agreed in that docket that "Pioneer and Southern
10 Pioneer will jointly file a report every three years, in the event combination has not occurred,
11 to inform the Commission on the status of the prospective combination."² Southern Pioneer
12 filed its first such Compliance Report on March 26, 2010.

13 From that Compliance Report, it is clear that the much of the reluctance to combine
14 Southern Pioneer and Pioneer Electric involves issues regarding the loss of control by
15 Pioneer Electric's current Board. The Southern Pioneer service territory is approximately
16 three times as large as the Pioneer Electric service territory. As a result, the current Pioneer
17 Electric ratepayers could lose effective control over the cooperative if the two systems are
18 combined. Southern Pioneer stated in its report that combination "could potentially change
19 the direction of the native Pioneer system..." In addition, Southern Pioneer raised concerns
20 that additional board seats would be needed if the two systems were combined, due to

² Stipulation and Agreement in KCC Docket No. 06-MKEE-524-RTS, paragraph 28.

1 “Southern customer density...” While Southern Pioneer also raised concerns about possible
2 tax issues, Southern Pioneer has not made a strong case regarding the need to remain
3 independent from Pioneer Electric as a separate C corporation. Given its failure to make
4 such a showing, the fact that the Southern Pioneer Division is requesting to be regulated as a
5 cooperative, and the fact that no federal income taxes were actually paid in 2010, I
6 recommend that the KCC eliminate the Company’s income tax expense claim from its pro
7 forma revenue requirement, as shown in Schedule ACC-18.

8
9 **Q. If, in spite of your recommendation, the KCC permits the Southern Pioneer Division to**
10 **collect state and federal income taxes in its utility rates, would you recommend any**
11 **adjustments to the amount of income taxes as quantified by the Southern Pioneer**
12 **Division in its filing?**

13 **A.** Yes, I would. First, as noted above, it appears that in developing its pro forma revenue
14 requirement, the Company included in its claim both its pro forma income tax expense as
15 well as the actual income tax expense booked during the test year. Therefore, if the KCC
16 permits the Southern Pioneer Division to collect state and federal income tax expense in its
17 revenue requirement, it should first make an adjustment to eliminate the actual test-year
18 income tax expense included in its claim to avoid double-counting these costs.

19 Second, the Southern Pioneer Division’s pro forma income tax expense is based on
20 the Company’s full requested rate increase, assuming a DSC of 2.0 (or 1.8 if the DSC
21 Regulatory Plan is rejected). Since it is unlikely that the KCC will approve the full amount

1 of the rate increase being requested, it will be necessary to make a corresponding adjustment
2 to reduce the associated state and federal income taxes. Thus, if the KCC permits the
3 Southern Pioneer Division to recover any income tax expense in rates, it should synchronize
4 the amount of any such income taxes with the overall level of margin that it authorizes for
5 the Southern Pioneer Division.

6
7 **N. Local Access Charge Rate**

8 **Q. What is the LAC?**

9 A. The LAC is the rate paid by wholesale customers utilizing Southern Pioneer's 34.5 kV
10 facilities.

11
12 **Q. How is the LAC rate determined?**

13 A. As shown in Exhibit RJM-5 and as discussed on page 45 of Mr. Macke's testimony, the
14 LAC rate is determined by first developing a revenue requirement associated with the
15 provision of 34.5 kV service, based on the pro forma costs of the Company and relevant
16 allocation factors. This revenue requirement is then divided by the total wholesale and
17 retail monthly coincidental billing demand to develop a pro forma demand rate. That rate
18 is then applied to the LAC billing determinants to determine how much of the revenue
19 requirement should be recovered from wholesale customers. The remainder of the
20 revenue requirement will be recovered from retail ratepayers.

1 **Q. What LAC rate has the Company proposed in this case?**

2 A. The Southern Pioneer Division initially proposed an LAC rate of \$2.66 per kW-month.
3 However, in response to KCC-198, the Company identified an error in its billing
4 determinants, and revised its proposed LAC rate to \$3.24 per kW-month.
5

6 **Q. Are you recommending any adjustments to the Company's proposed LAC rate?**

7 A. Yes, I am recommending two adjustments. My calculation of the recommended LAC rate
8 is shown in Schedule ACC-19. First, I am recommending an adjustment to reflect the
9 impact of the expense, interest, and margin adjustments that I recommended earlier in this
10 testimony. These adjustments should be flowed through and utilized in the development
11 of the LAC rate.

12 Second, in developing its LAC rate, it appears that the Southern Pioneer Division
13 developed its depreciation expense based on plant balances at December 31, 2010.
14 However, the overall revenue requirement used to develop retail rates includes a
15 depreciation expense component based on plant balances at May 31, 2011. Therefore,
16 there is a basic inconsistency between the depreciation expense used to develop retail
17 rates and the depreciation expense used to develop the wholesale LAC rate. At
18 Schedule ACC-19, I have recalculated the revenue requirement allocated to wholesale
19 service based on depreciation expense that reflects the May 31, 2011 plant balances.
20

1 **Q. What LAC rate do you recommend be authorized by the KCC?**

2 A. Given the updated billing determinants of 396,837 kW identified in the response to
3 KCC-198, and the two adjustments discussed above, I recommend that the KCC approve
4 a LAC rate of \$2.51 per kW-month. This would result in annual LAC revenues of
5 \$993,001, an increase of \$188,940 over current pro forma LAC revenue at present rates.
6
7

8 **V. SUMMARY OF REVENUE REQUIREMENTS**

9 **Q. Please summarize the impact of the adjustments you are recommending for Southern**
10 **Pioneer.**

11 A. As summarized in Schedule ACC-1, I am recommending that the KCC approve a total rate
12 increase for the Southern Pioneer Division of \$1,787,075. \$188,940 of this amount should
13 be recovered through an increase in the LAC rate, from \$2.03 per kW-month to \$2.51 per
14 kW-month. The remaining increase of \$1,598,135 should be recovered from retail
15 ratepayers. Moreover, I recommend that the KCC reject the Company's proposed DSC
16 Regulatory Plan , and that new rates resulting from this case remain in effect until the
17 Southern Pioneer Division files a new base rate case.
18

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

20 A. Yes, it does.

VERIFICATION

STATE OF CONNECTICUT)
COUNTY OF FAIRFIELD) ss:

Andrea C. Crane, being duly sworn upon her oath, deposes and states that she is a consultant for the Citizens' Utility Ratepayer Board, that she has read and is familiar with the foregoing testimony, and that the statements made herein are true to the best of her knowledge, information and belief

Andrea C. Crane
Andrea C. Crane

Subscribed and sworn before me this 18TH day of April, 2012.

Notary Public Margaret M. Benin

My Commission Expires: December 31, 2013



APPENDIX A

List of Testimonies Filed Since January 2008

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Mid-Kansas Electric Company (Southern Pioneer)	E	Kansas	12-MKEE-380-RTS	4/12	Revenue Requirements	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	11-381F	2/12	Gas Cost Rates	Division of the Public Advocate
Atlantic City Electric Company	E	New Jersey	EO11110650	2/12	Infrastructure Investment Program (IIP-2)	Division of Rate Counsel
Chesapeake Utilities Corporation	G	Delaware	11-384F	2/12	Gas Service Rates	Division of the Public Advocate
New Jersey American Water Co.	W/WW	New Jersey	WR11070460	1/12	Consolidated Income Taxes Cash Working Capital	Division of Rate Counsel
Westar Energy, Inc.	E	Kansas	12-WSEE-112-RTS	1/12	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Puget Sound Energy, Inc.	E/G	Washington	UE-111048 UG-111049	12/11	Conservation Incentive Program and Others	Public Counsel
Puget Sound Energy, Inc.	G	Washington	UG-110723	10/11	Pipeline Replacement Tracker	Public Counsel
Empire District Electric Company	E	Kansas	11-EPDE-856-RTS	10/11	Revenue Requirements	Citizens' Utility Ratepayer Board
Comcast Cable	C	New Jersey	CR11030116-117	9/11	Forms 1240 and 1205	Division of Rate Counsel
Artesian Water Company	W	Delaware	11-207	9/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS (Remand)	7/11	Rate Case Costs	Citizens' Utility Ratepayer Board
Midwest Energy, Inc.	G	Kansas	11-MDWE-609-RTS	7/11	Revenue Requirements	Citizens' Utility Ratepayer Board
Kansas City Power & Light Company	E	Kansas	11-KCPE-581-PRE	6/11	Pre-Determination of Ratemaking Principles	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	10-421	5/11	Revenue Requirements Cost of Capital	Division of the Public Advocate
Mid-Kansas Electric Company	E	Kansas	11-MKEE-439-RTS	4/11	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
South Jersey Gas Company	G	New Jersey	GR10060378-79	3/11	BGSS / CIP	Division of Rate Counsel
Chesapeake Utilities Corporation	G	Delaware	10-296F	3/11	Gas Service Rates	Division of the Public Advocate
Westar Energy, Inc.	E	Kansas	11-WSEE-377-PRE	2/11	Pre-Determination of Wind Investment	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	G	Delaware	10-295F	2/11	Gas Cost Rates	Attorney General
Delmarva Power and Light Company	G	Delaware	10-237	10/10	Revenue Requirements Cost of Capital	Division of the Public Advocate
Pawtucket Water Supply Board	W	Rhode Island	4171	7/10	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey Natural Gas Company	G	New Jersey	GR10030225	7/10	RGGI Programs and Cost Recovery	Division of Rate Counsel

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Kansas City Power & Light Company	E	Kansas	10-KCPE-415-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Atmos Energy Corp.	G	Kansas	10-ATMG-495-RTS	6/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Empire District Electric Company	E	Kansas	10-EPDE-314-RTS	3/10	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Delmarva Power and Light Company	E	Delaware	09-414 and 09-276T	2/10	Cost of Capital Rate Design Policy Issues	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	09-385F	2/10	Gas Cost Rates	Division of the Public Advocate
Chesapeake Utilities Corporation	G	Delaware	09-398F	1/10	Gas Service Rates	Division of the Public Advocate
Public Service Electric and Gas Company	E	New Jersey	ER09020113	11/09	Societal Benefit Charge Non-Utility Generation Charge	Division of Rate Counsel
Delmarva Power and Light Company	G	Delaware	09-277T	11/09	Rate Design	Division of the Public Advocate
Public Service Electric and Gas Company	E/G	New Jersey	GR09050422	11/09	Revenue Requirements	Division of Rate Counsel
Mid-Kansas Electric Company	E	Kansas	09-MKEE-969-RTS	10/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy, Inc.	E	Kansas	09-WSEE-925-RTS	9/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08050326 EO08080542	8/09	Demand Response Programs	Division of Rate Counsel
Public Service Electric and Gas Company	E	New Jersey	EO09030249	7/09	Solar Loan II Program	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	09-MDWE-792-RTS	7/09	Revenue Requirements	Citizens' Utility Ratepayer Board
Westar Energy and KG&E	E	Kansas	09-WSEE-641-GIE	6/09	Rate Consolidation	Citizens' Utility Ratepayer Board
United Water Delaware, Inc.	W	Delaware	09-60	6/09	Cost of Capital	Division of the Public Advocate
Rockland Electric Company	E	New Jersey	GO09020097	6/09	SREC-Based Financing Program	Division of Rate Counsel
Tidewater Utilities, Inc.	W	Delaware	09-29	6/09	Revenue Requirements Cost of Capital	Division of the Public Advocate
Chesapeake Utilities Corporation	G	Delaware	08-269F	3/09	Gas Service Rates	Division of the Public Advocate
Delmarva Power and Light Company	G	Delaware	08-266F	2/09	Gas Cost Rates	Division of the Public Advocate
Kansas City Power & Light Company	E	Kansas	09-KCPE-246-RTS	2/09	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Jersey Central Power and Light Co.	E	New Jersey	EO08090840	1/09	Solar Financing Program	Division of Rate Counsel

<u>Company</u>	<u>Utility</u>	<u>State</u>	<u>Docket</u>	<u>Date</u>	<u>Topic</u>	<u>On Behalf Of</u>
Atlantic City Electric Company	E	New Jersey	EO06100744 EO08100875	1/09	Solar Financing Program	Division of Rate Counsel
West Virginia-American Water Company	W	West Virginia	08-0900-W-42T	11/08	Revenue Requirements	The Consumer Advocate Division of the PSC
Westar Energy, Inc.	E	Kansas	08-WSEE-1041-RTS	9/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Artesian Water Company	W	Delaware	08-96	9/08	Cost of Capital, Revenue, New Headquarters	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR08020113	9/08	Form 1205 Equipment & Installation Rates	Division of Rate Counsel
Pawtucket Water Supply Board	W	Rhode Island	3945	7/08	Revenue Requirements	Division of Public Utilities and Carriers
New Jersey American Water Co.	W/WW	New Jersey	WR08010020	7/08	Consolidated Income Taxes	Division of Rate Counsel
New Jersey Natural Gas Company	G	New Jersey	GR07110889	5/08	Revenue Requirements	Division of Rate Counsel
Kansas Electric Power Cooperative, Inc.	E	Kansas	08-KEPE-597-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Public Service Electric and Gas Company	E	New Jersey	EX02060363 EA02060366	5/08	Deferred Balances Audit	Division of Rate Counsel
Cablevision Systems Corporation	C	New Jersey	CR07110894, et al..	5/08	Forms 1240 and 1205	Division of Rate Counsel
Midwest Energy, Inc.	E	Kansas	08-MDWE-594-RTS	5/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board
Chesapeake Utilities Corporation	G	Delaware	07-246F	4/08	Gas Service Rates	Division of the Public Advocate
Comcast Cable	C	New Jersey	CR07100717-946	3/08	Form 1240	Division of Rate Counsel
Generic Commission Investigation	G	New Mexico	07-00340-UT	3/08	Weather Normalization	New Mexico Office of Attorney General
Southwestern Public Service Company	E	New Mexico	07-00319-UT	3/08	Revenue Requirements Cost of Capital	New Mexico Office of Attorney General
Delmarva Power and Light Company	G	Delaware	07-239F	2/08	Gas Cost Rates	Division of the Public Advocate
Atmos Energy Corp.	G	Kansas	08-ATMG-280-RTS	1/08	Revenue Requirements Cost of Capital	Citizens' Utility Ratepayer Board

APPENDIX B

Supporting Schedules

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2010

REVENUE REQUIREMENT SUMMARY

	Company Pro Forma Present Rates (A)	Recommended Adjustment		CURB Pro Forma Present Rates (B)	Recommended Increase		CURB Recommendation
Operating Revenue:							
1. Sales of Electricity	\$58,494,658	\$24,513 (B)		\$58,519,171	\$1,787,075 (E)		\$60,306,246
2. Other	478,806	0		478,806	0		478,806
3. Total Operating Revenue	\$58,973,464	\$0		\$58,997,977	\$1,787,075		\$60,785,052
Operating Expenses:							
4. Cost of Purchased Power	\$45,518,117	\$0		\$45,518,117	\$0		\$45,518,117
5. Transmission - O&M	720,789	(11,619) (C)		709,170	0		709,170
6. Distribution - Operation	2,649,188	(248,117) (C)		2,467,755	0		2,467,755
7. Distribution - Maintenance	1,373,084	(145,432) (C)		1,227,652	0		1,227,652
8. Customer Accounts	1,448,841	(158,141) (C)		1,290,700	0		1,290,700
9. Consumer Service & Information	38,681	(4,743) (C)		33,938	0		33,938
10. Sales	7,615	0		7,615	0		7,615
11. Administrative and General	1,335,637	(181,433) (D)		1,154,204	0		1,154,204
12. Depreciation & Amortization	1,940,041	(400,915) (E)		1,539,126	0		1,138,211
13. Taxes - Other	1,054,289	(1,054,289) (F)		0	0		0
14. Interest on Long Term Debt	4,547,758	(520,160) (G)		4,027,598	0		4,027,598
15. Other Interest Expense	3,630	0		3,630	0		3,630
16. Other Deductions	353,372	(322,880) (H)		30,492	0		30,492
17. Federal and State Tax Expense	1,858,305	(1,858,305) (F)		0	0		0
18. Total Operating Expenses	\$62,849,347	(\$4,906,034)		\$58,009,998	\$0		\$58,009,998
19. Net Operating Margins Excluding Interest	\$671,875	\$4,385,874		\$5,015,577	\$1,787,075		\$6,802,652
20. Plus: Non-Operating Margins (Cash)	\$9,415	\$0		\$9,415	\$0		\$9,415
21. Plus: Depreciation Expense	1,940,041	(400,915) (E)		1,539,126	0		1,539,126
22. Plus: Other Deductions (Amortization)	322,880	(322,880) (H)		0	0		0
23. Plus: Cash Capital Credits Received	550,474	0		550,474	0		550,474
24. Total Margins Excluding Interest	\$3,494,685	\$3,662,079		\$7,114,591	\$1,787,075		\$8,901,667
25. Net Pre Tax Operating Income Required	11,487,208	(2,585,541) (I)		8,901,667			8,901,667
26. Required Increase	\$7,992,523	(\$6,205,448)		\$1,787,075			
27. Debt Service Payments	\$5,743,604	(\$656,937) (J)		\$5,086,667			\$5,086,667
28. DSC	0.61			1.40		(K)	1.75
29. Rate Increase Allocated to LAC					\$188,940 (L)		
30. Rate Increase Allocated to Retail Customers					\$1,598,135 (M)		

Sources:

(A) Exhibit RJM-2, page 1 and Exhibit RJM-3, page 1.

(B) Schedule ACC-6.

(C) Schedules ACC-10.

(D) Schedule ACC-10 plus Schedule 7 (lines 3-7).

(E) Schedule ACC-17.

(F) Schedule ACC-18.

(G) Schedule ACC-4.

(H) Schedule ACC-5.

(I) Schedule ACC-2.

(J) Schedule ACC-3.

(K) Line 24 / Line 27.

(L) Schedule ACC-19.

(M) Line 1 - Line 29.

Schedule ACC-2

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2010

MARGIN COVERAGE REQUIREMENT

1. Pro Forma Debt Service	\$5,086,667	(A)
2. DSC Recommendation	<u>1.75</u>	(B)
3. Required Coverage	\$8,901,667	
4. Company Claim	<u>11,487,208</u>	(C)
5. Recommended Adjustment	<u>(\$2,585,541)</u>	

Sources:

(A) Based on 30 year amortization of \$75,001,835 (excludes prepayment penalty) at 5.37%, per Exhibit RJM-2, page 19.

(B) Recommendation of Ms. Crane.

(C) Exhibit RJM-3, page 1, line 9.

Schedule ACC-3

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

DEBT SERVICE PAYMENTS

1. Pro Forma Debt Service	\$5,086,667	(A)
2. Company Claim	<u>5,743,604</u>	(B)
3. Recommended Adjustment	<u>(\$656,937)</u>	

Sources:

(A) Based on 30 year amortization of \$75,001,835 (excludes prepayment penalty) at 5.37%, per Exhibit RJM-2, page 19.

(B) Exhibit RJM-3, page 1, line 7.

Schedule ACC-4

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

INTEREST ON LONG TERM DEBT

1. Prepayment Premium	(\$9,686,404)	(A)
2. Interest Rate	<u>5.37%</u>	(B)
3. Interest Adjustment	<u>(\$520,160)</u>	

Sources:

(A) Response to KCC-83.

(B) Exhibit RJM-2, page 19.

Schedule ACC-5

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

OTHER DEDUCTIONS (AMORTIZATION EXPENSE)

1. Prepayment Premium	\$9,686,403	(A)
2. Amortization Period	<u>30</u>	(A)
3. Recommended Adjustment	<u>\$322,880</u>	

Sources:

(A) Response to KCC-83.

Schedule ACC-6

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2010

PRO FORMA REVENUE

1. Revised LAC Billing Determinants	396,089	(A)
2. Current LAC Rate	<u>\$2.03</u>	
3. Pro Forma Revenue Present Rates	\$804,061	
4. Company Claim	<u>779,548</u>	(B)
5. Recommended Adjustment	<u>\$24,513</u>	

Sources:

(A) Response to KCC-198.

(B) Exhibit RJM-7, page 1.

Schedule ACC-7

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2010

OPERATING EXPENSE ADJUSTMENTS

		<u>Schedule</u>
1. Salary and Wage Expense	(\$575,121)	ACC-8
2. Benefits Expense	(393,440)	ACC-9
3. Donations Expense	(13,487)	ACC-11
4. Lobbying Expense	(6,116)	ACC-12
5. Advertising Expense	(11,238)	ACC-13
6. Gym Membership Expense	(3,798)	ACC-14
7. Miscellaneous Expense	(8,033)	ACC-15
8. Total Expense Adjustments	<u>(\$1,011,232)</u>	

Schedule ACC-8

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

SALARY AND WAGE EXPENSE

1. Company Claim	\$575,121	(A)
2. Recommended Adjustment	<u>(\$575,121)</u>	

Sources:

(A) Exhibit RJM-2, page 14.

Schedule ACC-9

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

BENEFITS EXPENSE

1. Long and Short Term Disability @	1.07%	(A)
2. FICA Taxes @	7.65%	(A)
3. Workmen's Compensation @	5.10%	(A)
4. Medical/Vision/Gym Expense @	30.65%	(B)
5. Life Insurance @	0.74%	(B)
6. State and Federal Unemployment @ KCC-73	6.20%	(B)
7. Retirement and Pension @	11.00%	(B)
8. 401K Match	<u>6.00%</u>	(C)
9. Total Percentage Adjustment	68.41%	
10. Recommended Payroll Adjustment	<u>(\$575,121)</u>	(D)
11. Recommended Benefit Adjustment	<u>(\$393,440)</u>	

Sources:

- (A) Rates per Exhibit RJM-2, page 15.
- (B) Rates per Exhibit RJM-2, page 16.
- (C) Rates per Exhibit RJM-2, page 17.
- (D) Schedule ACC-8.

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

ALLOCATION OF SALARY, WAGE, AND BENEFITS EXPENSE

1. Pro Forma Salary and Wage Expense Adjustment	(\$575,121)	(A)
2. Pro Forma Benefit Expense Adjustment	<u>(393,440)</u>	(B)
3. Total Labor Adjustments Including Benefits	(\$968,561)	

Allocations:	<u>Allocation</u>	<u>Amount</u>
	(C)	
4. Transmission	1.20%	(\$11,619)
5. Dis. Operation	25.62%	(\$248,117)
6. Dis. Maintenance	15.02%	(\$145,432)
7. Consumer Accounts	16.33%	(\$158,141)
8. Consumer Service	0.49%	(\$4,743)
9. Admin. And General	14.33%	(\$138,762)
10. Other	27.02%	(261,747)

Sources:

(A) Schedule ACC-8.

(B) Schedule ACC-9.

(C) Exhibit RJM-2, page 14.

Schedule ACC-11

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

DONATIONS EXPENSE

1. Company Claim	\$26,973	(A)
2. Sharing Percentage	<u>50.00%</u>	(B)
3. Recommended Adjustment	<u>(\$13,487)</u>	

Sources:

(A) Response to KCC-42.

(B) Reflects KCC policy.

Schedule ACC-12

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

LOBBYING EXPENSE

1. Total Dues Expenses	\$29,331	(A)
2. Lobbying Allocation	<u>20.85%</u>	(B)
3. Recommended Adjustment	<u>(\$6,116)</u>	

Sources:

(A) Response to KCC-49.

(B) Assumed KEC lobbying percentage per the response to KCC-49 for all dues.

Schedule ACC-13

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

ADVERTISING EXPENSE

1. Total Advertising Costs	\$12,232	(A)
2. Non-Discrimination Advertising	(334)	(A)
3. Help Wanted Advertising	<u>(660)</u>	(A)
4. Total Recommended Adjustments	<u>\$11,238</u>	

Sources:

(A) Response to KCC-46.

Schedule ACC-14

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

GYM MEMBERSHIP EXPENSE

1. Company Claim	\$3,798	(A)
2. Recommended Adjustment	<u>(\$3,798)</u>	

Sources:

(A) Response to KCC-53.

Schedule ACC-15

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

MISCELLANEOUS EXPENSES

1. Company Claim	\$8,033	(A)
2. Recommended Adjustment	<u>(\$8,033)</u>	

Sources:

(A) Response to KCC-153.

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

DEPRECIATION EXPENSE - NEW RATES

<u>Account</u>	<u>Amount</u>	<u>Prior Rates</u>	<u>Annual Depreciation Expense</u>	<u>New Rates</u>	<u>Pro Forma Depreciation Expense</u>
Transmission	(A)	(A)		(B)	
352	\$277,092	0.0211	\$5,846	0.0172	\$4,766
353	5,554,372	0.0183	101,645	0.0204	113,309
355	5,797,530	0.0330	191,318	0.0202	117,110
356	5,885,926	0.0188	110,679	0.0100	58,859
Distribution					
361	\$101,821	0.0173	\$1,762	0.0173	\$1,762
362	4315531	0.0110	47,488	0.0110	47,488
364	10,110,880	0.0466	471,127	0.0466	471,127
365	8,032,151	0.0149	119,711	0.0149	119,711
367	2,224,217	0.0451	100,303	0.0451	100,303
368	5,879,813	0.0197	115,856	0.0246	144,643
369	1,633,235	0.0447	73,006	0.0447	73,006
370	3,947,897	0.0219	86,459	0.0219	86,459
371	321,365	0.1467	47,144	0.1467	47,144
373	1,453,299	0.0311	45,203	0.0311	45,203
General					
390	\$1,677,028	0.0316	\$52,987	0.0271	\$45,447
391	389,975	0.0768	64,164	0.0940	36,658
394	22192.89	0.0465	1,032	0.0594	1,318
395	173952.24	0.0498	8,496	0.0554	9,637
397	328340.97	0.0233	7,416	0.0371	12,181
398	41426.31	0.1000	4,142	0.0720	2,983
Total	\$58,168,043		\$1,655,785		\$1,539,116 2.6460%
Transmission			\$409,488		\$294,045
Distribution			\$1,108,059		\$1,136,847
General			\$138,238		\$108,224

Sources:

(A) Response to CURB-39.

(B) Rates per the Order in KCC Docket No. 12-MKEE-191-DRS if available.

Otherwise, rates per response to CURB-39.

Schedule ACC-17

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

DEPRECIATION EXPENSE

1. Annualized Depreciation Expense Based on Recently Approved Rates	\$1,539,116	(A)
2. Company Claim	<u>1,655,785</u>	(B)
3. Recommended Adjustment	(\$116,669)	
4. Claimed Depreciation on CWIP	<u>(284,246)</u>	(B)
5. Total Recommended Adjustment	<u>(\$400,915)</u>	

Sources:

(A) Schedule ACC-16.

(B) Exhibit RJM-2, page 18.

Schedule ACC-18

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

FEDERAL AND STATE INCOME TAX EXPENSE

1. Company Claim	\$1,858,305	(A)
2. Recommended Adjustment	<u>(\$1,858,305)</u>	

Sources:

(A) Exhibit RJM-3, page1, line 14.

MID KANSAS ELECTRIC COMPANY -SOUTHERN PIONEER

TEST YEAR ENDING DECEMBER 31, 2009

LOCAL ACCESS CHARGE RATE

	Amount	Allocation Factor	LAC Allocation
	(A)	(B)	
1. Transmission O&M	\$709,170	1.000000	\$709,170
2. Distribution O&M	3,695,408	0.000000	0
3. Administrative and General	1,154,204	0.020454	23,608
4. Depreciation - Transmission	294,045	1.000000	294,045
5. Depreciation - General Plant	108,224	0.020454	2,214
6. Margin Requirements	6,802,652	0.239904	<u>1,631,983</u>
7. Total			\$2,661,020
8. Billing Demand (C)			<u>1,061,430</u>
9. Demand Rate (D)			\$2.51
10. LAC Billing Demand (C)			<u>396,089</u>
11. Pro Forma LAC Revenue			\$993,001
12. LAC Revenue at Present Rates (E)			<u>804,061</u>
13. Required LAC Revenue Increase			<u><u>\$188,940</u></u>

Sources:

- (A) Schedule ACC-1.
- (B) Exhibit RJM-5, page 1.
- (C) Response to KCC-198.
- (D) Line 7 / Line 8.
- (E) Schedule ACC-6.

APPENDIX C

Referenced Data Requests

CURB-20

CURB-22

CURB-39

CURB-41

CURB-42

KCC-42

KCC-43

KCC-46

KCC-49

KCC-53*

KCC-56*

KCC-83

KCC-90

KCC-153

KCC-160

KCC-178

KCC-198 (Partial)

*** Confidential Responses Not Included**

Citizens' Utility Ratepayer Board
Information Request

Request No: CURB-20

Company Name MID-KANSAS AND SOUTHERN PIONEER
Docket Number 12-MKEE-380-RTS
Request Date January 19, 2012
Date Information Needed February 2, 2012

Please Provide the Following:

Please provide the average annual salary and wage increases granted, from January 2009 through the latest month available. Please include a) the date of the increase and b) state if the increase applied to union or non-union employees, if applicable.

Response:

Average annual wage increase:

Jan-Dec 2009 – 13.6%
Jan-Dec 2010 – 7.5%
Jan-Dec 2011 – 9.1%

- a) See CURB DR 22
- b) See CURB DR 22

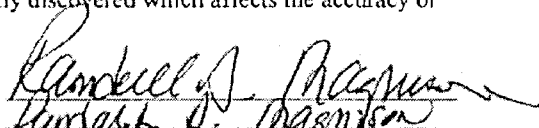
Submitted By C. Steven Rarrick

Submitted To Mark Calcara

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: 
Name: Randell D. Magnuson
Position: Executive VP - RESIDENTIAL CEO
Dated: 02/02/2012

Citizens' Utility Ratepayer Board
Information Request

Request No: CURB-22

Company Name MID-KANSAS AND SOUTHERN PIONEER
Docket Number 12-MKEE-380-RTS
Request Date January 19, 2012
Date Information Needed February 2, 2012

Please Provide the Following:

Please state when during the year employees receive salary and/or wage increases. Please provide this information separately for union and non-union employees.

Response:

Employees which are on annual performance evaluations receive salary and/or wage increases effective April 1 of each year. For new employees or employees moving to a new position, salary and/or wage increases are considered as part of six month performance reviews. Depending on the complexity of the employee's job, these six month reviews may last two to three years.

Southern Pioneer does not have any union employees.

Submitted By C. Steven Rarrick

Submitted To Mark Calcara

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: *Randall D. Thompson*
Name: Randall D. Thompson
Position: Executive VP - Assistant CEO
Dated: 02/02/2012

**Citizens' Utility Ratepayer Board
Information Request**

Request No: CURB-39

Company Name MID-KANSAS AND SOUTHERN PIONEER

Docket Number 12-MKEE-380-RTS

Request Date January 19, 2012

Date Information Needed February 2, 2012

Please Provide the Following:

Regarding Schedule E to Mr. Macke's testimony, please provide a schedule showing utility plant at May 31, 2011, by plant account, and the depreciation rate for each respective account, resulting in the monthly depreciation expense of \$203,438.

Response:

See CURB DR39 A01

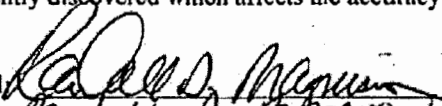
Submitted By C. Steven Rarrick

Submitted To Mark Calcara

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: 
Name: Randall D. Thompson
Position: Executive VP - Assistant CEO
Dated: 02/02/2012

Southern Pioneer Electric
 May 2011 Plant Accounts and Depreciation
 CURB DR 39

GL Account	Lookup Name	Capitalized Cost	Depr Rate	Amount Depreciated
1.352.	TRANS-SUB STR &	277,091.67	0.1758	487.13
1.353.	TRANS-SUBSTATIO	5,554,371.63	0.1525	8,470.42
1.355.	POLES AND FIXTU	5,797,530.23	0.275	15,943.21
1.356.	OH CONDUCTORS A	5,885,925.79	0.1567	9,223.25
1.358.	URD CONDUCTORS	0	0.1992	0
				<u>\$ 34,124.01</u>
1.361.	DISTR-SUB STRUC	101,821.30	0.1442	146.83
1.362.	DISTR-STATN EQ	4,315,531.35	0.0917	3,957.34
1.364.	DISTR-POLES/TWR	10,110,879.57	0.3883	39,260.55
1.365.	DISTR-OH CONDOC	8,032,150.78	0.1242	9,975.93
1.366.	DISTR-URD CONDU	0	0.135	0
1.367.	DISTR-URD CONDU	2,224,216.57	0.3758	8,358.61
1.368.	DISTR-LINE TRAN	5,879,812.74	0.1642	9,654.65
1.369.1	DISTR-OHD SVCS	1,633,235.01	0.3725	6,083.80
1.369.2	DISTR-URD SERVI	0	0.2333	0
1.370.	METERS	3,947,896.64	0.1825	7,204.91
1.371.	DISTR-INSTALL C	321,365.23	1.2225	3,928.69
1.373.	STREET LIGHTING	1,453,298.98	0.2592	3,766.95
				<u>\$ 92,338.26</u>
1.390.	GEN-STRUCTURES AND	1,677,027.56	0.2633	4,415.61
1.391.	GEN-OFFICE EQUIPMEN	137,177.13	0.64	877.95
1.391.1	GEN-COMPUTER EQUIPI	252,798.16	0.64	4,468.77
1.394.	GEN-TOOLS/SHOP/GAR/	22,192.89	0.3875	86
1.395.	GEN-LABORATORY EQU	173,952.24	0.415	708.52
1.397.	GEN-COMMUNICATION I	328,340.97	0.1942	618.64
1.398.	GEN-MISC NON MOBILE	41,426.31	0.8333	345.22
				<u>\$ 11,520.71</u>
1.114.	ACQUISITION ADJUSTMI	23,558,384.35	30 yr	\$ 65,454.90
				<u><u>\$ 203,437.88</u></u>

Citizens' Utility Ratepayer Board
Information Request

Request No: CURB-41

Company Name MID-KANSAS AND SOUTHERN PIONEER

Docket Number 12-MKLE-380-RTS

Request Date January 19, 2012

Date Information Needed February 2, 2012

Please Provide the Following:

Please identify, by project, all construction work in progress included in Schedule E to Mr. Macke's testimony. For each project, please provide a) a description of the project, b) the start date of the project, c) the completion date of the project, if applicable, d) the amount spent to date, and e) the percentage complete.

Response:

See attached CURB 41_A01. See also KCC DR0022 for a detailed list of the CWIP projects as of May 31, 2011.

Item b) – due to the volume of projects and the lack of a readily available report to provide this information, it has not been included.

Item e) – due to our system software not tracking this information, it has not been included.

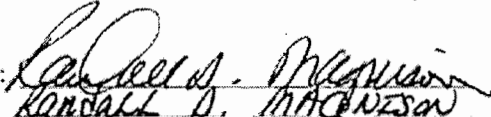
Submitted By C. Steven Rarrick

Submitted To Mark Calcara

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: 
Name: RANDALL D. MACNELSON
Position: Executive VP - Assistant CEO
Dated: 02/03/2012

Southern Pioneer Electric
CURB 41 CWIP 5/31/11 and 12/31/11

CWIP 5/31/2011		Closed	CWIP 12/31/11		Change in Balance
Work Order	Amount	Month	Work Order	Total To-Date	
29090128	ST/Pal Lights/Meade/Nov	349.92	6/30/2011		
29090156	Englewood Distribution Tfr	144,026.02	6/30/2011		
29090187	Move pole/Sublette/Haskell	(20.68)	6/30/2011		
29100004	SERVICES/OH&URD/Haskell	1,439.02	6/30/2011		
29100047	OH Primary/Haskell Co	(2,452.82)	6/30/2011		
29100066	Services (OH&URD) Seward	192.98	6/30/2011		
29100081	Services (OH&URD) Haskell	886.22	6/30/2011		
29100089	OH Primary	2,673.55	6/30/2011		
29100159	Oxy 3 Phase Ext/Haskell Co	1,004.06	6/30/2011		
29100165	City OF Plains/Comm Bldg/Meade	2,579.94	6/30/2011		
29100168	City OF Kismet/Miller Add/Sewa	960.45	6/30/2011		
29100171	Light Park/City OF Liberal/Sew	3,682.78	6/30/2011		
29100184	2nd St/Hit pole/Seward	(1,507.08)	6/30/2011		
29100185	1574 Palm/Haskell County	995.26	6/30/2011		
29100192	Dip pole/McKee/Seward	163.95	6/30/2011		
29100196	Services (OH&URD) Seward	2,157.50	6/30/2011		
29100211	First National Bank/meter loop	9,383.86	6/30/2011		
30100009	115 pole-Western/Sew/Storm Dam	1,253.08	6/30/2011		
62070002	T Lenz Cabin	1,670.07	6/30/2011		
62080035	OH Dist Replcmnt Blkt - Dec BA	2,938.09	6/30/2011		
62100038	SUNFLOWER SVC BY Pratt Sub	2,916.42	6/30/2011		
62100095	BLD line N OF ELM MILLS Rd	13,701.07	6/30/2011		
62100140	meter pole Daryl Rucker Sharon	1,719.08	6/30/2011		
62100153	REBUILD S PH line N Cunningham	96,463.53	6/30/2011		
62110020	meter pole Change OUT County B	339.44	6/30/2011		
63100014	SPCC GREENSBURG trans Sub	15,207.30	6/30/2011		
63100015	SPCC N Walnut Distribution Sub	18,356.26	6/30/2011		
29080128	218 S Kansas Upgrade	1,406.29	7/31/2011		
30080002	Arrowhead Feeders line Ext	2,545.11	7/31/2011		
63100023	Add guy to running corner	2,182.20	7/31/2011		
29110196	Plains Equity - convert to URD	18,476.90	8/31/2011		
29110200	Mike Carlile-pad for new house	1,169.84	8/31/2011		
29110217	Replace S.L. pole	1,361.40	8/31/2011		
29110218	1600 Country Estates Rd	2,176.63	8/31/2011		
29110219	Replace bad crossarms	1,278.80	8/31/2011		
29110220	Satanta Mtc. B-692	3,132.74	8/31/2011		
29110223	2011 line maintenance	4,837.99	8/31/2011		
29110224	2011 Line Patrol Maintenance	8,467.23	8/31/2011		
29110226	Bloomfield Addition (Non-Annex	11,533.01	8/31/2011		
29110227	increase Hwy clearance 211 S.	15,146.69	8/31/2011		
29110233	Set new sec lift pole.	671.15	8/31/2011		
29110241	Replace broken utility pole	660.35	8/31/2011		
29110243	Haskell Co Wind Storm	6,242.45	8/31/2011		
29110244	Meade Co Wind Storm	1,539.21	8/31/2011		
29110248	upgrade pole and xfmr bank.	4,562.17	8/31/2011		
29110005	Pal Lights	232.29	10/31/2011		
29110006	Street Lights	338.50	10/31/2011		
29110008	SERVICES - Existing	709.35	10/31/2011		
29110010	Street Lights	175.65	10/31/2011		
29110013	Pal Lights	682.64	10/31/2011		
29110023	SERVICES - new	175.38	10/31/2011		
29110025	Pal Lights	124.22	10/31/2011		
29110027	SERVICES - new	717.02	10/31/2011		
29110032	SERVICES - Existing	603.54	10/31/2011		
29110038	Street Lights	181.05	10/31/2011		
29110039	SERVICES - new	694.96	10/31/2011		
29110040	SERVICES - Existing	429.83	10/31/2011		
29110045	Pal Lights	1,425.78	10/31/2011		
29110046	Street Lights	1,183.31	10/31/2011		
29110056	SERVICES - Existing	718.43	10/31/2011		
29110064	SERVICES - Existing	(241.02)	10/31/2011		
29110193	Cimarron Mobile Home Park	6,469.30	10/31/2011		
29110229	Oliver Brown Park/rep guy/anch	1,042.86	10/31/2011		
29110238	truck took down 2 poles	(9,844.93)	10/31/2011		
29110239	710 Ponca/broken pole	1,255.02	10/31/2011		
30100006	SPCC WEST Liberal Sub	20,360.00	10/31/2011		
62110006	Replace bad pole 1.2m east of	4,882.56	10/31/2011		
62110013	Rebuild 2phse line 1m east of	41,698.27	10/31/2011		
30110004	Hwy 54 E of Ethanol - clearanc	7,004.00	10/31/2011		
30110006	increase Hwy clearance 211 S.	8,345.75	10/31/2011		

Southern Pioneer Electric
CURB 41 CWIP 5/31/11 and 12/31/11

CWIP 5/31/2011		Closed	CWIP 12/31/11		Change in
Work Order	Amount	Month	Work Order	Total To-Date	Balance
30110007	New 19.9 xfmr bank and upgrade	(1,381.05)	10/31/2011		
30110010	Haskell Co Wind Storm	2,135.55	10/31/2011		
1741D01	FEMA 2 MI 3 PH N OF CUNNINGHA	157,606.94		1741D01	157,606.94
1741D02	FEMA 1/2 M SNGL PH N OF CUNNII	24,706.63		1741D02	23,736.41
1741D03	FEMA BYERS SNGLPH NW70/NW7	24,773.37		1741D03	24,773.37
1741D04	FEMA BYERS 3PH NW70/SW60	55,376.38		1741D04	55,376.38
1741D05	FEMA BYERS SNGL PH 60TH/40TH	14,877.94		1741D05	14,877.94
1741D07	3.5 MILE SINGLE PH REBUILD FOX	93,438.88		1741D07	93,438.88
1741D08	1.5 MILE SINGLE PH REBUILD COA	47,463.96		1741D08	47,463.96
1741D09	5 MILE FEMA RBLD E OF COATS	369,934.34		1741D09	369,934.34
1741D10	1 MI SNGL PH RBLD 90/10 COATS	31,321.58		1741D10	31,321.58
1741D11	COATS OILFIELD REBUILD - FEMA	29,693.78		1741D11	29,693.78
1741D12	2 MI SNG PH NW OF SAWYER	84,975.96		1741D12	84,975.96
1741D13	2640' SNG PH N OF SAWYER	2,673.80		1741D13	2,673.80
1741D14	1 MI 2 PH/3PH N OF SAWYER	60,832.77		1741D14	60,832.77
1741D15	RAINBW LK SW SAWYER 3-1 PH R	12,085.49		1741D15	12,085.49
1741D16	J & J FEMA	78,018.60		1741D16	78,018.60
1741D17	FALCON ROAD FEMA	51,137.24		1741D17	51,137.24
1741D18	FEMA EAST OF COLDWATER S 160'	49,891.60		1741D18	49,891.60
1741D19	FEMA EAST OF COLDWATER N 160'	50,565.07		1741D19	50,565.07
1741T01	FEMA GREENSBURG/HAVILAND	1,086,165.73		1741T01	1,058,864.73
1741T04	US 54 & 50TH AVE 7 MILE REBUIL	866,696.83		1741T04	866,696.83
1741T05	W OF COATS - FEMA	348,210.48		1741T05	348,210.48
1741U01	FEMA GREENSBURG/HAVILAND	401,390.29		1741U01	358,074.89
1741U04	US 54 & 50TH 7 MILE REBUILD	331,505.76		1741U04	331,505.76
1741U05	UNDERBUILD W OF COATS - FEMA	100,297.69		1741U05	100,297.69
29090176	Meade Lake Rd Sub/Seward	117,765.06		29090176	156,403.99
29100065	OH Primary/Clark	1,729.18		29100065	1,484.18
29100080	OH Primary/Haskell	314.21		29100080	69.21
29100154	Cim River-Kismet REBUILD/Sewar	92,427.01		29100154	149,971.86
29100155	Haskell Co Fairgrounds/lightin	(4,311.28)		29100155	-4,311.28
29100163	Liberal Office Expansion	4,292.50		29100163	20,395.50
29100234	DV Enterprises/trans upgrade	615.91		29100234	370.91
29100251	1780 Spruce/new transformer	749.60		29100251	504.6
29110014	Street Lights	250.52		29110014	250.52
29110016	SERVICES - Existing	410.01		29110016	410.01
29110017	Pal Lights	292.40		29110017	292.4
29110018	Street Lights	50.69		29110018	50.69
29110020	SERVICES - Existing	91.93		29110020	91.93
29110024	SERVICES - Existing	337.63		29110024	337.63
29110026	Street Lights	313.57		29110026	313.57
29110029	Pal Lights	934.13		29110029	934.13
29110030	Street Lights	53.98		29110030	53.98
29110043	SERVICES - new	325.09		29110043	325.09
29110047	SERVICES - new	85.22		29110047	85.22
29110048	SERVICES - Existing	415.20		29110048	415.2
29110060	SERVICES - Existing	356.31		29110060	356.31
29110062	Street Lights	196.50		29110062	196.5
29110063	SERVICES - new	219.15		29110063	275.26
29110072	SERVICES - Existing	503.11		29110072	503.11
29110075	SERVICES - new	138.68		29110075	138.68
29110077	Pal Lights	1,357.49		29110077	1,357.49
29110079	SERVICES - new	1,170.37		29110079	1,170.37
29110080	SERVICES - Existing	457.11		29110080	457.11
29110088	SERVICES - Existing	59.44		29110088	341.24
29110197	TPD Western/Pancake LPD 113186	92.04		29110197	92.04
29110204	Purdue&Locke/CSP to conv upgra	305.05		29110204	261.73
29110205	TRCK Oversized Load - Perkins	2,062.49		29110205	2,062.49
29110210	Tice Substation/Change bad cut	595.95		29110210	717.7
29110211	new pad for new construct/SWMC	6,743.38		29110211	6,743.38
29110212	Pine & KS truck hit ST lt pole	464.59		29110212	576.5
29110216	2nd & Sherman - TPD - hit pole	1,937.41		29110216	1,937.41
29110221	Tice Mtc.	218.23		29110221	254.4
29110225	Hayne Osmose Replacements (SPE	62,313.98		29110225	62,313.98
29110228	Hwy 54 & Rd P/Hit pole	1,193.00		29110228	1,193.00
29110231	Over-sized Load, Perkins	2,056.69		29110231	875.09
29110232	Replace broken utility pole	3,714.51		29110232	3,714.51
29110236	String in 3rd phase and xfmr u	9,942.27		29110236	4,829.64
29110237	Set new pad xfmr and upgrade p	(1,371.11)		29110237	5,093.71
29110245	Replace stolen ground wire	700.86		29110245	700.86

Southern Pioneer Electric
CURB 41 CWIP 5/31/11 and 12/31/11

Work Order	CWIP 5/31/2011 Amount	Closed Month	CWIP 12/31/11		Change in Balance
			Work Order	Total To-Date	
29110246	Cheyenne and Santee	5,517.59	29110246	5,517.59	-
29110247	Replace bad Dip pole	1,079.09	29110247	1,079.09	-
29110251	Basic Energy - trans replaceme	625.00	29110251	625	-
29110252	Set new dip pole for USD 480	970.40	29110252	970.4	-
29110253	Set new Sec. Dip pole	758.54	29110253	758.54	-
29110254	Replace broken gut and anchor.	(641.88)	29110254	-556.06	85.82
29110255	Replace Osmose reject poles.	13,317.74	29110255	15,790.72	2,472.98
29110259	broken pole E. side OF Sublett	306.48	29110259	915.66	609.18
29110260	Hwy 56 & Rd HH Broken Pole	806.66	29110260	1,721.95	915.29
29110262	Replace broken S.L. pole	427.00	29110262	42.12	(384.88)
29621580	Substation maintenance--temp	110,661.49	29621580	101,775.24	(8,886.25)
29621592	TRK-temp Substation expense	34,247.71	29621592	34,247.71	-
29621593	TRK-temp Ovhd line summary	140,363.71	29621593	128,234.06	(12,129.65)
29621596.1	TRK-temp Pal expense summary	6,272.46	29621596.1	5,193.29	(1,079.17)
29631583.1	Temporary TRANSFORMER expense	530.51	29631583.1	2,068.91	1,538.40
29631592	TRK-temp trans Substation Expe	19,781.63	29631592	19,781.63	-
30080004	F1776 Tice 34.5 Storm-Haskell	4,889.20	30080004	4,889.20	-
30090001	Pine Street Substation/Seward	480,574.19	30090001	480,574.19	-
30100003	Cim River-Kismet REBUILD/Sewar	551,835.96	30100003	551,835.96	-
30110002	TRK Charges to MKEC	1,299.36	30110002	0	(1,299.36)
30110003	Oxy Black B-2/34/5	3,770.57	30110003	3,770.57	-
30110005	MLR Laminate pole	8,075.03	30110005	8,075.03	-
30110008	Broken 34.5 Xarm N of Plains	434.25	30110008	434.25	-
30110009	Meade Co Wind Storm - 34.5	7,478.78	30110009	7,478.78	-
30110011	Cudehey-Fowler 34.5 kv rebuild	166,047.69	30110011	266,627.74	100,580.05
30110014	Replace reject poles	10,267.03	30110014	11,968.28	1,701.25
30110017	34.5 mat/Cudahay to Minneola	978,933.44	30110017	162,639.49	(816,293.95)
62070028	Storm-HAVILAND SEWER PLT	44,574.97	62070028	44,574.97	-
62070031	F1741 Ice Storm BA County 1207	68,855.43	62070031	68,855.43	-
62070032	F1741 Ice Strm Comnchn Co 1207	48,662.05	62070032	48,662.05	-
62070033	F1741 Ice Storm Kingmn Co 1207	74,361.76	62070033	74,361.76	-
62070034	F1741 Ice Storm Kiowa Co 1207	85,214.86	62070034	85,214.86	-
62070035	F1741 Ice Storm Pratt Co 1207	238,331.51	62070035	238,331.51	-
62070037	COLDWATER Sub Breaker	1,811.62	62070037	1,811.62	-
62080007	F1741 Dec 07 Ice Storm Evaluat	2,425.70	62080007	2,425.70	-
62080039	F1741Admin Dec Ice Storm	(3,147,546.23)	62080039	-3,143,484.63	4,061.60
62090029	Miller FARMS RPLC TRANSFORME	421.98	62090029	176.98	(245.00)
62100042	Change OUT POT/CUTOUT/ARRES	582.61	62100042	751.63	169.02
62100043	SET METER POLE 2 BELVIDERE	336.91	62100043	336.91	-
62100164	temp Power COATS Sub	2,744.94	62100164	2,744.94	-
62100178	R Simpson Repl Xfmr/CtOut/Arr	670.95	62100178	425.95	(245.00)
62100183	XFormer at Ron Elder ML	559.48	62100183	314.48	(245.00)
62110001	Coats to hwy 54 UB	55,309.83	62110001	212,501.17	157,191.34
62110002	Sec at 410 S. Ohio Cunningham	2,393.23	62110002	2,393.23	-
62110011	Pal Light Blanket	2,648.58	62110011	3,908.12	1,259.54
62110012	Pal Light Blanket	1,116.31	62110012	1,213.15	96.84
62110014	Fischer new house Sharon	12,514.46	62110014	12,514.46	-
62110023	Rebuild 1P 1.5 Miles W Wilmore	5,101.78	62110023	9,897.58	4,795.80
62110027	New Service Kelsy Thompson S#7	4,884.48	62110027	4,884.48	-
62110029	Replace Cutouts on 3 pot bank	186.79	62110029	528.81	342.02
62110031	ADD 1P TAP IN ML S#40235	2,452.31	62110031	2,452.31	-
62110032	Change Pal pole North side OF	698.90	62110032	698.9	-
62110033	Change leaky Tran at Pratt Lak	1,645.10	62110033	1,645.10	-
62110034	3P SERVICE FOR BILL FEELY	2,721.89	62110034	-190.66	(2,912.55)
62110035	3P Service for Nashville Coop	11,401.79	62110035	10,313.48	(1,088.31)
62110036	1P SERVICE FOR JJ RANCH ST# 4	4,814.30	62110036	4,814.30	-
62110037	KDOT HWY 54 LIGHTS CUNNINGH	5,478.00	62110037	453.68	(5,024.32)
62110038	new Service N side ELM MILLS N	8,511.88	62110038	8,701.77	189.89
62110039	Replace Ser at Belvedere Co Sh	258.25	62110039	258.25	-
62110041	Replace pole in Hazleton ST#41	3,249.71	62110041	3,249.71	-
62110042	Add Fuses EAST OF Nashville Lo	1,095.69	62110042	1,095.69	-
62110043	Change 14.4 Trans at Steve Flo	319.48	62110043	319.48	-
62110044	Change 14.4 Trans Isabel & Cur	380.41	62110044	380.41	-
62110045	Change 14.4 Trans on Wilmore I	1,544.27	62110045	1,544.27	-
62110046	Change 14.4 Sunflower Apps. ML	368.86	62110046	368.86	-
62110047	Bailey Dog Pen N of ML on 281	367.36	62110047	367.36	-
62110048	Replace 3P poles South of Hard	8,459.36	62110048	8,459.36	-
62110049	Replace Poles in Haviland ST#4	3,955.17	62110049	4,972.69	1,017.52
62110052	Change Tran pole on Well Rd ST	77.50	62110052	77.5	-
62110053	Replace Poles in Haviland ST#4	12,862.88	62110053	12,862.88	-

Southern Pioneer Electric
CURB 41 CWIP 5/31/11 and 12/31/11

CWIP 5/31/2011		Closed Month	CWIP 12/31/11		Change in Balance
Work Order	Amount		Work Order	Total To-Date	
62110054	NEW WHITES ML ST#42351		62110054	5,892.45	2,837.64
62110055	Burnt arm S OF River ROAD S OF		62110055	80.95	51.04
62110056	Replace open wire in Hazelton		62110056	658.02	-
62110057	Replace Meter Pole 3022SEPlumT		62110057	366.39	-
62110058	Change Overhead Sev to URD Saw		62110058	1,083.84	245.41
62110060	Replace broke pole S Main Havi		62110060	3,195.78	681.72
62110061	broke lift pole in SAWYER BY M		62110061	619.23	23.81
62110063	Sandridge 3/4 mile 3P rebuild		62110063	52,465.24	42,455.92
62110064	new Service in HAVILAND, WEST		62110064	9,168.44	1,324.43
62110065	New Service 208 S 3rd Ave West		62110065	466.42	130.75
62110067	Replace bad pole on Walnut ST		62110067	1,874.61	576.58
62110068	Replace Street Lights & wire i		62110068	205.8	147.56
62110069	Add anchor & guy in City Park		62110069	481.74	190.78
62110072	Crystal Rivers 3P extension ST		62110072	16,608.60	6,283.95
62110073	Rebuild 1P Tap Skellyville ST#		62110073	7,163.99	1,183.57
62110074	Crystal Rivers 3P extension ST		62110074	52,804.56	52,585.47
62110075	Replace meter pole on Berry Rd		62110075	1,742.87	1,124.35
62110078	Change Cutouts/arrestors Havil		62110078	917.41	228.01
62110083	2pot to 3pot bank at Hardtner		62110083	1,518.69	1,141.24
63070013	F1741 Ice Strm Comnche Co 1207		63070013	101,439.27	-
63070015	F1741 Ice Storm Kiowa Co 1207		63070015	89,052.34	-
63070016	F1741 Ice Storm Pratt Co 1207		63070016	253,148.31	-
63080008	F1776 BA Co June 3, 08 Storm		63080008	2,823.24	-
63080016	SemCrude 115-34.5 Substation		63080016	113,615.88	-
63080017	SemCrude 34.5-4.16 Substation		63080017	331,126.12	-
63080018	SemCrude 34.5 Line		63080018	882,925.23	165,357.19
63090011	SUN CITY TRANS 115/34/5 XFORM		63090011	877,187.62	-
63090013	COATS Substation		63090013	1,456,193.58	26,346.85
63090022	34.5/13.8 NEW H&H SUBSTATION		63090022	200,747.13	37,670.95
63100006	SI266-725 90TH ST COATS		63100006	180,461.61	-
63100013	SPCC Pratt Transmission Sub		63100013	205,029.99	-
63110001	Coats to Hwy 54 four corners		63110001	485,183.20	289,645.54
63110004	COATS Sub Conection		63110004	56,153.73	-
63110005	Replace pole 2.5m N of Cold		63110005	5,008.67	-
63110006	NEW WHITES ML DIS WO#6211005		63110006	2,482.56	853.37
Total WIP 5/31/11					
					\$ 10,079,062.98

Kansas Corporation Commission
Information Request

Request No: CURB-42

Company Name MID-KANSAS AND SOUTHERN PIONEER

Docket Number 12-MKEE-380-RTS

Request Date January 19, 2012

Date Information Needed February 2, 2012

Please Provide the Following:

Regarding Schedule E to Mr. Macke's Testimony, please provide all supporting documentation, workpapers, and calculations for the depreciation rate of 2.82% used for CWIP.

Response: The referenced figure of 2.82% was determined by a Southern Pioneer employee that is not currently working and is not able to provide or direct current staff to the requested information at this time.

Submitted By C. Steven Rarrick

Submitted To Mark Calcara

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: _____
Name: Rich Macke _____
Position: _____
Dated: 2/24/12 _____

**Kansas Corporation Commission
Information Request**

Request No: 42

Company Name MID-KANSAS ELECTRIC COMPANY, LLC MKEE
Docket Number 12-MKEE-380-RTS
Request Date December 31, 2011
Date Information Needed January 11, 2012

RE: Donations/ Contributions

Please Provide the Following:

Please provide a listing of all donations/contributions made by the Applicant during the test year including the amount paid or accrued, date paid or accrued, payee, account charged, and a description of the donation/contribution.

Submitted By Laura Bowman

Submitted To Southern Pioneer

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Date: _____

Southern Pioneer
DR 42 Donations and Contributions

Post Date	Vendor #	Journal	Vendor	GL Reference	Check Number	AP Amount	GL
1/22/2010	2169	125892	SOUTHERN WIND S	DONATION	6814	\$100.00	1.426.1
	2172		AMERICAN CANCER	SILVER SPONSOR-RELAY-LIF	6796	\$250.00	1.426.1
	2210		OK KIDS KS WILD	DONATION-KIDS DAY	6808	\$100.00	1.426.1
1/29/2010	348	126101	SW MEDICAL CENT	COMMUNITY HEALTH FAIR	6856	\$1,500.00	1.426.1
	1946		ML HIGH SCHOOL	PROJECT PROM DONATION	6847	\$100.00	1.426.1
	2234		SKYLINE HIGH SC	PROJECT PROM DONATION	6855	\$50.00	1.426.1
2/4/2010	1790	126386	LIBERAL AREA CH	SPONSOR-CHAMBER BASH	6884	\$2,000.00	1.426.1
2/4/2010		126362		Cash Register		-\$375.00	1.426.1
2/12/2010	2200	126717	SUBLETTE AFTER	DONATION-AFTER PROM PART	6947	\$50.00	1.426.1
	2288		BBBS-PR BA KM H	BOWL FOR KIDS SAKE	6917	\$100.00	1.426.1
2/13/2010	2363	126720	N BARBER USD254	*VOIDED* CHECK# 6384	6384	-\$100.00	1.426.1
2/13/2010	2441	126721	VETERANS DAY CO	DONATION-VET'S DAY CELEB	6957	\$100.00	1.426.1
2/19/2010	1632	127013	ML AREA CHAMBER	BARBER CO TOURISM BOOTH	6974	\$130.00	1.426.1
	1632		ML AREA CHAMBER	RECOGNITION LUNCHEON	6975	\$50.00	1.426.1
2/25/2010	2450	127255	LIBERAL BEE JAY	2010 SPONSOR	7023	\$1,000.00	1.426.1
3/5/2010	1619	127619	SATANTA JR-SR H	AFTER PROM PARTY DONATIO	7072	\$50.00	1.426.1
3/12/2010	2238	127912	FIREPUP PROGRAM	SAFETY MAT-20 KIDS	7109	\$60.00	1.426.1
3/26/2010	2253	128489	BBBS-HS,SW,SV	BOWL FOR KIDS SAKE SPONS	7168	\$500.00	1.426.1
	2481		CINCO DE MAYO C	CINCO DE MAYO SPONSORSH	7170	\$200.00	1.426.1
	2172		AMERICAN CANCER	RELAY FOR LIFE SPONSOR	7164	\$250.00	1.426.1
	1549		ML PEACE TREATY	EVENT SPONSOR-KCRR	7186	\$400.00	1.426.1
	1790		LIBERAL AREA CH	TEACHER CLASSROOM ASST	7182	\$100.00	1.426.1
	1632		ML AREA CHAMBER	JUNEFEST	7184	\$200.00	1.426.1
4/9/2010	1970	129043	FISCHER RODNEY	SHARON KS T-BALL DONATIO	1000096	\$100.00	1.426.1
	2491		USD 474 HAVILAN	HAVILAND AFTER PROM	1000108	\$50.00	1.426.1
4/16/2010	2262	129361	BAKER ARTS CENT	SPONSORSHIP	1000127	\$250.00	1.426.1
	2230		BATBUSTERS SOFT	SPONSORSHIP	1000128	\$100.00	1.426.1
4/23/2010	1714	129597	LIBERAL PARKS &	YOUTH BASEBALL SPONSOR	1000169	\$500.00	1.426.1
	306		American Red Cr	SPONSOR GOLF TOURNAMENT	1000163	\$100.00	1.426.1
5/13/2010	2522	130411	STATELINE SHOX	DONATION-TRAVEL BB TEAM	1000347	\$100.00	1.426.1
5/13/2010	1946	130419	ML HIGH SCHOOL	DONATION-RODEO CLUB	1000348	\$250.00	1.426.1
5/27/2010	1632	130998	ML AREA CHAMBER	HOLE SPONSOR-GOLF TOURN	1000416	\$100.00	1.426.1
5/31/2010	2542	131210	SEWARD CO COUNC	DONATION	1000475	\$200.00	1.426.1
	1996		KS CHILDRENS	RED STOCKING BRKFST SPON	1000467	\$500.00	1.426.1
6/10/2010	1726	131478	FINCHER'S FINDI	18 SHIRTS/CAPS-BB SPONS	1000505	\$267.63	1.426.1
6/10/2010	2060	131474	WEBER,KYLE	SFTBALL SPONS-2 DOZ BALL	1000542	\$100.00	1.426.1
6/14/2010	2551	131613	OKLA PANHANDLE	SCHOLARHIP-NAURA HARLOW	1000588	\$750.00	1.426.1
	2552		BARCLAY COLLEGE	SCHOLARHIP-JESSICA DAVIS	1000562	\$750.00	1.426.1
	1240		WICHITA STATE U	SCHOLARHIP-SPENCER C ROE	1000612	\$750.00	1.426.1
	1113		Tabor College	SCHOLARHIP-AMY JO MAPHET	1000604	\$750.00	1.426.1
	1122		FORT HAYS STATE	SCHOLARHIP-AMEE STAPLETO	1000570	\$750.00	1.426.1
	1122		FORT HAYS STATE	SCHOLARHIP-KATLIN SENST	1000571	\$750.00	1.426.1
	1122		FORT HAYS STATE	SCHOLARHIP-KIRK WOODRUFF	1000572	\$750.00	1.426.1
	1122		FORT HAYS STATE	SCHOLARHIP-MOLLY WALTER	1000573	\$750.00	1.426.1
	1108		KS STATE UNIV	SCHOLARHIP-ALEX STEWART	1000582	\$750.00	1.426.1
	1108		KS STATE UNIV	SCHOLARHIP-TANA EDIGER	1000583	\$750.00	1.426.1
	1111		Hutchinson Comm	SCHOLARHIP-DAREN WRIGHT	1000577	\$750.00	1.426.1
	1120		PRATT COMM COLL	SCHOLARHIP-ANNA LEIS	1000592	\$750.00	1.426.1
	1109		SEWARD CO COMM	SCHOLARHIP-SHAYLEE SCRUG	1000597	\$750.00	1.426.1
	1115		UNIV OF KS	SCHOLARHIP-ASHLEY ALBERS	1000603	\$750.00	1.426.1
6/17/2010	2555	131786	CLARK CO FAIR B	SPONSOR FAIR CONCERT	1000568	\$250.00	1.426.1
6/30/2010	2562	132375	SEWARD CO & FIV	DONATION	1000703	\$250.00	1.426.1
7/1/2010	2560	132349	WILLOW TREE LAD	HOLE SPONSOR-TOURNAMENT	1000700	\$100.00	1.426.1

Southern Pioneer
DR 42 Donations and Contributions

Post Date	Vendor #	Journal	Vendor	GL Reference	Check Number	AP Amount	GL
7/8/2010	2336	132518	MLHS INDIAN BOO	2010-11 BOOSTR CLUB-SPNR	1000726	\$100.00	1.426.1
7/29/2010	2575	133402	BARBER CO YOUTH	DONATON-YOUTH FISH DERBY	1000828	\$100.00	1.426.1
8/6/2010	2272	133734	SAINT FRANCIS C	DONATION-XMAS FOR KIDS	1000921	\$100.00	1.426.1
	2291		SATANTA LIONS C	GOLF TOURNEY-HOLE SPNSR	1000923	\$100.00	1.426.1
	1790		LIBERAL AREA CH	NEW ED BRKFAST SPONSOR	1001133	\$300.00	1.426.1
	1790		LIBERAL AREA CH	DUCK RACE SPONSOR	1001133	\$300.00	1.426.1
8/31/2010	1684	135109	FIRST BANKCARD	36-T-SHIRTS LIBERAL HS	615	\$419.49	1.426.1
9/1/2010		134732		DONATE GRILL - SPEC #27		\$119.99	1.426.1
9/2/2010	2604	134799	COLDWATER COUNT	HOLE SPONSORSHIP	1001077	\$25.00	1.426.1
9/11/2010	2311	135104	FHSU BOOHILL AL	4 MAN SCRAMBLE FEE	1001122	\$440.00	1.426.1
9/17/2010	2615	135372	HERITAGE FOUNDA	AIR SHOW SPONSORSHIP	1001173	\$500.00	1.426.1
9/23/2010	2398	135616	SATANTA FIRE ST	KIDS FIRE PREVENTION PRO	1001203	\$100.00	1.426.1
9/30/2010	2337	135907	SEWARD CO HISTO	SPONSOR-OZ FEST	1001263	\$500.00	1.426.1
	1958		SEWARD CO UNITE	BANNER SPNSR-GOOFY GOLF	1001264	\$100.00	1.426.1
10/28/2010	2644	137064	SW KS CHAMBERS	SPONSOR-LEGISLATIVE DINR	102416	\$250.00	1.426.1
10/31/2010	1946	137350	ML HIGH SCHOOL	DONATE 50 T-SHIRTS,30FIL	1001490	\$307.50	1.426.1
11/18/2010	2136	137952	THE LEGEND	BOOSTER CLUB SHOWDN-SPON	1001594	\$500.00	1.426.1
	1946		ML HIGH SCHOOL	PROJECT PROM 2011	1001579	\$100.00	1.426.1
11/19/2010		137992		62080173 Work done for city	0	\$484.26	1.426.1
11/19/2010		137992		62080173 Work done for city	0	\$286.12	1.426.1
11/19/2010		137992		62080173 Work done for city	0	\$758.04	1.426.1
11/30/2010	1790	138346	LIBERAL AREA CH	CALENDAR SPONSORSHIP	1001664	\$500.00	1.426.1
	2379		OTLR INC	SPONSOR HOLIDAY HOME TOU	1001672	\$50.00	1.426.1
						Total	\$26,973.03

Southern Pioneer Electric Company

DR 43 – Lobbying

Southern Pioneer Electric Company did not have any lobbying expense in the test year.

**Kansas Corporation Commission
Information Request**

Request No: 46

Company Name MID-KANSAS ELECTRIC COMPANY, LLC MKEE
Docket Number 12-MKEE-380-RTS
Request Date December 31, 2011
Date Information Needed January 11, 2012

RE: Advertising

Please Provide the Following:

A breakdown of test year advertising expenses between promotional (corporate image), educational, safety, economic development, and any other applicable categories. Please include a brief description of each advertising item upon which the Applicant is requesting rate relief.

Submitted By Laura Bowman

Submitted To Southern Pioneer

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____

Date: _____

SOUTHERN PIONEER ELECTRIC COMPANY
DR 45 and 46 - ADVERTISING
2010

Acct #	Acct Name	Month	Vendor	Description	Check #	Amount	Type
930.1	General Advertising	201001	ZENDA TELEPHON	2010 ZENDA DIRECTORY	6911	\$ 60.00	Promotional
930.1	General Advertising	201001	HASKELL CO MON	SPORTS ADV-OCT-JAN	6874	\$ 108.75	Promotional
930.1	General Advertising	201001	Pioneer Commun	WEB ADVERTISING	6939	\$ 29.57	Promotional
930.1	General Advertising	201002	Hanson Directo	ADVERTISING-DIRECTOR	6968	\$ 155.70	Promotional
930.1	General Advertising	201002	Pioneer Commun	WEB DIRECTORY ADV	7110	\$ 29.57	Promotional
930.1	General Advertising	201002	HS Monitor	SPORTS BOOSTER ADV	7098	\$ 7.50	Promotional
930.1	General Advertising	201002	FIRST BANKCARD	AD ON LIBERAL MAPS	542	\$ 190.00	Promotional
930.1	General Advertising	201003	GBCHAA	ADV IN PLAY PROGRAM	7096	\$ 50.00	Promotional
930.1	General Advertising	201003	AT&T ADVERTISI	DODGE/LIBERAL DIRECT	1000067	\$ 1,086.75	Promotional
426.1	Donations	201003	CALDWELL, CODY	ADVERTISE ON RACECARE	91393	\$ 250.00	Promotional
930.1	General Advertising	201003	Pioneer Commun	WEB DIRECTORY ADV	1000092	\$ 29.62	Promotional
930.1	General Advertising	201004	NBCRC-N BARB C	Ballpark Advertising	1000146	\$ 350.00	Promotional
930.1	General Advertising	201004	NOLAND PRINTIN	ADV-4X8 BALL PARK SI	1000351	\$ 107.05	Promotional
930.1	General Advertising	201005	Pioneer Commun	2010 DIRECTORY ADVER	1000276	\$ 2,136.63	Promotional
930.1	General Advertising	201005	Hanson Directo	2010 UNITED TEL DIRE	1000262	\$ 241.20	Promotional
930.1	General Advertising	201005	LIBERAL SWIM T	AD IN HEAT SHEET	1000372	\$ 20.00	Promotional
930.1	General Advertising	201005	Pioneer Commun	WEB ADVERTISING	1000520	\$ 29.62	Promotional
930.1	General Advertising	201005	SEWARD CO BROA	RADIO AD-SENIOR NIGH	1000527	\$ 150.00	Promotional
930.1	General Advertising	201005	NOLAND PRINTIN	SENIOR TAB-LEIBHAM	1000553	\$ 10.00	Promotional
930.1	General Advertising	201005	MINNEOLA GAZET	GRADUATION AD	1000555	\$ 20.00	Promotional
930.1	General Advertising	201006	ROYAL PUBLISHI	AD-KSHSAA SOFTBALL P	1000595	\$ 125.00	Promotional
930.1	General Advertising	201006	HASKELL CO MON	BUS HONOR ROLL ADV	1000574	\$ 30.00	Promotional
930.1	General Advertising	201006	ALTIPLANO PUBL	AD-SPANISH YELLOW PA	1000559	\$ 521.00	Promotional
930.1	General Advertising	201006	LIBERAL REDSKI	BUS CARD AD-SPORTS B	1000683	\$ 100.00	Promotional
930.1	General Advertising	201006	Pioneer Commun	WEB ADVERTISING	1000729	\$ 29.65	Promotional
930.1	General Advertising	201006	FIRST BANKCARD	COLORING BOOKS-STH&6	580	\$ 389.00	Promotional
930.1	General Advertising	201007	BABE RUTH BB-L	1/2 PG AD-BABE RUTH	1000759	\$ 100.00	Promotional
930.1	General Advertising	201007	AXLINE, AMY	REIMB-AD HS DUFFEL B	1000789	\$ 51.00	Promotional
930.1	General Advertising	201007	Hanson Directo	BAL OF ADVRSNG-DIRECTORY	1000897	\$ 723.60	Promotional
930.1	General Advertising	201007	YELLOWBOOK-IA	PHONE DIRECTORY	1000940	\$ 665.74	Promotional
930.1	General Advertising	201007	Pioneer Commun	WEB DIRECTORY ADV	1000966	\$ 29.70	Promotional
930.1	General Advertising	201008	YELLOWBOOK-IA	PHONE DIRECTORY	1001008	\$ 9.70	Promotional
930.1	General Advertising	201008	HASKELL CO MON	WKLY SCHOOL PAGE ADS	1001124	\$ 285.00	Promotional
930.1	General Advertising	201008	Pioneer Commun	WEB DIRECTORY ADV	1001141	\$ 29.70	Promotional
930.1	General Advertising	201009	SEWARD CO BROA	GOW CORP SPONSOR	1001307	\$ 150.00	Promotional
930.1	General Advertising	201009	Pioneer Commun	WEB DIRECTORY ADV	1001301	\$ 29.70	Promotional
930.1	General Advertising	201009	GEO GRAPHICS I	CITY ST MAPS-LIB/HUG	1001282	\$ 389.95	Promotional
930.1	General Advertising	201010	LIBERAL HS JOU	1/4 PAGE AD	1001385	\$ 100.00	Promotional
930.1	General Advertising	201010	HASKELL CO MON	SPEC STATE NON DISCR	102456	\$ 13.00	Promotional
930.1	General Advertising	201010	GBCHAA	AD IN PLAY PROGRAM	1001478	\$ 50.00	Promotional
930.1	General Advertising	201010	Pioneer Commun	WEB DIRECTORY ADVERT	1001495	\$ 29.70	Promotional
930.1	General Advertising	201011	Pioneer Commun	2010 DIRECTORY INSTA	1001586	\$ 1,494.12	Promotional
930.1	General Advertising	201011	SEWARD CO BROA	XMAS RADIO ADS	1001680	\$ 150.00	Promotional
930.1	General Advertising	201011	Pioneer Commun	WEB DIRECTORY ADVERT	1001780	\$ 29.70	Promotional
930.1	General Advertising	201012	Pioneer Commun	WEB ADVERTISING	1001963	\$ 29.70	Promotional
930.1	General Advertising	201012	AT&T ADVERTISI	ADV-S CENTRAL KS DIR	1001937	\$ 492.00	Promotional
930.1	General Advertising	201012	HASKELL CO MON	XMAS_NEW YR ADS,COLO	1001949	\$ 99.00	Promotional
903	Cust Recpts & Coll	201005	Pioneer Commun	WEB ADVERTISING	1000277	\$ 29.62	Promotional
930.1	General Advertising	201010	KIOWA NEWS	STMT OF NON-DISCRIMI	1001502	\$ 40.00	Non-discrimination
930.1	General Advertising	201010	HIGH PLAINS DA	STMT OF NON-DISCRIMI	1001489	\$ 31.20	Non-discrimination
930.1	General Advertising	201010	CUNNINGHAM COU	STMT OF NON-DISCRIMI	1001474	\$ 42.00	Non-discrimination
930.1	General Advertising	201010	KINGMAN LEADER	STMT OF NON-DISCRIMI	1001487	\$ 28.75	Non-discrimination
930.1	General Advertising	201010	HASKELL CO MON	STMT OF NON-DISCRIMI	1001479	\$ 1.00	Non-discrimination
930.1	General Advertising	201010	NOLAND PRINTIN	STMT OF NON-DISCRIMI	1001584	\$ 56.00	Non-discrimination
930.1	General Advertising	201010	WESTERN STAR I	STMT OF NON-DISCRIMI	1001595	\$ 31.50	Non-discrimination
930.1	General Advertising	201011	HIGH PLAINS DA	NON-DISCRIMINATION A	1001665	\$ 31.20	Non-discrimination
930.1	General Advertising	201011	LIBERAL LIGHT,	NON-DISCRIMINATION A	1001666	\$ 55.00	Non-discrimination
930.1	General Advertising	201011	PROTECTION PRE	NON-DISCRIMINATION A	1001675	\$ 17.72	Non-discrimination
588	Distribution - Misc.	201005	HIGH PLAINS DA	STAKING TECH/FIELD	1000343	\$ 495.00	Help Wanted
588	Distribution - Misc.	201005	HIGH PLAINS DA	STAKING TECH/FIELD	1000514	\$ 165.00	Help Wanted

Total Advertising

\$ 12,231.91

SOUTHERN PIONEER ELECTRIC COMPANY
DR 49 - DUES

1. Please provide a listing of all payments made to industry associations, including memberships, included in the Applicant's test year expenses. Please include the amount paid, date paid, payee, and the account to which the payments were recorded.
2. If any association listed in response to this DR is involved in lobbying or political activity, please provide the percentage of dues or amount of payment(s) made to each association that are related to lobbying or political activity.

DATE PD	PAYEE	DESCRIPTION	AMOUNT	ACCT #
7/29/2010	PRATT AREA CHAMBER	ANNL DUES: 2010-2011	\$ 195	930.2
1/8/2010	CREDIT BUREAU OF LIBERAL	ANNUAL MEMBERSHIP	\$ 102	930.2
Various	PIONEER ELECTRIC	KEC Dues \$1,205.87	\$ 14,470	930.2 *
Various	PIONEER ELECTRIC	KEC Dues \$1,205.88	\$ 14,471	588 *
3/12/2010	PRATT AREA CHAMBER	DUES FY 2009-2010	\$ 195	930.21
3/26/2010	KS LINE SUPERVISOR	DUES - LIEBHAM, MEASE, BEECHER	\$ 300	588
11/18/2010	RMEL	2011 DUES-RANDY MAGN	\$ 200	930.21
11/30/2010	FIRST BANKCARD	IEEE MEMBERSHIP DUES	\$ 180	588
1/8/2010	LIBERAL AREA CHAMBER	2010 DUES	\$ 2,000	426.1
3/22/2010	ML AREA CHAMBER	BRASS MEMBERSHIP	\$ 441	426.1
8/31/2010	LIBERAL AREA CH	OZ DUES	\$ 120	426.1
TOTALS			\$ 32,674	

*Kansas Electric Cooperatives is paid by Pioneer Electric Cooperative, Inc., the parent company of Southern Pioneer. Southern Pioneer's allocation percentage is reimbursed to Pioneer Electric. The percentage of dues related to lobbying or political activity in 2010 was 20.85%.

**Kansas Corporation Commission
Information Request**

Request No: 90

Company Name MID-KANSAS ELECTRIC COMPANY, LLC MKEE
Docket Number 12-MKEE-380-RTS
Request Date January 28, 2012
Date Information Needed February 6, 2012

RE: Depreciation Rates

Please Provide the Following:

1. In Docket No. 12-MKEE-191-DRS the Commission issued an Order on January 10, 2012, approving a change in MKEE's depreciation rates. Please confirm that the new depreciation rates issued in the aforementioned Order will be applied to Southern Pioneer's depreciation expense calculation.

2. If the depreciation rates do change as a result of the Commission Order, please provide an updated depreciation expense adjustment calculation that reflects the new rates.

Response:

1. The referenced docket and resulting depreciation rates apply to Mid-Kansas Electric Company and not to Southern Pioneer. They will not be applied to Southern Pioneer's depreciation expense calculation.
2. N/A.

Submitted By Andria Finger

Submitted To Richard Macke

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: Rich Macke

Date: 2/3/12

**Kansas Corporation Commission
Information Request**

Request No: 153

Company Name MID-KANSAS ELECTRIC COMPANY, LLC MKEE
Docket Number 12-MKEE-380-RTS
Request Date February 23, 2012
Date Information Needed March 2, 2012

RE: Entertainment Expenses

Please Provide the Following:

Does Southern Pioneer provide any annual dinners/parties for its employees? If yes, please provide a list of all expenditures associated with these events with the respective account numbers.

Submitted By Andria Finger

Submitted To Richard Macke

See KCC DR0153 EE Dinners.xls

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed:

Date: _____

03/02/2012 10:44:11 AM

General Ledger

Page: 1

Transaction Detail

JAN 2011 To DEC 2011

Date	Journal Description	Dept	Actv	Mod	Jrnl Reference	Debit	Credit	Balance
					Code			
Account: 1 930.4 EMPLOYEE SOCIALS-XMAS/PICNIC						Beginning Balance:		0.00
01/31/2011	141424 SPEC JAN 2011 AP	0	9	AP	0 CHRISTMAS GIFTS	33.66		33.66
	Ven: 1684 - FIRST BANKCARD	Inv: 2011021643469			Check: 691 PO:			
01/31/2011	141437 SPEC JAN 2011 AP	0	9	AP	0 CHRISTMAS PARTY MEAL	905.20		938.86
	Ven: 1684 - FIRST BANKCARD	Inv: 2011021654495			Check: 691 PO:			
01/31/2011	141437 SPEC JAN 2011 AP	0	3	AP	0 MEAL-CHRISTMAS PARTY	2,101.24		3,040.10
	Ven: 1684 - FIRST BANKCARD	Inv: 2011021656456			Check: 691 PO:			
01/31/2011	141437 SPEC JAN 2011 AP	0	15	AP	0 DECORATIONS-XMAS PARTY	209.18		3,249.28
	Ven: 1684 - FIRST BANKCARD	Inv: 2011021656456			Check: 691 PO:			
01/31/2011	141437 SPEC JAN 2011 AP	0	15	AP	0 CHRISTMAS PARTY GIFTS	870.12		4,119.40
	Ven: 1684 - FIRST BANKCARD	Inv: 2011021656709			Check: 691 PO:			
Net Amount For JAN 2011: 4,119.40						4,119.40	0.00	
02/28/2011	142669 SPEC FEB 2011 AP	0	15	AP	0 72-C BATTERIES-XMAS GIFT	96.51		4,215.91
	Ven: 1684 - FIRST BANKCARD	Inv: 2011031539139			Check: 705 PO:			
Net Amount For FEB 2011: 96.51						96.51	0.00	
09/16/2011	151287 SPEC A/P SEPT 2011	0	1	AP	0 PROPANE-COMPANY PICNIC	29.30		4,245.21
	Ven: 1866 - THE FARMERS COOPERATIVE EQUIT	Inv: 2047			Check: 1003696 PO:			
Net Amount For SEP 2011: 29.30						29.30	0.00	
10/31/2011	153352 SPEC A/P BATCH 10/2011	0	15	AP	0 MEAT FOR GOLF OUTING	122.45		4,367.66
	Ven: 1493 - PATTERSON, MELANIE A.	Inv: 2011110230038			Check: 1003995 PO:			
10/31/2011	153352 SPEC A/P BATCH 10/2011	0	100	AP	0 CLOSING EARLY AD	200.00		4,567.66
	Ven: 1988 - LIBERAL HIGH PLAINS DAILY LEAD	Inv: 2011110243351			Check: 1003993 PO:			
10/31/2011	153659 SPEC CREDIT CARDS	0	15	AP	0 POP/PANS/NAPKINS PICNIC	121.14		4,688.80
	Ven: 1684 - FIRST BANKCARD	Inv: 2011111036748			Check: 827 PO:			
10/31/2011	153659 SPEC CREDIT CARDS	0	15	AP	0 PICNIC/FISH FRY SUPPLIES	240.79		4,929.59
	Ven: 1684 - FIRST BANKCARD	Inv: 2011111039196			Check: 827 PO:			
10/31/2011	153877	0	2	FM	0 Veh Trans	236.99		5,166.58
Net Amount For OCT 2011: 921.37						921.37	0.00	
11/30/2011	155122 SPEC CREDIT CARDS	0	15	AP	0 WATERMELON-LESLIE ABBOTT	25.34		5,191.92
	Ven: 1684 - FIRST BANKCARD	Inv: 2011121261619			Check: 841 PO:			
11/30/2011	155122 SPEC CREDIT CARDS	0	15	AP	0 ICE CREAM SOCIAL-RAYKIES	46.04		5,237.96
	Ven: 1684 - FIRST BANKCARD	Inv: 2011121263465			Check: 841 PO:			
11/30/2011	155122 SPEC CREDIT CARDS	0	15	AP	0 WATERMELON WED	134.33		5,372.29
	Ven: 1684 - FIRST BANKCARD	Inv: 2011121265084			Check: 841 PO:			
11/30/2011	155122 SPEC CREDIT CARDS	0	15	AP	0 ICE CREAM SOCIAL	160.77		5,533.06
	Ven: 1684 - FIRST BANKCARD	Inv: 2011121265385			Check: 841 PO:			
Net Amount For NOV 2011: 366.48						366.48	0.00	
12/15/2011	155236 SPEC DEC 2011 ACCT PYBL	0	15	AP	0 HALL RENTAL-CHRISTMAS	100.00		5,633.06
	Ven: 2841 - KNIGHTS OF COLUMBUS CNCL 2224	Inv: 2011121531096			Check: 1004337 PO:			
12/30/2011	155891 SPEC DEC 2011 ACCT PYBL	0	15	AP	0 CHRISTMAS PARTY MEAL-ML	1,517.00		7,150.06
	Ven: 2847 - PTL-K-INC	Inv: 710568			Check: 1004432 PO:			
12/31/2011	156131 SPEC DEC 2011 ACCT PYBL	0	15	AP	0 REIMB-POP CHILI LUNCH	15.07		7,165.13
	Ven: 1893 - RICKE SANDY	Inv: 2012010544916			Check: 1004472 PO:			

Rec-153

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General Ledger

Page: 1

Transaction Detail

JAN 2011 To DEC 2011

Date	Journal Description	Dept	Actv Mod	Jrnl Reference	Debit	Credit	Balance
				<u>Code</u>			
12/31/2011	156638 SPEC CREDIT CARDS	0	15 AP	0 NACHO DAY	55.47		7,220.60
	Ven: 1684 - FIRST BANKCARD	Inv: 2012011351561		Check: 858 PO:			
12/31/2011	156638 SPEC CREDIT CARDS	0	15 AP	0 EMPLOYEE PICNIC, XMAS	658.80		7,879.40
	Ven: 1684 - FIRST BANKCARD	Inv: 2012011439241		Check: 858 PO:			
12/31/2011	156638 SPEC CREDIT CARDS	0	9 AP	0 GOLF OUTING-SUPERVISORS	7.36		7,886.76
	Ven: 1684 - FIRST BANKCARD	Inv: 2012011439001		Check: 858 PO:			
12/31/2011	156638 SPEC CREDIT CARDS	0	3 AP	0 NACHOS-EMPLOYEE APPREC	146.40		8,033.16
	Ven: 1684 - FIRST BANKCARD	Inv: 2012011439241		Check: 858 PO:			
				Net Amount For DEC 2011: 2,500.10			
					<u>2,500.10</u>	<u>0.00</u>	
					<u>8,033.16</u>	<u>0.00</u>	
					0.00	0.00	
					<u>8,033.16</u>	<u>0.00</u>	
					<u>8,033.16</u>	<u>0.00</u>	8,033.16
Subtotal For Account: 1 930.4							
Grand Total Beginning Balances:							
Grand Total Transactions: 23							
Grand Total:							

PARAMETERS ENTERED:

Division: All
 Accounts: 1 930.4
 Department: All
 Activity: All
 Sort By: Div/Acct
 Date Selection: Period
 Period: JAN 2011 To DEC 2011
 Module: All
 Journal Activity: All
 Accounts With No Transactions: No
 Extended Reference: No
 Interface Detail: Yes
 Group by Department: No
 /pro/rpttemplate/acct/2.20.3/gl/GL_TRANS_DETAIL.xml.rpt

**Kansas Corporation Commission
Information Request**

Request No: 160

Company Name MID-KANSAS ELECTRIC COMPANY, LLC MKEE
Docket Number 12-MKEE-380-RTS
Request Date February 25, 2012
Date Information Needed March 6, 2012

RE: Taxes - Other

Please Provide the Following:

Please provide all supporting workpapers for the Other Taxes test year balance of \$1,054,289. Additionally, please state if this balance is only related to Southern Pioneers federal and state income taxes.

Submitted By Laura Bowman

Submitted To Richard Macke

See KCC DR 160A. The balance is only related to Southern Pioneer's federal and state income taxes.

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____



Date: _____

3/6/12

Southern Pioneer Electric
Analysis of Deferred Tax Account

12/31/2010
Back to Index

	Gross Timing Differences				12/31/2010 Closing
	P-418 12/31/2009 Opening	CY Change	P-418 PY T/R Adjustment	Other Adjustment	
CURRENT ASSET (LIABILITY)					
Bad Debt Allowance - Subscribers	488,321	104,825	-	-	593,146
Bad Debt Allowance - Access	-	-	-	-	-
Change in Prepaid Insurance	(218,101)	(2,846)	-	-	(218,747)
Change in Prepaid Directory	-	-	-	-	-
Accrued Bonus	-	-	-	-	-
Accrued Vacation	134,854	8,013	0	-	140,968
Less: Amt Used by 3/15	(3,485)	(1,850)	-	-	(5,335)
Accrued Sick Leave	37,894	13,478	0	-	51,082
Vehicle Repairs capitalized for books	(58,120)	(27,161)	-	(0)	(85,281)
Obsolete Inventory	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
TOTAL CURRENT	483,173	92,768	0	(0)	485,932
NON-CURRENT ASSET (LIABILITY)					
Pension Liability/Deferred Comp	(480,380)	(127,209)	27,022	-	(580,567)
Depreciation - Book	28,124,573	(1,753,006)	348,345	1	24,717,911
Depreciation - Tax	(30,802,987)	(3,443,481)	(51,227)	-	(34,067,675)
A/C 1.196.3 Armor, Software - Book	-	32,804	20,678	-	53,483
Capitalized Startup Costs - NBV Tax	365,898	(32,184)	-	-	353,804
Acquisition Adjustment - Book A/D	1,565,541	785,444	-	-	2,350,985
Acquisition Adjustment - Tax A/D	(3,141,118)	(1,570,550)	0	-	(4,711,677)
481A Adjustments	-	-	-	-	-
Passthrough Income Adjustment	-	-	-	-	-
MKEC - Book	(2,536,080)	(1,474,781)	-	1	(4,010,840)
MKEC - Tax	5,240,036	1,474,781	-	-	6,714,786
Capital Credit Adjustments	-	-	-	-	-
Contribution Timing Adjustments	30,570	8,712	-	-	39,282
AFUDC	-	-	-	-	-
AKI to Construction receipts - Cost	3,003,883	200,438	(7,388)	1	3,196,734
Federal NOL C/F	1,455,542	3,029,743	(270,281)	-	4,215,024
KS NOL C/F	3,649,304	3,029,743	(270,281)	-	6,408,786
AMT Credit C/F	-	-	-	-	-
KS AMT Credit C/F	-	-	-	-	-
TOTAL NON-CURRENT	4,884,821	180,429	(205,069)	3	4,860,175
Impairment/Valuation Adjustments	-	-	-	-	-
TOTAL DEFERRED ASSET (LIABILITY)	5,097,794	253,179	(208,068)	3	5,146,907

Check 0

	Effective Tax Rate		Net	12/31/2010 Ending
	Federal - net of State 34.0%	7.40%		
Deferred Income Tax Account				
12/31/2009 Opening	188,879	40,798	-	230,678
Tax (Provision) Benefit	(84,028)	(1,028)	-	(85,056)
Tax Return Adjustment	-	-	0	-
Other Adjustment	-	-	-	-
TOTAL CURRENT	104,851	39,770	0	144,621
NON-CURRENT				
(186,785)	(49,487)	10,507	-	(225,775)
10,158,278	(881,840)	134,673	0	9,011,312
(11,886,885)	(1,338,955)	(19,919)	-	(13,258,540)
-	12,755	8,041	-	20,796
150,000	(12,507)	-	-	137,573
808,745	305,412	-	-	914,157
(1,221,382)	(810,898)	-	-	(1,832,888)
-	-	-	-	-
-	-	-	-	-
(986,129)	(573,448)	-	-	(1,559,575)
2,037,836	573,448	-	-	2,610,881
-	-	-	-	-
11,887	3,388	-	-	15,274
-	-	-	-	-
1,187,844	77,837	(2,884)	0	1,243,918
484,884	1,030,112	(91,888)	-	1,433,108
178,232	147,973	(13,200)	-	313,005
-	-	-	-	-
TOTAL NON-CURRENT	813,804	(1,115,768)	25,348	(77,616)
TOTAL DEFERRED ASSET (LIABILITY)	870,374	(1,079,839)	25,348	(62,114)

Z ③ Nonoperating
1,051,408



Total Change in Def. Income Tax
\$1,054,289

**Kansas Corporation Commission
Information Request**

Request No: 198

Company Name

Docket Number 12-MKEE-380-RTS

Request Date March 30, 2012

Date Information Needed April 9, 2012

Please Provide the Following:

In Spec Hourly Loads spreadsheets provided with the responses to Staff DRS# 138 [2010 LAC billing demand data] and DR#183 [2011 billing demand data], there appears to be an error in the Tab "Hourly Loads", Column L (labeled as "Input to 34.5 less 3rd Party (A)"): Row L10 - a note stating "(1-2-3-4)", - seems to be indicating the formula should be subtracting values in Columns H through K from those in Column G. However, currently, the formula is not picking up Column J [National Beef] values at all, but is attempting to add empty row "K".

Please, verify the formula for row L. If the error exists:

1. Identify what the corrected formula should be, apply the correction and re-submit the corrected Hourly Loads and Summary spreadsheets for both 2010 and 2011 data.

Answer: The correct formula should subtract columns H through J from column G as shown in this example: "=G11-SUM(H11:J11)".

2. In addition, for 2010 data - please, explicitly identify the total \$ amount, as well as the percentage change in LAC billing determinants and the resultant LAC rates (compared to what is currently in Company's direct testimony) resulting from this correction.

Answer: Please reference the table below. Please note that the formula correction identified above requires a re-determination of the LAC system CP date and time. I have separated the information into Total 34.5 kV and Schedule LAC. Due to the correction and a new system peak date and time the allocation between the retail and wholesale customers has changed.

	As Filed	Corrected	Change
Total 34.5 kV Revenue Requirements	\$3,439,611	\$3,439,611	0.0%
Total 34.5 kV Billing Determinants	1,294,746	1,061,430	-18.0%
Schedule LAC Revenue Requirements	\$1,021,470	\$1,283,329	25.6%
Schedule LAC Billing Determinants	384,011	396,089	3.1%
Schedule LAC Rate (\$/kW)	\$2.66	\$3.24	21.8%

3. Please, explain the reason loads for the "Air Products + Nat. Helium + Nat. Beef" <columns H through J> should be subtracted from the WHM on these SPEC Hourly Loads spreadsheets and specify the voltages these 3 customers are served off.

Answer: Instead of having 40+ columns of individual delivery points, the members load is already totalized for billing purposes. In the instance of Southern Pioneer there are three retail customers that are served from the 115kv transmission system (Air Products, National Helium, and National Beef. In order to get back to the actual load on the 34.5kv facilities these three customers have to be deducted out.

Submitted By Elena Larson

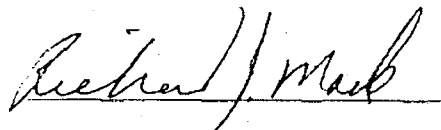
Submitted To Richard Macke

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed:



Date:

4/4/12

CERTIFICATE OF SERVICE

12-MKEE-380-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 20th day of April, 2012, to the following parties:

GLEND A CAFER, ATTORNEY
CAFER LAW OFFICE, L.L.C.
3321 SW 6TH STREET
TOPEKA, KS 66606

TERRI PEMBERTON, ATTORNEY
CAFER LAW OFFICE, L.L.C.
3321 SW 6TH STREET
TOPEKA, KS 66606

RAY BERGMEIER, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027

HOLLY FISHER, ATTORNEY
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD ROAD
TOPEKA, KS 66604-4027

MARK DOLJAC, DIR RATES AND REGULATION
KANSAS ELECTRIC POWER CO-OP, INC.
600 SW CORPORATE VIEW (66615)
PO BOX 4877
TOPEKA, KS 66604-0877

J. MICHAEL PETERS, GENERAL COUNSEL
KANSAS ELECTRIC POWER CO-OP, INC.
600 SW CORPORATE VIEW (66615)
PO BOX 4877
TOPEKA, KS 66604-0877

DON GULLEY, SENIOR MANAGER REGULATORY RELATIONS AND BILLING
MID-KANSAS ELECTRIC COMPANY, LLC
301 WEST 13TH STREET
PO BOX 980
HAYS, KS 67601

RANDY MAGNISON, CHIEF OPERATING OFFICER
SOUTHERN PIONEER ELECTRIC COMPANY
PO BOX 368
1850 W OKLAHOMA
ULYSSES, KS 67880-0368

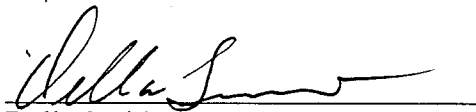
MARK D. CALCARA, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN STREET SUITE 300
PO DRAWER 1110
GREAT BEND, KS 67530

LINDSAY A. SHEPARD, ATTORNEY
WATKINS CALCARA CHTD.
1321 MAIN STREET SUITE 300
PO DRAWER 1110
GREAT BEND, KS 67530

CURTIS M. IRBY, ATTORNEY
GLAVES IRBY & RHOADS
SUITE 1050
155 NORTH MARKET
WICHITA, KS 67202

LARRY HOLLOWAY, OPERATIONS MANAGER
KANSAS POWER POOL
200 WEST DOUGLAS, SUITE 601
WICHITA, KS 67202

COLIN M. WHITLEY, CEO/GENERAL MANAGER
KANSAS POWER POOL
200 WEST DOUGLAS, SUITE 601
WICHITA, KS 67202



Della Smith
Administrative Specialist