

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

In the Matter of the Annual Filing of Southern)
Pioneer Electric Company for Approval to)
Make Certain Changes to its Charges for)
Electric Services, Pursuant to the Debt Service)
Coverage Formula Based Ratemaking Plan) Docket No. 18-SPEE-477-RTS
Approved in Docket No. 13-MKEE-452-MIS)
and 34.5kV Formula Based Ratemaking Plan)
Approved in Docket No. 16-MKEE-023-TAR.)

PREFILED DIRECT TESTIMONY OF

**RANDALL D. MAGNISON
EXECUTIVE VICE PRESIDENT – ASSISTANT CHIEF EXECUTIVE OFFICER
SOUTHERN PIONEER ELECTRIC COMPANY**

ON BEHALF OF

SOUTHERN PIONEER ELECTRIC COMPANY

April 30, 2018

1 **I. INTRODUCTION AND BACKGROUND**

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

3 A. My name is Randall D. Magnison. My business address for legal service is 1850 W.
4 Oklahoma, Ulysses Kansas 67880 and for mail receipt, PO Box 430, Ulysses Kansas 67880-
5 0430.

6 **Q. What is your profession?**

7 A. I am the Executive Vice President and Assistant Chief Executive Officer (“Assistant CEO”)
8 of Southern Pioneer Electric Company (“Southern Pioneer”), a wholly owned subsidiary of
9 Pioneer Electric Cooperative, Inc. (“Pioneer”), pursuant to the Services Agreement entered
10 into between Pioneer and Southern Pioneer on July 7, 2006. Our corporate office is located
11 in Ulysses, Kansas, and our distribution-customer service offices are located in Liberal and
12 Medicine Lodge, Kansas.

13 **Q. Please describe your responsibilities with Southern Pioneer.**

14 A. As the Executive Vice President and Assistant CEO of both companies, I provide assistance
15 to the Chief Executive Officer (“CEO”) in the day-to-day management of both Pioneer and
16 Southern Pioneer. Additionally, I oversee all of the Human Resource functions, personnel,
17 compensation planning, benefits administration and regulatory/compliance activities,
18 including ratemaking and regulatory filings. Further, as the Assistant CEO, I work directly
19 for the CEO and with the Board of Directors in establishing policy and rates, implementing
20 strategic programs, and conducting the overall operation of both Pioneer and Southern
21 Pioneer to ensure reliable service at a competitive cost, using generally acceptable industry
22 business practices.

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

2 A. The purpose of my testimony is to support the consolidated compliance filing (“Annual
3 Filing”) in Southern Pioneer’s Debt Service Coverage (“DSC”) Formula Based Ratemaking
4 (“FBR”) Pilot Program (referred to hereafter as the “DSC-FBR Plan” or “DSC Plan”),
5 which results in a rate increase of \$1,311,929, or overall rate increase of just under 2.0%¹
6 for retail ratepayers **and** Southern Pioneer’s 34.5kV Formula-Based Rate (“FBR”) Plan
7 (referred to hereafter as the “34.5kV FBR Plan”), which results in a rate increase of
8 approximately \$110,656 overall by Southern Pioneer. Applying a load ratio share (“LRS”)
9 to the increase from the 34.5kV FBR Plan, approximately \$46,386 or about 42 percent is
10 applicable to Southern Pioneer’s wholesale Local Access Delivery Service (“LADS”)
11 customers, and the remaining approximate \$64,270, or about 58 percent, is applicable to
12 those Southern Pioneer retail consumers taking service over its 34.5kV sub-transmission
13 system. The resultant proposed wholesale LADS rate is \$5.00/kW. Specifically, my
14 testimony will (1) provide historical information on Southern Pioneer; (2) summarize and
15 convey the comments of the Southern Pioneer Consumer Advisory Council (“Council”) as
16 it relates to the DSC-FBR Plan and 34.5kV FBR Plan and any rate adjustments therefrom;
17 (3) summarize any material changes in cost of service; (4) affirm, as part of calculating the
18 revenue requirement adjustment and incorporating the Commission’s policy and practice,
19 Southern Pioneer’s continued removal of 100% of certain promotional or corporate
20 advertising expenses and limiting to 50% the amount of certain dues, donations and
21 charitable contribution expenses; (5) clarify and explain the inclusion of an adjustment to
22 revenue in the DSC FBR Plan resulting from under-recovered wholesale power cost

¹ Or 1.9% increase if compared to 2017 historical total retail rate schedule revenues of \$67,953,133.

1 incurred in 2016 that was inadvertently omitted from Southern Pioneer's 2017 Commission-
2 authorized Annual Cost Adjustment ("ACA") to be recovered in the filed 2018 ACA; and
3 (6) since this is the final filing of the DSC Plan and 34.5kV FBR Programs, summarize
4 Southern Pioneer's intentions as it relates to continuing the FBR programs in future years,
5 etc.

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

7 A. I graduated from Friends University in 1991 with a Bachelor of Science Degree in Human
8 Resource Management. In 2005, I successfully completed the National Rural Electric
9 Cooperatives' Management Internship Program through the University of Wisconsin.

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

11 A. I was employed in July 2000 as the Assistant to the CEO at Pioneer Electric. In September
12 2005, I served a dual role as the Assistant to the CEO and Southern Pioneer's Executive
13 Vice President-Chief Operating Officer ("COO"). As the COO of Southern Pioneer, I was
14 instrumental in the formation of Southern Pioneer and coordinated the acquisition and
15 transition of Southern Pioneer's portion of the acquired Aquila, Inc., d/b/a Aquila Networks-
16 WPK ("Aquila") assets from an investor-owned utility to that of a for-profit C-Corporation,
17 owned by a cooperative and agreeing to operate as a taxable, not-for-profit entity. In May
18 2011, I was appointed the Executive Vice President and Assistant CEO of both Pioneer and
19 Southern Pioneer, the position I continue to hold today. Prior to July of 2000, I served as
20 Manager of Benefits for Sunflower Electric Power Corporation ("Sunflower") in Hays,
21 Kansas, where I managed all Statutory and Welfare Benefit Programs, and provided support
22 to all Sunflower Member Systems and the 500 plus system employees. Prior to Sunflower,
23 I served seven years as the Administrator at a regional accounting firm where I managed

1 the daily activities of the firm, as well as provided compensation and benefit consulting to
2 clients.

3 **Q. Have you previously presented testimony before the Commission?**

4 A. Yes. I have filed both direct and rebuttal testimony as well as comments and compliance
5 reports in Docket Nos. 06-MKEE-524-ACQ (the “06-524 Docket”), 12-MKEE-380-RTS
6 (the “12-380 Docket”), 13-MKEE-452-MIS (the “13-452 Docket”), 14-SPEE-507-RTS (the
7 “14-507 Docket”), 15-SPEE-116-RTS, 15-SPEE-519-RTS (the “15-519 Docket”), 15-
8 SPEE-161-RTS (the “15-161 Docket”), 15-GIMX-344-GIV, 16-MKEE-023-TAR (the “16-
9 023 Docket”), 16-SPEE-497-RTS (the “16-497 Docket”), 16-SPEE-501-TAR (the “16-501
10 Docket”), 17-KPPE-092-COM, 17-SPEE-129-TAR, 17-SPEE-476-TAR (the “17-476
11 Docket”) and 18-SPEE-241-TAR. In addition to preparing testimony or testifying before
12 the Commission, I have filed applications for the purpose of adopting an *ad valorem* tax
13 surcharge in Docket Nos. 13-MKEE-695-TAR, 14-SPEE-297-TAR, 15-SPEE-267-TAR,
14 16-SPEE-306-TAR, 17-SPEE-263-TAR and 18-SPEE-270-TAR.

15 **Q. In addition to your testimony, is Southern Pioneer offering other testimony in support
16 of this Application?**

17 A. Yes. Utilizing the prescribed Protocols adopted in the 13-452 Docket and 16-023 Docket,
18 Mr. Richard J. Macke, rate consultant with Power System Engineering, Inc. (“PSE”), has
19 calculated Southern Pioneer’s adjusted DSC ratio for the test year as compared to the
20 Commission-approved target for the DSC-FBR Plan, and Southern Pioneer’s required
21 revenue requirement for the 34.5kV sub-transmission facilities-only portion of Southern
22 Pioneer’s utility system using a limited true-up for the 34.5 kV FBR Plan. Additionally,

1 Mr. Macke has prepared proposed combined retail tariffs to achieve the slightly increased
2 combined retail revenue requirement to meet the targets in these Annual Filings.

3 **Q. Are there exhibits to support the Application and Annual Filings?**

4 A. Yes, all of the exhibits, as outlined in the Protocols, are attached to the Application rather
5 than attached to individual testimony.

6 **II. SOUTHERN PIONEER**

7 **Q. Please provide some historical information on the origination of and describe the**
8 **business activities of Southern Pioneer.**

9 A. Southern Pioneer was formed in 2005 in response to Aquila's announcement of its intention
10 to sell its Kansas electric assets. Five member-owner cooperatives of Sunflower Electric
11 Power Corporation ("Sunflower") and Southern Pioneer, a wholly owned subsidiary of
12 Pioneer, joined to form Mid-Kansas Electric Company, LLC ("Mid-Kansas"), a not-for-
13 profit limited liability company, to acquire and serve the former Aquila service territory.
14 Mid-Kansas and Aquila executed an Asset Purchase Agreement dated September 21, 2005
15 ("the Acquisition"), and submitted the agreement to the State Corporation Commission of
16 the State of Kansas ("Commission" or "KCC") for approval in the 06-524 Docket. On
17 February 23, 2007, the Commission approved the Acquisition, and pursuant to Commission
18 order, on April 1, 2007, Southern Pioneer began to serve and independently operate a
19 designated geographic portion of the Mid-Kansas certificated territory formerly serviced by
20 Aquila. At that time, Mid-Kansas held the Certificate of Convenience and Necessity for the
21 former Aquila area and Southern Pioneer was serving a portion of the area via a
22 Commission-approved Electric Customer Service Agreement.

23 **Q. Please continue.**

1 A. As a Mid-Kansas member-owner, and pursuant to a Commission-approved Electric Customer
2 Service Agreement, Southern Pioneer contractually provided retail service to approximately
3 17,300 Mid-Kansas consumers in 34 communities in the Mid-Kansas “Southern Pioneer
4 Division.” Southern Pioneer also provided sub-transmission service to 34.5kV wholesale sub-
5 transmission users. The Commission approved this arrangement until such time that the Mid-
6 Kansas certificated territory and customers were transferred to the member-owners on
7 November 21, 2013, when the Commission issued its order in Docket No. 13-MKEE-447-MIS
8 (the “13-447 Docket”), approving the Mid-Kansas spin-down, which provided for, among
9 other things, the transfer of the individual certificated territories, consumers, KCC-approved
10 rules and regulations, and tariffs to each of the Mid-Kansas Members, including Southern
11 Pioneer. As part of the 13-447 Docket, the Commission granted to Southern Pioneer public
12 utility status and the Mid-Kansas customers being served by Southern Pioneer by virtue of the
13 Electric Customer Service Agreement noted above, officially became Southern Pioneer
14 Customers.

15 **III. Southern Pioneer Consumer Advisory Council**

16 **Q. As part of the Protocols set forth in the DSC-FBR Plan and 34.5kV Plan, Southern**
17 **Pioneer agreed to consult with its Consumer Advisory Council (“Council”) regarding**
18 **the ratepayer impact of the annual filings and include with the Application the**
19 **summary comments received from the Council.² Additionally, Southern Pioneer**
20 **agreed to submit the minutes from quarterly Council Meetings that occurred during**

² 13-452 Docket, Order Approving Non-Unanimous Settlement Agreement, Exhibit A, §2; and 16-023 Docket, Order Approving Settlement, Attachment A – Unanimous Settlement Agreement, Exhibit A (Southern Pioneer 34.5 kV Protocols), §C.

1 **the test year,³ which in this case is calendar year 2017. Are the Council minutes from**
2 **the test year attached to the filing?**

3 A. Yes. Included with the filing, as **Exhibit 13**, are the minutes from the quarterly Council
4 meetings for the 2017 calendar year.

5 **Q. What are the Council’s comments with regard to the annual filing impact to**
6 **ratepayers?**

7 A. On April 26, 2018, at a special Council meeting conducted via conference call, Southern
8 Pioneer shared with the Council the calculations for the 2018 DSC-FBR Plan and the
9 34.5kV FBR Plan Annual Filings and the overall actual and net impact to retail ratepayers.
10 In summary, I advised the Council that the fifth and final DSC-FBR Plan and third and final
11 34.5kV FBR Plan Annual Filings were due on or before May 1, 2018, but it was Southern
12 Pioneer’s intent to file the consolidated Annual Filing by April 30th, so any approved rate
13 adjustment will be effective within 90-days of the filing and billed for usage after the first
14 of the following month or August 1, 2018, unless an evidentiary hearing is necessary. I
15 explained to the Council that (i) following the Protocols adopted in the Southern Pioneer
16 DSC-FBR Plan, it resulted in a retail rate increase of approximately \$1,376,199, or overall
17 rate increase of just under 2.0% for retail ratepayers; and (ii) following the Protocols
18 adopted in the Southern Pioneer 34.5kV FBR Plan, it resulted in a rate increase of
19 approximately \$110,656. Applying a load ratio share (“LRS”) to the increase under the
20 34.5kV FBR Plan, around \$46,386, or about 42 percent, is applicable to Southern Pioneer’s
21 wholesale Local Access Delivery Service (“LADS”) customers, and the remaining \$64,270,
22 or about 58 percent, is applicable to those Southern Pioneer retail consumers taking service

³ 13-452 Docket, Order Approving Non-Unanimous Settlement Agreement, Exhibit A, §J (13)..

1 over Southern Pioneer's 34.5kV sub-transmission system. The resultant proposed
2 wholesale LADS rate is \$5.00/kW. The Council was apprised that on a net basis, when
3 combining the rate adjustment from each FBR plan, a Residential customer will experience
4 an overall 3.4% rate increase, which equates to an approximately \$3.70 increase in the
5 Residential Customer's average monthly electric bill based on historical average usage.

6 **Q. And how did the Council react to this announced adjustment?**

7 **A.** Because Southern Pioneer retail ratepayers have enjoyed, either from a filed or KCC-Staff
8 adjusted position, just under a one percent (-0.78%) decrease in 2014, the first year of the
9 DSC-FBR Plan filing; a 1.32% increase in 2015, the second year of the DSC-FBR Plan
10 filing; a net 1.11% increase in 2016 from the third year of the DSC-FBR Plan and first year
11 of the 34.5kV FBR Plan filings; and a net -0.52% decrease in 2017, the fourth year of the
12 DSC-FBR Plan and second year of the 34.5kV FBR Plan filings, the Council was not overly
13 concerned with the results, a 2.03% overall increase in rates, of the consolidated Annual
14 Update filing. The Council agreed that Southern Pioneer's assessment that the FBR plan
15 process and resulting rates have been highly effective in maintaining rate adjustments to
16 single digit changes (never much over 2% increase and in two of the five years, it was
17 negative) and expressed its appreciation of the continued cooperation exhibited between the
18 parties in collaboratively managing the ratemaking process. The Council further
19 complimented Southern Pioneer on its continued commitment to provide reliable service
20 and its involvement in the Southern Pioneer communities, all while achieving relative rate
21 stability. The Council requested that Southern Pioneer seek approval of and implement the
22 final rate adjustments within the 90-day schedule as outlined in the consolidated Annual
23 Update filing.

1 **IV. Material Changes in Cost of Service**

2 **Q. Were there any material changes in the cost of providing electric service during the**
3 **2017 year that should be highlighted?**

4 A. No, there was no one categorical change during the 2017 year that materially impacted the
5 Annual Update filing, but rather the change was the cumulative effect of several items.

6 **V. Corporate Advertising, Dues, Donations, and Charitable Contributions**

7 **Q. In previous filings, Southern Pioneer has included and sought recovery of 100% of**
8 **expenses associated with corporate advertising and dues, donations and charitable**
9 **contributions made by Southern Pioneer. Subsequently, the KCC Staff and**
10 **interveners recommended adjustments by disallowing 100% of corporate advertising**
11 **and 50% of dues, donations and contributions. In this filing, did Southern Pioneer**
12 **include and seek full recovery of these expenses?**

13 A. No, it is not.

14 **Q. And why is that?**

15 A. Southern Pioneer has elected to seek recovery of these costs consistent with the
16 Commission's Orders in the 14-507 and 15-161 Dockets and Southern Pioneer's Annual
17 Update filings in the 15-519, 16-497, 16-501 and 17-476 Dockets, and as evidenced in the
18 2018 DSC-FBR Plan analysis performed by Mr. Macke, and as depicted in Filing **Exhibit**
19 **9.**

20 **Q. Can you explain why Southern Pioneer has continued to alter its traditional filings to**
21 **recover these costs?**

22 A. Absolutely. First though, Southern Pioneer would like to reiterate, as it has in previous
23 testimony, that it does not agree with Staff's analysis and the Commission's Order in the

1 14-507 and 15-161 Dockets, in which certain adjustments were made to exclude or reduce
2 expenditures associated with corporate advertising and dues, donations, and contributions.

3 As a not-for-profit company, Southern Pioneer has no means to recover these expenditures
4 other than through its operating margins.

5 **Q. Continue please.**

6 A. However, Southern Pioneer respects the Commission's determination as to the treatment of
7 these expenditures in the 14-507, 15-161, 15-519, 16-497, 16-501 and 17-476 Dockets, and
8 for the purposes of this Annual Update filing, has continued to incorporate the
9 Commission's current policy and practice pursuant to K.S.A. 66-101f(a)⁴ by applying this
10 same adjustment methodology.

11 **Q. Does this mean or imply that sometime in the future, Southern Pioneer will not seek
12 to include these excluded costs as part of its rate filings?**

13 A. No, this should not be construed as Southern Pioneer's acquiescence on this issue. Southern
14 Pioneer instead remains optimistic that the Commission and its Staff will reconsider their
15 position on this issue in the future with a more comprehensive understanding of the impacts
16 these disallowances have on a not-for-profit utility like Southern Pioneer.

17 **Q. In applying the Commission's current policy and practice of disallowing 100% of
18 corporate advertising and 50% of dues, donations and contributions, can you
19 summarize Southern Pioneer's process in complying with this practice?**

20 A. Certainly. Using the list of dues, donations, charitable contributions, promotional
21 advertising, penalties, fines and entertainment expenses compiled in **Exhibit 9**, Southern

⁴ K.S.A. 66-101f (a) allows adoption of a policy of "disallowing a percentage, not to exceed 50%, of utility dues, donations and contributions to charitable, civic and social organizations and entities, in addition to disallowing specific dues, donations and contributions which are found unreasonable or inappropriate."

1 Pioneer reviewed each item listed to identify its purpose, categorically classified, and then
2 applied the appropriate level of inclusion or exclusion. For example, penalties and
3 advertising were 100% excluded, but dues and donations were 50% excluded.

4 **Q. And in using this methodology, what was the outcome?**

5 A. In total, **Exhibit 9** represents just under \$211,636 in expenditures related to dues, donations,
6 charitable contributions, promotional advertising, penalties, fines and entertainment
7 expenses. Of this total amount, just under \$93,916 was included in the annual revenue
8 requirement after applying the criteria discussed above.

9 **Q. Based on this analysis and in your opinion, are the amounts included by Southern
10 Pioneer reasonable and appropriate.**

11 A. Yes. As previously noted, Southern Pioneer analyzed the items in **Exhibit 9** based on past
12 dockets and made the appropriate adjustments.

13 **VI. Adjustment to Revenue Due to ACA Correction**

14 **Q. You indicated earlier that there was an inclusion of an adjustment to revenue in the
15 DSC FBR Plan Annual Update resulting from under-recovered wholesale power cost
16 incurred in 2016 that was inadvertently omitted from Southern Pioneer's 2017
17 Commission-authorized Annual Cost Adjustment ("ACA"), and that this amount
18 would be recovered in the filed 2018 ACA. Please clarify and explain this adjustment
19 and why it is necessary to recognize it in the 2018 DSC FBR Annual Update filing.**

20 A. Certainly. Each month Southern Pioneer calculates the retail energy cost adjustment
21 ("ECA") based on projected kWhs to be sold and bills to consumers. If the kWhs actually
22 sold are more or less than the projected that month, then this variance is collected the
23 following year through the Annual Cost Adjustment, which is included as part of that year's

1 ECA calculation. When Southern Pioneer was preparing its 2018 ACA filing (based on the
2 2017 year's actual kWhs sold) in February 2018 to recover wholesale power costs not
3 recovered from customers through the 2017 billed ECA, it was determined by Southern
4 Pioneer Staff that in February 2017 when preparing the 2017 ACA filing (based on the 2016
5 actual year), Southern Pioneer inadvertently input the wrong dollar amount in the ACA
6 Calculation Worksheet. This resulted in an "under-recovery" of wholesale power costs in
7 the amount of \$141,653 during 2017. The 2018 ACA filing reflects a "2017 ACA
8 Cumulative Balance (Over)/Under Collected" of \$141,034. This cumulative balance is
9 comprised of the \$141,653 "under-recovery" adjustment associated with the 2017 ACA
10 filing miscalculation, as well as, a \$619 "over-recovery" of the 2017 billed ACA. After
11 conferring with KCC Staff on how best to recover this adjustment since it was outside of
12 the 2017-time period to be recovered in 2018, and Southern Pioneer had this 2018 Annual
13 Update Filing approaching as well as a subsequent cost of service study and contemplated
14 general rate case filing, the parties agreed that in order to avoid collecting twice (through
15 the ACA and the general rate case), Southern Pioneer would adjust revenues up in the 2018
16 DSC FBR Annual Update Filing.

17 **VII. Continuation of the FBR Programs**

18 **Q. In several instances, you mention that this is the fifth and final DSC FBR filing and**
19 **the third and final 34.5kV FBR Plan Annual Update. Please clarify what you mean**
20 **when you make these references.**

1 A. When the Commission approved the DSC FBR Plan⁵ and the 34.5kV FBR Plan⁶ protocols,
2 as part of the settlement agreements in the 13-452 and 16-023 Dockets, the DSC FBR Plan
3 was limited to 5 years and the 34.5kV FBR Plan was limited to 3-years, both expiring in
4 2018. Should Southern Pioneer wish to continue these FBR Plans beyond the final year
5 (2018), Southern Pioneer is required to file an application, outlining its rationale, in a
6 separate docket.

7 **Q. And what is Southern Pioneer's intentions as to continuing the FBR Plans?**

8 A. Based on the administrative efficiencies realized, regulatory and financial certainty gained,
9 and the resultant overall single digit rate adjustments for retail customers, it is Southern
10 Pioneer's intention to file an application with the appropriate testimony and work with the
11 various stakeholders collectively to renew and continue the FBR programs.

12 **Q. Will this application for renewal occur in the immediate future?**

13 A. The Protocols under both FBR Plans require that Southern Pioneer file by separate
14 Application a notice to continue the Plans in the last year of the Plans.⁷ However, because
15 the current DSC FBR Plan uses data and allocators from the 12-380 Docket, and the rate
16 design was inherited as part of the Mid-Kansas – Aquila Asset acquisition, Southern Pioneer
17 has engaged PSE to first conduct a Cost of Service Study, and once this is completed and a
18 final order is issued in this docket updating rates, Southern Pioneer will then file a General
19 Rate Case to incorporate the updated cost to serve and any rate design changes. Therefore,

⁵ 13-452 Docket, Order Approving Non-Unanimous Settlement Agreement, ¶¶8 –19.

⁶ 16-023 Docket, Order Approving Settlement, ¶4.

⁷ 13-452 Docket, Order Approving Non-Unanimous Settlement Agreement, Exhibit A (DSC-FBR Plan Protocols), §D; and 16-023 Docket, Order Approving Settlement, Attachment A – Unanimous Settlement Agreement, Exhibit A (Southern Pioneer 34.5 kV FBR Protocols), §H.

1 pursuant to the Protocol requirements, Southern Pioneer intends to file an application
2 providing notice to continue the FBR programs on or before December 31, 2018, and
3 requesting that the application to continue be addressed in parallel with or immediately
4 subsequent to completion of the General Rate case.

5 **VIII. CONCLUSION**

6 **Q. In closing, is there anything else you would like to say?**

7 A. Yes. In the 13-452 Docket, one of the many reasons cited for support of a DSC-FBR Plan
8 was that it could minimize future overall rate increases to consumers.⁸ As testified earlier, I
9 believe Southern Pioneer achieved that objective yet again by submitting its consolidated
10 (the fifth and final DSC-FBR Plan and third and final 34.5kV FBR Plan) Annual Update
11 filings that provides for a slight overall increase to retail customers. I believe the results
12 from this consolidated filing are not only acceptable, but they also lend credibility to the
13 FBR plan ratemaking process in general by stabilizing retail rates to Southern Pioneer
14 ratepayers and bringing regulatory certainty to Southern Pioneer and its lender. While it is
15 impossible to predict what will occur in future years, if the Commission allows the DSC-
16 FBR Plan and 34.5kV FBR Plan to continue and history is an indicator, Southern Pioneer's
17 ability to quickly react to the fluctuating financial and commodity market conditions,
18 whether it is oil, gas or agricultural related, using an annual formula-based rate approach as
19 opposed to a traditional rate case filing provides significant benefits to Southern Pioneer
20 and its retail and wholesale customers, which is exactly what was intended when seeking to
21 implement the DSC-FBR Plan and the addition of the 34.5kV FBR Plan.

22 **Q. Does this conclude your Direct Testimony?**

⁸ 452 Docket, *Epperson Prefiled Testimony*, p. 17, lines 15-20.

1 A. Yes, it does.

CONSOLIDATED ANNUAL FILING

DOCKET NOS. 13-MKEE-452-MIS and 16-MKEE-023-TAR

VERIFICATION OF RANDALL D. MAGNISON

STATE OF KANSAS)
) ss:
COUNTY OF GRANT)

Randall D. Magnison, being first duly sworn, deposes and says that he is the Randall D. Magnison referred to in the foregoing document titled "Prefiled Direct Testimony of Randall D. Magnison" before the State Corporation Commission of the State of Kansas, that he is an officer of Southern Pioneer Electric Company, 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.


Randall D. Magnison

SUBSCRIBED AND SWORN to before me this 30 day of April 2018.

Seal 


Notary Public

My Appointment Expires: September 30, 2021