

BEFORE THE STATE CORPORATION COMMISSION  
OF THE STATE OF KANSAS

In the Matter of the Application of The	)	
Victory Electric Cooperative Association,	)	
Inc. Seeking Commission Approval to	)	Docket No. 23-VICE- <u>793</u> - TAR
Update Its Local Access Delivery Service	)	
Tariff Pursuant to the 34.5kV Formula Based	)	
Rate Plan Approved in	)	
Docket No. 21-SEPE-049-TAR.	)	

**APPLICATION**

COMES NOW, The Victory Electric Cooperative Association, Inc. (“Victory” or “Cooperative”), and pursuant to K.S.A. 66-117, hereby files this Application with the Kansas Corporation Commission (“KCC” or “Commission”) for the purpose of updating its Local Access Delivery Service (“LADS”) tariff. Expressly, Victory proposes to increase the LADS demand charge assessed on the wholesale users (“Third Party”) of its 34.5kV system from \$2.80 per kW to \$3.07 per kW in accordance with the 34.5kV Formula Based Rate (“34.5kV FBR”) plan approved in Docket No. 21-SEPE-049-TAR (“21-049 Docket”). In support of its Application, Victory states as follows:

**I. Background**

1. Victory is a member-owned distribution electric cooperative. Headquartered in Dodge City, Kansas, Victory’s 72 employees maintain and operate 3,175 miles of line in parts of 9 Southwest Kansas counties. Victory serves approximately 20,000 retail customers in its Native and Mid-Kansas service areas combined.<sup>1</sup> Victory also serves some wholesale customers

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<sup>1</sup> Provision of service to the retail customers in the Mid-Kansas service area has been established pursuant to the Certificate and Order approved by the Commission on November 21, 2013 in Docket No. 13-MKEE-447-MIS (“13-447 Docket”). Prior to January 1, 2020, Victory was also a member-owner of the Mid-Kansas Electric Company,

(referred to as Third Party) over the 34.5kV system in its Mid-Kansas service area. The subject 34.5kV facilities were found to provide “transmission service” under the Kansas law.<sup>2</sup>

2. Victory has opted to deregulate from the jurisdiction, regulation, and control of the Commission, pursuant to K.S.A. 66-104d.<sup>3</sup> However, under subsection (f) of this statute, certain operations and transactions of deregulated electric cooperatives continue to be regulated by the Commission, including “charges, fees or tariffs for transmission services.” The Local Access Delivery Service tariff (available in the Victory Mid-Kansas service area and applicable to the Cooperative’s wholesale customers using its 34.5kV system) is an example of the latter and therefore remains subject to Commission regulation.
3. On July 29, 2020, Victory, along with Sunflower and three of its other member utilities, filed a Joint Application in the 21-049 Docket for continuation of individual alternative FBR plans that would allow the member utilities to make annual adjustments to LADS rates for use of their corresponding 34.5kV sub-transmission assets.<sup>4</sup> On February 16, 2021, Sunflower and its four member utilities, Commission Staff, Kansas Electric Power Cooperative, Inc. (“KEPCo”), Kansas Power Pool (“KPP”), and Kansas Municipal Energy Agency (“KMEA”) filed a Joint Motion for Approval of a Unanimous Settlement Agreement. On April 15, 2021,

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LLC (“Mid-Kansas”). Mid-Kansas and Sunflower merged into a single entity effective January 1, 2020. However, all 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.

<sup>2</sup> Order Addressing Joint Motion to Approve Stipulation and Agreement under Docket No. 11-GIME-597-GIE, issued January 11, 2012 (see also the Stipulation and Agreement, filed December 1, 2011 under the same docket).

<sup>3</sup> This is true for both of Victory’s Native and Mid-Kansas service areas. For Mid-Kansas’ service area deregulation, see June 6, 2014 Commission Order Affirming Victory Electric Cooperative, Inc.’s Election to Deregulate under Docket. No. 14-VICE-565-DRC.

<sup>4</sup> The Application for the initial five-year term of Victory’s and three other Sunflower members’ FBR plans was approved by the Commission on March 10, 2015 in Docket 16-MKEE-023-TAR (“16-023 Docket”). The Application in the 21-049 Docket, while requesting the continuation of the FBRs approved in the 16-023 Docket, also sought limited modification and minor clarifications to the initial FBRs – such as simplifying the process by adopting a historical test year and eliminating debt service projections and clarifying some language in the Protocols. Parties also sought to update the line loss factors for their respective LADS tariffs.

the Commission issued an Order Approving Settlement Agreement and the corresponding Protocols defining each of the four affected utilities' respective 34.5kV FBR Plans for another five-year term. Victory's Commission-approved 34.5kV FBR Protocols ("Protocols") are attached to the April 15, 2021 Commission Order Approving Unanimous Settlement Agreement as Attachment A2 to Exhibit A. The Protocols direct the Cooperative to file annual updates to its LADS rate by May 1 of each year.<sup>5</sup> Accordingly, Victory is hereby submitting the third Annual Update to its renewed five-year 34.5kV FBR Plan in compliance with the Commission Order in the 21-049 Docket.

4. In addition to the undersigned, copies of pleadings, documents, and correspondence in this docket should be sent to:

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## **II. Proposed Changes to the Local Access Delivery Service Tariff and Supporting Exhibits**

5. Under the provisions of the LADS tariff, Victory assesses a monthly demand rate, sometimes referred to as Local Access Charge, on its wholesale customers taking service over its 34.5kV facilities (Third Party users). The currently effective LADS rate of \$2.80 per kW was last approved by the Commission in Docket No. 22-VICE-498-TAR. The Protocols for the 34.5kV FBR approved in the 21-049 Docket direct Victory to utilize a most recent 2022 Historical Test Year for purposes of updating a monthly demand charge assessed under the LADS tariff. This

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<sup>5</sup> Or the next Business Day when the Commission's offices are open if May 1 is not a Business Day.

year's filing also contains the same extraordinary adjustment to exclude debt service associated related to Storm Uri, as directed by the Emergency Order issued by the Commission on February 15, 2021 in Docket No. 21-GIMX-303-MIS ("21-303 Docket").<sup>6</sup> The Prefiled Direct Testimony of Ms. Elena Larson, filed with this Application, explains and supports the proposed rate of \$3.07/kW indicated in the updated tariff (included with this Application as Exhibit 12). The detailed calculation performed in the template as prescribed by the 34.5kV FBR Protocols is contained in Exhibit 5 attached to the Application.

6. In addition to Ms. Larson's testimony, Victory is also submitting the Prefiled Direct Testimony of Mr. Shane Laws, Victory's Chief Executive Officer. Mr. Laws' testimony: (1) affirms Victory's support for the calculation as contained in Ms. Larson's Direct Prefiled Testimony; (2) confirms Victory will notify its customers as required in Section C of the Protocols; (3) attests to the Equity Test requirement noted in Section G of the Protocols; and (4) provides an insight as to the information required by item No. 10 listed in Section E of the Protocols. Combined, this Application and the Prefiled Direct Testimony of Mr. Laws and Ms. Larson fulfill the requirement specified under item No. 1 listed in Section E of the Protocols.
7. Further, to support its Annual Update filing, Victory includes the following documents, as prescribed in Section E of Victory's Commission-approved 34.5kV FBR Protocols:
  - **Exhibit 2** - A complete audited December United States Department of Agriculture Rural Utilities Service ("RUS") Financial and Statistical Report ("Form 7") for 2022 detailing the consolidated financial position of Victory (the combined financial position of the acquired Mid-Kansas division and the native division).

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<sup>6</sup> See page 3, Part C of the Order. Given Victory amortized the loan related to Storm Uri over 2 years, similar adjustment was needed again this year.

- **Exhibit 3** - Same as above, as the combined RUS Form 7 contains the financial statements (Income statement, Balance Sheet, etc.) detailing the consolidated financial position of Victory. Victory's RUS Form 7 being submitted has been audited.
- **Exhibit 4** - Victory's Comparative Operating Income Statement and Balance Sheet for the 2020 - 2022 (Mid-Kansas division data).
- **Exhibit 5** - Completed formulas as approved for Victory by the Commission in Docket No. 21-SEPE-049-TAR (PDF and a populated Excel formula template in fully functional spreadsheets, with all work papers attached).
- **Exhibit 6** - 2020 - 2022 Trial Balance (Mid-Kansas division data).
- **Exhibit 7** - 2020 - 2022 Payroll Journal (Mid-Kansas division data).
- **Exhibit 8** - Other applicable supplemental schedules necessary to audit the filing.
- **Exhibit 9** - A complete detailed accounting, by account, of all dues, donations, charitable contributions, promotional advertising, penalties and fines, and entertainment expenses incurred during 2022.
- **Exhibit 10** - A summary explanation of any material increases (more than 10 percent in a cost of service item from the previous year). This item is contained in Mr. Laws' Prefiled Direct Testimony.
- **Exhibit 11** - A narrative describing the process used to allocate any costs to the acquired Mid-Kansas division from the native division or from the consolidated financials of Victory.
- **Exhibit 12** - Proposed tariff sheets including the proposed rate adjustment.

### **III. Requested Timeline for Commission Action**

8. As envisioned in the Commission-approved 34.5kV FBR Protocols, Section B, the final ruling in the instant Docket will be issued prior to the standard 240 days allotted under the K.S.A. 66-117; rather, the Commission Order on the Annual Update is to be issued within 150 - 180 days after Victory submits its Annual Update. To ensure the effective and timely process for all the involved parties, Victory respectfully requests the Commission take action on this Application as soon as administratively possible, including the issuance of the Commission Procedural and/or Discovery and the Protective Orders in accordance with the guidelines noted in Section B of the Protocols.

The proposed rate as contained in the updated LADS tariff attached hereto as Exhibit 12 is just and reasonable, as it is based on the established methodology approved by the Commission. Specifically, it is calculated in a comprehensive manner that follows the guidelines detailed in the Protocols as approved for Victory's 34.5kV FBR plan in the 21-049 Docket and adheres to the Commission's Emergency Order issued in the 21-303 Docket. Furthermore, Victory's filing submitted hereto is adequately supported by the complete list of the required filing information specified in Section E of the 34.5kV FBR Protocols.

WHEREFORE, Applicant respectfully requests that the Commission (1) issue an Order approving its updated Local Access Delivery Service tariff and (2) for such other and further relief as the Commission may deem just and proper.

Respectfully submitted,



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/s/ Taylor P. Calcara

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**ATTORNEYS FOR THE VICTORY**  
**ELECTRIC COOPERATIVE ASSOCIATION,**  
**INC.**

VERIFICATION

STATE OF KANSAS

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COUNTY OF FORD

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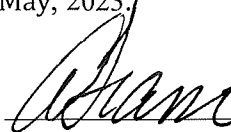
Shane Laws, of lawful age, being first duly sworn upon this oath, states:

That he is official representative of the above-named Applicant, The Victory Electric Cooperative Association, Inc.; that he has read the above and foregoing Application, and, upon information and belief, states that matters therein appearing are true and correct.



Shane Laws

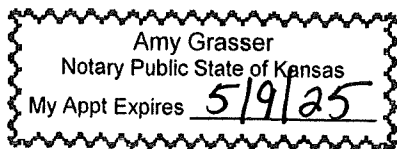
SUBSCRIBED AND SWORN to before me this 1<sup>st</sup> day of May, 2023.



Notary Public

Seal:

My Commission expires:





## CERTIFICATE OF SERVICE

I, the undersigned, hereby certify that a true and correct copy of the foregoing pleading was electronically served this 1st day of May 2023 to:

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