

BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of Southern Pioneer Electric Company)
for Approval of the Continuation of its Debt Service) Docket No. 19-SPEE- 240-MIS
Coverage and 34.5 kV Formula Based Ratemaking)
Plans.)

NOTICE AND INITIATION OF DOCKET

Southern Pioneer Electric Company (Southern Pioneer) hereby submits its notice of intent to seek continuation of its formula based ratemaking (FBR) plans, the application and supporting testimonies of which are expected to be filed in this docket by the end of the first quarter of 2019.

1. Southern Pioneer is a Kansas Corporation not-for-profit utility with its principal place of business located in Ulysses, Kansas, with distribution and customer service offices located in Liberal and Medicine Lodge, Kansas.

2. Southern Pioneer is regulated by the State Corporation Commission of the State of Kansas (Commission) and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc. (Pioneer Electric), a not-for-profit Kansas member-owned electric cooperative not subject to Commission regulation for retail ratemaking purposes pursuant to K.S.A. § 66-104d.

3. On September 26, 2013, in Docket No. 13-MKEE-452-MIS (13-452 Docket), the Commission approved a five (5) year Debt Service Coverage (DSC) FBR pilot plan (DSC-FBR) for the geographic territory served by Southern Pioneer.¹ As contemplated, the DSC-FBR was designed to allow Southern Pioneer to adjust its retail rates relating to its distribution system on an

¹ At the time of the filing, Mid-Kansas Electric Company, LLC (Mid-Kansas) still possessed the retail service certificate for Southern Pioneer's service territory, in accordance with the provisions pertaining to the Mid-Kansas acquisition of Aquila, Inc. d/b/a Aquila Networks-WPK (WPK) (referred to as Aquila) in Docket No. 06-MKEE-524-ACQ (06-524 Docket). The retail service certificate was eventually transferred from Mid-Kansas to Southern Pioneer by the Commission on November 21, 2013, in Docket No. 13-MKEE-447-MIS (13-447 Docket), subsequent to the Commission's *Order Approving Unanimous Settlement Agreement* issued in that same docket on September 17, 2013.

annual basis using a pre-approved formula with a DSC target, subject to an annual review process by the Commission. As part of the settlement agreement approved in the 13-452 Docket, Southern Pioneer agreed to advise the Commission in 2018 of its desire to continue the DSC-FBR plan, and to provide the Commission with the support and rationale for such decision in a docket separate from the annual DSC-FBR filings.²

3. On March 10, 2016, in Docket No. 16-MKEE-023-TAR (16-023 Docket), the Commission approved FBR plans for certain Mid-Kansas Member-Owners, relating to Local Access Delivery Service (LADS) rates for use of those Members' respective 34.5 kV sub-transmission assets.³ Southern Pioneer is one of the Mid-Kansas Member-Owners that sought and obtained Commission approval of a 34.5 kV FBR plan for its 34.5 kV LADS and retail rates in the 16-023 Docket.

4. As part of the settlement approved in the 16-023 Docket, Southern Pioneer's 34.5 kV FBR plan was designed to align with Southern Pioneer's existing DSC-FBR pilot plan, including the initial term of the plan and the requirement for Southern Pioneer to notify the Commission in 2018 of its intent with regard to the continuation of the 34.5 kV FBR.⁴

5. In conformance with the Commission's Orders in the 13-452 and 16-023 Dockets, Southern Pioneer hereby notifies the Commission of its desire to continue the DSC-FBR and the 34.5 kV FBR (collectively, the FBR Plan), and advises the Commission that it will file the application and supporting testimonies associated with the FBR Plan in this docket by the end of the first quarter 2019.

² *Order Approving Non-Unanimous Settlement Agreement*, ¶12 and Exhibit A, Section D, p. 3, issued Sept. 26, 2013.

³ *Order Approving Settlement*, issued Mar. 10, 2013.

⁴ *Order Approving Settlement*, ¶4 and Attachment A ¶¶ 10-12.

6. On October 5, 2018, Southern Pioneer met with Commission Staff (Staff) and the Citizens' Utility Ratepayer Board (CURB) to discuss the best course of action regarding the filing of the FBR Plan application, as well as a separate revenue-neutral cost of service and rate design application that Southern Pioneer intends to file contemporaneously with the FBR Plan. All parties were in agreement that the instant filing would serve as notice to the Commission of Southern Pioneer's intent with regard to the FBR Plan and satisfy the requirement that the filing be made in a docket separate from the existing DSC and 34.5 kV FBR Annual Update filings. Further, initiating a docket now provides Staff and CURB with a docket number to which they can bill their respective time, as the parties collaborate preceding the filing of the application.

7. To the extent that the Commission believes that the 240-day statutory timeline of K.S.A. 66-117 is applicable to its consideration of the development and approval of the FBR Plan to be filed in this docket in 2019, Southern Pioneer hereby expressly acknowledges that the running of the timeline will not start until the filing of the application and supporting testimony. Southern Pioneer hereby agrees to an extension of the statutory timeline, if such extension is necessary, such that the 240-day deadline for a Commission order will be 240-days after the filing of the application and supporting testimony, unless otherwise agreed to by the parties and the Commission. Southern Pioneer will work with Staff and CURB to develop a procedural schedule that will recognize the application filing date, as well as be harmonious with the separate cost of service filing Southern Pioneer anticipates making contemporaneously with the FBR Plan application.

8. In addition to the undersigned counsel, all correspondence, pleadings, orders, decisions and communications regarding this proceeding should be sent to:

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WHEREFORE, Southern Pioneer respectfully requests that the Commission (1) accept this Petition as Southern Pioneer's notice of its desire to continue its FBR Plan, in satisfaction of the 13-452 and 16-023 Docket notice requirements, and (2) issue an Order approving the opening of this docket as set forth herein.

Respectfully Submitted,

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