

BEFORE THE KANSAS CORPORATION COMMISSION

OF THE STATE OF KANSAS

In the Matter of the Application of Prairie)
Land Electric Cooperative, Inc. Seeking)
Commission Approval to Update Its Local) Docket No. 24-PLCE-__684__-__TAR__
Access Delivery Service Tariff Pursuant to)
the 34.5kV Formula Based Rate Plan)
Approved in Docket No. 21-SEPE-049-TAR.)

PREFILED DIRECT TESTIMONY OF

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

ON BEHALF OF

PRAIRIE LAND ELECTRIC COOPERATIVE, INC.

April 29, 2024

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PART I - QUALIFICATIONS

Q. Please state your name and business address.

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

Q. What is your profession?

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

Q. What is your educational background?

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

Q. What is your professional background?

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

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

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

3 A. Yes, I filed Rebuttal testimony in the KCC Docket No. 21-SEPE-049-TAR (“21-049 Docket”)
4 where Commission approved the continuation of Prairie Land’s 34.5kV Formula Based Rate
5 (“34.5kV FBR”) plan, and Direct Testimony in Docket Nos. 21-PLCE-406-TAR, 22-PLCE-
6 496-TAR, and 23-PLCE-789-TAR. I have also been closely involved in the annual update
7 filings for the Cooperative’s initial 34.5kV FBR five-year plan approved by the Commission
8 in the Docket No. 16-MKEE-023-TAR.

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

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

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

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

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23
24 2020, Mid-Kansas and Sunflower merged into a single entity. However, for purposes of this filing, all
25 data inputs used to calculate the LADS rate still represent the Cooperative’s Mid-Kansas division’s data, as
required by the Commission-approved Protocols for the 34.5kV Formula-Based Rate Plan.

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

2 **Q. What is Prairie Land's opinion concerning the proposed 2023 34.5kV FBR rate**
3 **remaining the same as currently in effect at \$2.76/kW?**

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

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

11 A. Yes. Prairie Land's debt related to extraordinary purchase power costs incurred in February
12 2021 as a result of Storm Uri, to be paid over a 3 year period, has a correlating retail rider set
13 to recover these costs from its retail members over the same period of time. As Mr. Craswell
14 noted on pages 7-8 of his Prefiled Testimony filed in the instant Docket, the said extraordinary
15 costs are segregated and clearly identifiable as shown in Exhibit 8, also provided in the instant
16 Docket. Accordingly, Prairie Land believes the resultant rate, as detailed in Mr. Carswell's
17 Prefiled Direct Testimony and included in the proposed LADS tariff, is just and reasonable, as
18 it is based on the cost of service ("COS") and follows the Commission-prescribed
19 methodology.

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

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

- 1 1. The date the filing was made with the Commission and the docket number assigned.
- 2 2. The amount of the revenue adjustment sought.
- 3 3. The resulting rate impact.
- 4 4. A statement explaining that the rate adjustment is being made pursuant to the 34.5kV
5 FBR, with a cite to Docket No. 21-SEPE-049-TAR and the date of the Commission's
6 April 15, 2021 Order approving the application for continuation of Prairie Land's
7 34.5kV FBR for another five-year term.
- 8 5. A Prairie Land contact person and phone number for questions.

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

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

16 **Q. Has Prairie Land (Mid-Kansas division) calculated its Distribution Equity Ratio for the**
17 **2023 Test Year?**

18 A. Yes. Table 1 on the following page evidences that for 2023, Prairie Land's Distribution Equity
19 Ratio (for the Mid-Kansas division), calculated to be at 34.58 percent, was below the
20 prescribed 36.31 percent threshold. This calculation was performed using the unsocialized
21 margins (based only on the margins actually earned by Prairie Land's Mid-Kansas division),
22 as directed by Commission Staff and reflected in the Commission Order in the 21-049 Docket.²

24 ² Equity ratio after removing \$283,835.68 in deferred debit associated w/ Storm Uri is approximately 34.70%,
25 still below the authorized cap.

Table 1. Prairie Land (Mid-Kansas Division) 2023 Distribution Equity Ratio			
Excluding investment in Associated Organizations			
Bal. Sheet			
Ln. No.			
C29	Total Assets & Other Debits	\$	98,938,559.05
C36	Total Margins & Equities	\$	45,880,797.80
C8	Investment in Associated Organizations - Patronage Capital	\$	17,473,129.39
C9	Investment in Associated Organizations - Other - General Funds	\$	366,826.02
C10	Investment in Associated Organizations - Other - Nongeneral Funds	\$	-
	Total Investment in Associated Organizations	\$	17,839,955.41
Distribution Equity Ratio	$\frac{C36 - (C8+C9+C10)}{C29 - (C8+C9+C10)}$	=	$\frac{\$45,880,797.80 - \$17,839,955.41}{\$98,938,559.05 - \$17,839,955.41}$ = 34.58%

Table 2. Prairie Land (Mid-Kansas Division) 2023 Investment in Associated Organizations		
Bal. Sheet		
Ln. No.	Description	Amount
C8	Cooperative Response Center - Equity Investment	6,871.58
	Federated Insurance Capital Credits	262,166.65
	Kansas Electric Cooperatives - Capital Credits	17,498.05
	Mid West Energy - Capital Credits	247.32
	Farmway Co-op - Capital Credits	323.46
	NRUCFC - Capital Credits	879,226.43
	Rural Telephone Capital Credits	2,741.66
	CoBank - Capital Credits	1,781.56
	National Information Solutions Cooperative - Capital Credits	99,485.87
	National Rural Telecommunications Cooperative	8,600.82
	Sunflower Electric Power Corp - Patronage Capital	5,190,428.22
	Mid-Kansas Electric Company/Sunflower Electric Power Corporation - Margins Allocation	11,003,757.77
		<u>17,473,129.39</u>
C9	Mid-Kansas Electric Company - Margins Allocation	366,826.02
C10		-
Total Investment in Associated Organizations		17,839,955.41

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

A. This Item requires the Cooperative to provide a summary explanation of any material increases from the previous year (where “material” is quantified to be over 10 percent) in a COS item for the 34.5kV FBR. Comparing line items in Column (i) FBR Revenue Requirement on Exhibit 5, Page 1 submitted in the instant Docket against the same categories as approved last year by the Commission in the 23-PLCE-789-TAR Docket, Interest-Other is the only category showing an increase of over 10 percent when compared to the 2023 COS. See the following summary in Table 3.

Table 3. Prairie Land (Mid-Kansas Division) COS Item Comparison					
COS Item Description	2023 FBR Revenue Requirement	2024 FBR Revenue Requirement	Diff \$	Diff \$	
<u>Operating Expenses</u>					
Transmission O&M	\$ 626,442	\$ 589,539	\$ (36,903)		-6%
Administration & General	\$ 125,472	\$ 126,384	\$ 911		1%
Depreciation & Amortization					
Transmission	\$ 677,785	\$ 686,578	\$ 8,793		1%
General Plant	\$ 7,395	\$ 7,742	\$ 348		5%
Property Tax	\$ -	\$ -	\$ -		
Other Taxes	\$ -	\$ -	\$ -		
L.T. Interest	\$ 652,602	\$ 639,848	\$ (12,754)		-2%
Interest Charged to Construction	\$ -	\$ -	\$ -		
Interest - Other	\$ 3,781	\$ 18,341	\$ 14,560		385%
Other Deductions	\$ -	\$ -	\$ -		
<u>Margin Requirement Components</u>					
Principal Payments	\$ 619,349	\$ 546,533	\$ (72,816)		-12%
L.T. Interest	\$ 652,602	\$ 639,848	\$ (12,754)		-2%

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

A. The increase in Interest Expense - Other as shown in the FBR Revenue Requirement is due to an increased use in our line of credit in 2023. Instead of drawing down long term debt, we elected to utilize our line of credit through the majority of 2023, with the primary driver being the uptick in construction costs due to increase in prices. Rising interest rates also contributed to the increase in this expense category. However, it should be noted that the portion allocated to the 34.5kV FBR for the 2023 Test Year, while showing a significant

1 percentage increase, is only \$14,560 higher than the amount in last year's 34.5kV FBR and
2 accounts for only 0.67 percent of the Revenue Requirement.

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

4 A. I support Mr. Carswell's recommendation to approve Prairie Land's Application in the instant
5 Docket, as the resultant rate is reflective of the COS, was calculated in accordance to the
6 Commission-approved 34.5kV FBR Protocols, and therefore is just and reasonable and is in
7 the public interest.

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

9 A. Yes, it does.

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VERIFICATION OF KIRK GIRARD

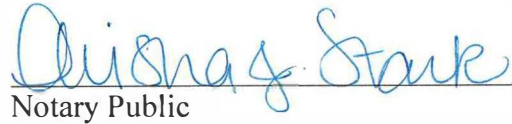
STATE OF KANSAS)
) ss:
COUNTY OF NORTON)

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



Kirk Girard

SUBSCRIBED AND SWORN to before me this 29 day of April, 2024.


Notary Public

My Appointment Expires: 1-21-2025