

Direct Testimony of James Brungardt

1 **Q: Please state your name.**

2 A: My name is James Brungardt.

3 **Q: By whom are you employed and what is your business address?**

4 A: I am employed by Sunflower Electric Power Corporation ("Sunflower"). My
5 business address is 301 W. 13th Street, Hays, Kansas.

6 **Q: What is your present position at Sunflower?**

7 A: I am the Manager of Regulatory Relations.

8 **Q: Please describe your education, experience and employment history.**

9 A: I received my Bachelor of Business Administration with concentrations in
10 finance and marketing from Fort Hays State University. Prior to joining
11 Sunflower, I worked for Midwest Energy, Inc. ("Midwest Energy") as a
12 system operator. During my time at Midwest Energy I became a certified
13 Reliability Coordinator through the North American Electric Reliability
14 Corporation. I joined Sunflower in 2012 as a Regulatory Affairs
15 Administrator where I worked closely with Sunflower management to
16 complete a variety of regulatory projects and rate case filings. I was
17 promoted to my current position in July 2016. During my time at Sunflower
18 I have been heavily involved in numerous rate and regulatory filings with
19 both the Kansas Corporation Commission and the Federal Energy
20 Regulatory Commission.

21 **Q: What is the purpose of your testimony?**

22 A: The purpose of my testimony is to provide:

23 - An explanation of the reasons for Sunflower's involvement in this

proceeding with Prairie Land Electric Cooperative, Inc. ("Prairie Land"), Western Cooperative Electric Association, Inc. ("Western"), and the Victory Electric Cooperative Association, Inc. ("Victory") (Prairie Land, Western, and Victory, are herein collectively referred to as the "Members").

- A summary of how the loss factors in the Sunflower Member's Local Access Delivery Service ("LADS") tariffs are applied.

Sunflower as a Joint Applicant

Q: Does Sunflower own any portion of the 34.5 kV sub-transmission facilities that are the subject of the formula-based rate applied for in this docket?

A: No.

Q. Does Sunflower own any portion of the 34.5 kV sub-transmission facilities for which the proposed updated loss factors in this docket apply to?

A. No.

Q: Why then, is Sunflower a joint applicant in this proceeding?

A: The answer to that question requires a review of the historical background of the 34.5 kV sub-transmission facilities that are the subject of these formula-based rates ("34.5 kV Facilities"). On January 1, 2020, Sunflower and Mid-Kansas Electric Company, Inc. (formerly known as Mid-Kansas

1 Electric Company, LLC) (“Mid-Kansas”), merged, with Sunflower as the
2 surviving entity, all pursuant to Docket No. 19-SEPE-054-MER (“19-054
3 Docket”). Mid-Kansas had previously agreed to serve as the single point
4 of contact for the Kansas Electric Power Cooperative, Inc. (“KEPCo”) and
5 the Kansas Power Pool (“KPP”) for wholesale local access delivery
6 service (“LADS”) provided over the 34.5 kV Facilities, and more
7 specifically, as the single consolidated billing agent for each Mid-Kansas
8 Members’ local access charge (“LAC”) under the LADS tariff. As of the
9 date of merger of Sunflower and Mid-Kansas, service over the 34.5 kV
10 Facilities was provided to all wholesale LADS customers pursuant to the
11 terms of the Mid-Kansas Open Access Transmission Tariff (“OATT”).
12 Pursuant to the Settlement Agreement in the 19-054 Docket, as approved
13 by the Commission, the Mid-Kansas OATT is to remain in effect upon
14 merger, with Sunflower serving as the “Transmission Provider” under the
15 Mid-Kansas OATT.¹

16 **Q: Please give a historical overview of how that arrangement came to**
17 **be.**

18 A: On February 23, 2007, the Commission issued an Order Adopting
19 Stipulation and Agreement in Docket No. 06-MKEE-524-ACQ, approving
20 the transfer of Aquila, Inc. d/b/a Aquila Networks – WPK’s (“WPK”)
21 generation, transmission and local distribution facilities located in Kansas

¹ Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER, ¶17 (filed as Exhibit A to Joint Motion for Approval of Unanimous Settlement Agreement on March 5, 2019); Order Approving Unanimous Settlement Agreement, Docket No. 19-SEPE-054-MER (filed March 28, 2019).

1 to Mid-Kansas. Those assets were operated by WPK as a vertically
2 integrated utility. However, on December 21, 2007, the Commission
3 issued an Order Approving Spin-Down of Distribution Assets in Docket
4 No. 08-MKEE-099-MIS, approving the transfer of certain Mid-Kansas
5 assets to the six Mid-Kansas members.

6 **Q: Did the transfer of assets in Docket No. 08-MKEE-099-MIS include the**
7 **34.5 kV Facilities?**

8 A: Yes.

9 **Q: Are the 34.5 kV Facilities “transmission facilities” as per Attachment**
10 **A1 to the SPP Open Access Transmission Tariff?**

11 A: The Commission concluded in the 11-GIME-597-GIE Docket (“11-597
12 Docket”) that “the 34.5 kV facilities at issue are not ‘transmission facilities’
13 as per Attachment A1” to Southwest Power Pool, Inc.’s (“SPP”) Open
14 Access Transmission Tariff (“SPP OATT”)². The Commission found, in part,

15 that a necessary condition for inclusion of the Member’s
16 facilities in the SPP transmission system and under the SPP
17 OATT is not met because ownership and control of the
18 facilities resides with the MKEC Members who are not
19 members of SPP, and a stipulated finding that the facilities
20 that currently provide or are necessary to provide
21 transmission service to one or more wholesale customers
22 (Member Facilities) are being used to provide “transmission
23 service” under Kansas law and such service must be provided
24 under the Mid-Kansas open access transmission tariff³

25 **Q: If the Members own the 34.5 kV Facilities, why was there a need for**
26 **Mid-Kansas to be a “billing agent”?**

² 11-597 Docket, Order Addressing Joint Motion to Approve Stipulation and Agreement, ¶18.

³ *Id.*

1 A: In Docket No. 09-MKEE-969-RTS (“09-969 Docket”), KPP and KEPCo
2 requested that the terms and conditions of wholesale LADS service over
3 the 34.5 kV Facilities, including the billing of the Member LAC, be
4 coordinated directly with Mid-Kansas. It was believed that such a
5 structure would coordinate a seamless, nondiscriminatory interface with
6 wholesale LADS customers.⁴ Through continued negotiations with KPP
7 and KEPCo, the following final agreement was reached in Section III.D.
8 paragraph 9 of the Stipulation and Agreement, as approved and
9 incorporated by reference into the Order Approving Unanimous Stipulation
10 and Agreement in the 09-969 Docket:

11 In order to provide KPP and KEPCo with long term open access
12 transmission service from their sources of supply to their
13 respective delivery points which now exist and may be added on
14 the 34.5-kV and lower-voltage facilities owned by the Mid-Kansas
15 Members, and as a condition of settlement, Mid-Kansas and the
16 Mid-Kansas Members will enter into an agency agreement
17 designating Mid-Kansas as the agent for the Mid-Kansas
18 Members for these purposes. Mid-Kansas, as agent, shall serve
19 as the single point of contact for KEPCo and KPP for all local
20 delivery service on the affected Mid-Kansas Members' 34.5-kV
21 and lower-voltage facilities. . . . Additionally, Mid-Kansas, as
22 agent, will provide single consolidated billing of the Mid-Kansas
23 Members' LAC for KEPCo and KPP.

24 (Emphasis added.)
25

26 **Q: Is that the sole instance where Mid-Kansas agreed to serve as the**
27 **single point of contact for KEPCo and KPP, or other third party**
28 **wholesale LADS customers with respect to the 34.5 kV Facilities?**

29 A: No. Subsequent to the 969 Docket, the same “single point of contact”

⁴ Docket No. 09-MKEE-969-RTS, Direct Testimony of Larry W. Holloway, Page 17, Lines 3-15.

1 issues were raised in the 11-597 Docket. The 11-597 Docket centered
2 around the classification of the services provided by the 34.5 kV Facilities.
3 In paragraph 8 of the 11-597 Docket Order Addressing Joint Motion to
4 Approve Stipulation and Agreement, the Commission found that the 34.5
5 kV Facilities that serve a wholesale LADS customer(s) do provide a local
6 “transmission service” regulated by the Commission under Kansas law,
7 but are not classified as “transmission facilities” under Attachment AI of
8 the SPP’s OATT. Because this transmission service over the 34.5 kV
9 Facilities is not administered under the SPP OATT, and Mid-Kansas
10 agreed in the 09-969 Docket to serve as the single point of contact and
11 billing agent for wholesale LADS (“transmission service”) over the 34.5 kV
12 Facilities, Mid-Kansas was obligated to function as the billing agent for this
13 transmission service over the 34.5 kV Facilities, and further agreed to
14 amend its Open Access Transmission Tariff to provide for the *pro forma*
15 terms and conditions under which such service would be administered.

16 **Q: After the 11-597 Docket, did Mid-Kansas file for approval of an**
17 **amended OATT?**

18 A: Yes, the amended Mid-Kansas OATT was initially approved in Docket No.
19 12-MKEE-650-TAR (“12-650 Docket”). Mid-Kansas administers wholesale
20 LADS over the Member-owned 34.5 kV Facilities through the Mid-Kansas
21 OATT, and has since the 12-650 Docket.⁵

22 **Q: If the proposed 34.5 kV FBR for each Member is approved by the**

⁵ The current version of the Mid-Kansas OATT was approved by the Commission on April 29, 2014 in Docket No. 14-MKEE-170-TAR.

1 **Commission, how will the corresponding Member-LAC rates actually**
2 **be billed to wholesale LADS customers?**

3 A: As I previously stated, Sunflower administers wholesale LADS under the
4 Mid-Kansas OATT. The Member LAC rates, which are set annually by
5 individual 34.5 kV FBRs for each Member, are the charges for wholesale
6 LADS customers under the corresponding Member's LADS tariff,
7 incorporated by reference into the Mid-Kansas OATT. Once set by the
8 corresponding Member 34.5 kV FBR, Sunflower will bill wholesale LADS
9 customers the adjusted LAC in accordance with the provisions for LADS
10 under the Mid-Kansas OATT.⁶

11

12 Updated Loss Factors

13 **Q: Please describe the tariffs used to establish the loss factors for**
14 **Local Access Delivery Service (“LADS”).**

15 A: Prairie Land, Western, and Victory all have an individual LADS tariff that
16 provides the charge for LADS, commonly referred to as the Local Access
17 Charge (“LAC”). That LADS tariff also includes a loss factor percentage
18 used to apply losses for LADS.

19 **Q: Are the Joint Applicants now requesting to update those loss factors**
20 **in the LADS tariff?**

⁶ Mid-Kansas bills each Member's LAC pursuant to Schedules 7, 8, and 9 and Attachment H of the Mid-Kansas OATT, as applicable depending on the type of LADS secured by the wholesale LADS customer and as reflected in the wholesale LADS agreements. Once the Member's adjusted LAC is approved by the Commission under the 34.5 kV FBR, the Member's LAC under such schedules and attachment will automatically update accordingly without the need for a separate filing by Mid-Kansas.

1 A: Yes. The Joint Applicants are requesting to update the loss factors in the
2 LADS tariffs of the Members with the proposed loss factors described in
3 the current Joint Application and supporting testimony.

4 **Q. You referenced above that Sunflower serves as the billing agent for**
5 **LADS. Does that mean that Sunflower also serves as the agent for**
6 **application of the loss factors associated with LADS?**

7 A. Yes, the loss factors from the LADS tariff are used in conjunction with the
8 billing by Sunflower of the LAC.

9 **Q. Please explain how the loss factors are applied when Sunflower bills**
10 **the LAC.**

11 A. Generally, Sunflower gathers meter data to determine the number of
12 billing units, (commonly referred to as kilowatt-hours ("kWhs")), that
13 wholesale LADS customers are taking at their delivery points off of each of
14 Prairie Land, Western, and Victory's 34.5 kV facilities. Because those
15 meter readings only represent the number of billing units at the point at
16 which a wholesale LADS customer's power is leaving the 34.5 kV
17 facilities, they must be "trued-up" to the number of billing units at the point
18 at which wholesale LADS customer's power enters the 34.5 kV facilities to
19 represent the true amount of LADS. The loss factors represent a
20 percentage that estimates the percentage of power "lost" between those
21 two points, and can be multiplied by the meter reading at the point at
22 which a wholesale LADS customer's power leaves the 34.5 kV facilities.
23 For example, to make the math easy, assume that a wholesale customer

1 takes 100kWhs of LADS at its 34.5 kV delivery point, and the
2 corresponding 34.5 kV system loss factor is 2%. That wholesale customer
3 will receive a bill for 102kWhs, or 100kWhs multiplied by 1.02 (adding
4 back in the 2% of losses).

5 **Q. What does the loss factor percentage represent?**

6 A. The loss factor represents a mathematical estimation, as determined by
7 the study more specifically described by the Prefiled Direct Testimony of
8 Erik Sonju, of the amount of power “lost” on the 34.5 kV system. It is used
9 to determine the actual amount of billing determinants that a wholesale
10 LADS customer should be charged each month. When Sunflower bills the
11 LAC on behalf of Prairie Land, Western, and Victory, that loss factor is
12 accounted for in each bill.

13 **Q. What are the specific loss factors that the Joint Applicants are**
14 **requesting?**

15 A. The Joint Applicants are requesting a Commission Order to update the
16 loss factors in each of the Member LADS tariffs. Table 1 below shows the
17 existing loss factors for each of the Sunflower Members along with the
18 proposed new energy loss rate. Details describing the calculation of the
19 losses can be found in the Prefiled Direct Testimony of Eric Sonju. I am
20 including the loss factors here for informational purposes, and will defer to
21 Mr. Sonju on the analysis associated with the calculation.

1 **Table 1**

<u>Company</u>	<u>Existing Loss Factor</u>	<u>Proposed Loss Factor</u>
Western	1.71%	2.50%
Victory	2.02%	1.76%
Prairie Land	2.18%	2.33%

2

3 **Q: When are you requesting these new loss factors to become effective**
4 **for billing?**

5 A: The Joint Applicants are requesting the new loss factors to become
6 effective in conjunction with the approval of the individual 34.5 kV Formula
7 Based Rates filed by Prairie Land, Victory, and Western in this docket. If
8 approved, the proposed loss factors would be applied to billing
9 determinants in bills for LADS immediately after approval.

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


11 A. Yes, it does.

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Sunflower, et al. – Joint Application

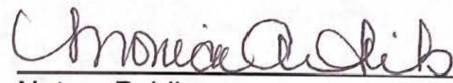
VERIFICATION

STATE OF KANSAS)
) ss:
COUNTY OF ELLIS)

James Brungardt, being first duly sworn, deposes and says that he is the James Brungardt referred to in the foregoing document entitled "Prefiled Direct Testimony of James Brungardt" 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.


James Brungardt

July **SUBSCRIBED AND SWORN** to before me this 29 day of July, 2020.


Notary Public

My Appointment Expires: 11.13.2020

