

BEFORE THE KANSAS CORPORATION COMMISSION
OF THE STATE OF KANSAS

In the Matter of the Application of Kansas Power)
Pool for a Certificate of Convenience and)
Authority to Transact the Business of an Electric) Docket No. 18-KPPE-343-COC
Public Utility in the State of Kansas for)
Transmission Rights Only in Cross Service)
Territory of Southern Pioneer Electric Company)
and Ninnescah Rural Electric Company.)

PREFILED CROSS ANSWERING TESTIMONY OF

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

ON BEHALF OF

SOUTHERN PIONEER ELECTRIC COMPANY

JULY 16, 2018

I. Introduction

Q. Please state your name and business address.

A. My name is Randall D. Magnison. My business address is 1850 W. Oklahoma, PO Box 430, Ulysses Kansas 67880-0430.

Q. Are you the same Randall D. Magnison, who prepared and caused to be prefiled Direct Testimony in the instant case?

A. Yes.

Q. What is the purpose of your Cross Answering Testimony?

A. The purpose of my Cross Answering Testimony in this Docket is respond to the Direct Testimony filed by Kansas Corporation Commission (“Commission” or “KCC”) Staff (“Staff”). I will begin by summarizing the findings and recommendations of Mr. Leo M. Haynos and Mr. Justin T. Grady, as well as summarizing Southern Pioneer Electric Company (“Southern Pioneer”) and Mid-Kansas Electric Company, Inc.’s (“Mid-Kansas”) response to such findings and recommendations. For sake of brevity, to the extent that the Direct Testimony of Southern Pioneer and/or Mid-Kansas witnesses already addressed issues raised by Staff, I will provide reference to the relevant Direct Testimonies rather than restate entire arguments. I will also specifically address and rebut in more detail Staff’s findings with respect to consideration of duplication of facilities and services (K.S.A. 66-1,171(b)), waste of materials and natural resources (K.S.A. 66-1,171(d)), encumbrance of the landscape (K.S.A. 66-1,171(c)), and minimization of supplier disputes (K.S.A. 66-1,171(f)).

II. Overview of Staff’s Recommendation and Southern Pioneer and Mid-Kansas’s Response to Staff

Q. Please summarize the direct testimony of Commission Staff in this proceeding.

A. The direct testimony of Commission Staff, filed by witnesses Mr. Haynos and Mr. Grady, finds that Kansas Power Pool's ("KPP") Kingman Direct Connection ("KDC") successfully meets the Retail Electric Suppliers Act ("RESA") policy factors set out in K.S.A. 66-1,171(a) and is in the public interest and therefore Staff recommends approval of KPP's Application without modification.

Q. Do you agree with Staff's finding and recommendation?

A. No, I do not. Table 1 below sets forth Staff's conclusions with regard to the factors identified in K.S.A. 66-1,171 and identifies the respective Southern Pioneer and Mid-Kansas witness addressing the factor.

<u>TABLE 1</u>		
<u>K.S.A. 66-1,171</u>	<u>Conclusion of Mr. Haynos</u>	<u>Southern Pioneer/Mid-Kansas response and sponsoring witness</u>
(a) Encourage the orderly development of retail electric service	KDC will benefit orderly development of retail and wholesale electric service. ¹	Staff's position ignores local planning implications resulting from approval of KDC. See Direct Testimony, Magnison (pp. 28-29), Sonju (pp. 16-17), Dr. Tamimi (all). See also, Cross-Answering Testimony, Dr. Tamimi.
(b) avoid wasteful duplication of facilities for the distribution of electricity	KDC results in some duplication but not wasteful duplication. ²	KDC duplicates entire footprint of existing SemCrude Substation. See, Direct Testimony, Magnison (pp. 25-27), Sonju (pp. 17-19). See also, Magnison and Tamimi Cross-Answering.
(c) avoid unnecessary encumbrance of the landscape of the state	KDC results in encumbrance to landscape but not unnecessary encumbrance. ³	KDC duplicates entire footprint of existing SemCrude Substation and requires 1.5 miles more of 34.5 kV line. See, Direct Testimony, Magnison (pp.25-27), Beecher (p. 15) Sonju (pp. 17-19). See also, Magnison and Tamimi Cross-Answering.

¹ Direct Testimony of Mr. Leo Haynos, p. 5.

² Id. at 7-10.

³ Id. at 10-11.

(d) prevent waste of materials and natural resources	Some capacity idled but not wasted. ⁴	KDC duplicates entire footprint of existing SemCrude Substation and requires 1.5 miles of 34.5 kV line. See, Direct Testimony, Magnison (pp.25-29), Sonju (pp. 17-20). See also, Magnison and Tamimi Cross-Answering.
(e) facilitate the public convenience and necessity	This factor is synopsis of the case. Loss of LADS revenue will negatively impact Southern Pioneer customers, but KDC is lowest cost solution if considering only the impact on Kingman. ⁵	Staff analysis is flawed as it shifts the primary focus of consideration away from the greater public interest and instead focuses on KPP. See, Cross-Answering Magnison, Tamimi, Rooney and Linville.
(f) minimize disputes between retail electric suppliers which may result in inconvenience, diminished efficiency and higher costs in serving the consumer.	Decision in this docket will provide clarity to the parties regarding service to Kingman. ⁶	KDC will not minimize but will increase disputes between suppliers given the location, proximity duplication and function of the KDC project as well as the contentious history between the incumbent utilities (Southern Pioneer and Mid-Kansas) and KPP. See, Direct Testimony, Magnison (pp. 35-36), Sonju (p. 21). See also, Magnison Cross-Answering.

1

2 **Q. What are your overarching thoughts with regards to Staff's Direct Testimony?**

3 A. First, as a threshold concern, I believe Staff's conclusions and recommendation for
4 approval of the Kingman Direct Connection are based upon an erroneous interpretation of
5 the amendments to the Municipal Energy Agency ("MEA") Law, K.S.A. § 12-8,111, as
6 well as an incorrect and faulty application of K.S.A. 66-1,171(e). Under the amended law,
7 when determining whether KPP's Kingman Direct Connection is in the public interest, the
8 Commission is to apply to a MEA the provisions of RESA, found at K.S.A. 66-1, 170 et

⁴ Direct Testimony of Leo Haynos, p. 12.

⁵ Id. at 13-18.

⁶ Id. at 18-19.

1 seq., and amendments thereto, to the same extent it does to a retail electric supplier.

2 While Staff addressed each of the factors contained in K.S.A. 66-1,171 and noted that the

3 “public convenience and necessity” factor is subpart (e) is the overarching consideration,

4 their analysis failed to consider the public interest as a whole, as required by law, and

5 instead, focused on the impacts to KPP and its members. I believe this is due to Staff’s

6 perceived limitations of the Commission’s jurisdiction over MEAs under K.S.A. 12-8,111.

7 For example, Mr. Haynos states:⁷

8 Although [K.S.A. 66-1,171] lists [the public convenience and necessity] factor as
9 only one of six factors to consider, in my opinion, the phrase “public convenience
10 and necessity” is a synopsis of this entire docket. The phrase is also reiterated in
11 the recent amendments to K.S.A. 12-8,111. Additional insight into the term can
12 be gained from the Kansas Supreme Court case in Central Kansas Power Co. v.
13 State Corp. Commission, which is referenced in the Joint Motion filed in the 17-
14 092 Docket. As noted in the Joint Motion, the Court defined necessity as “a
15 public need without which the public is inconvenienced to the extent of being
16 handicapped.” In my view, the evaluation of this abstract concept can be
17 summarized as analyzing the benefits and detriments that a proposed project
18 would have on the public generally. **In this case, however, the consideration of
19 the concept of “public convenience and necessity” must be kept in context
20 with the fact that KPP is a municipal energy agency. As such, Staff has only
21 considered those issues affecting KPP that are within the Commission’s
22 jurisdiction** [emphasis added].
23

24 While K.S.A. § 12-8,111 limits the Commission’s jurisdiction over certain activities of

25 MEAs, it does not limit the Commission’s jurisdiction over an MEA when it is seeking

26 Commission approval for a certificate of convenience to construct electric facilities across

27 another retail electric supplier’s service territory. The Commission remains obligated under

28 the law to conduct a full public interest analysis by looking at the impacts of a proposed

29 electric facility on all customers, not just the MEA. This analysis is to be done the same as it

30 would be done for any other retail electric supplier, as specifically stated in the statute. As

⁷ Direct Testimony of Leo Haynos, p. 13, lines 3-15.

discussed in my Direct Testimony, the well-known and precedential Kansas Supreme Court Case, *Kansas Gas & Electric Co. v. Public Service Comm'n.* 122 Kan. 462, 466, 251 Pac. 1097 (1927), makes it undeniably clear that when the Commission is evaluating an application for certification, the public convenience should be the Commission's **primary concern**, the interest of public utility companies already serving the territory its secondary concern, and the desires and solicitations of the applicant a **relatively minor consideration**.⁸ Yet Staff is viewing KPP's application the other way around by making the applicant, KPP, its primary concern, without regard to the impact to the public. Staff recommends approval of the Kingman Direct Connection because it is the lowest cost solution *for KPP*, primarily focusing on the benefits that would accrue to KPP by KPP avoiding Southern Pioneer's 34.5 kV LADS charge without any regard to other affected customer impacts.⁹ In fact, Staff even expressly recognizes that the Kingman Direct Connection will have a negative impact on the retail and wholesale customers of Southern Pioneer, but does no further public interest analysis.¹⁰ Instead, Staff states that the negative impact to Southern Pioneer's customers is an unfortunate result of the limitations on Southern Pioneer's system.¹¹ Staff has failed to conduct the appropriate public interest analysis required by Kansas law.

Additional discussion of what Southern Pioneer and Mid-Kansas believe to be the correct interpretation and application of K.S.A. §12-8,111, K.S.A. §66-1,171 and §66-1,173(a) to KPP Application for approval of the Kingman Direct Connection is addressed in the Cross-Answering Testimony of Mr. Davis Rooney.

⁸ Direct Testimony of Randall D. Magnison, p. 5, line 14 through p. 6 line 2.

⁹ Direct Testimony of Mr. Leo Haynos, p. 9, lines 9-12 and p. 18, lines 12-16.

¹⁰ Id. at p. 13, lines 18-19.

¹¹ The import limitations on Southern Pioneer's system for service to Kingman are not due to Southern Pioneer's own inaction or the inability to relieve the import limit. It is simply due to the fact that KPP did not want to pay for the cost of the facilities to relieve the limitation.

1 **Q. Are there other items in Staff's Direct Testimony you would like to address?**

2 A. Yes, because of Mr. Haynos' incorrect legal analysis and application of K.S.A. §12-8,111, I
3 believe Staff has considered all six of the public policy factors under K.S.A. 66-1,171 only
4 through the lens of KPP as set out in the Direct Testimony of KPP witness Mr. Holloway,
5 and therefore, Staff's entire analysis of the six factors is incomplete and flawed. Staff's
6 conclusion is also premised upon several factual assertions made by KPP witness Larry
7 Holloway that are incorrect, or, at best, are heavily disputed between Southern Pioneer and
8 KPP.

9 As part of the response set forth above in Table 1, Southern Pioneer and Mid-Kansas
10 witnesses' Cross Answering Testimony will address the following key issues as it relates to
11 Staff's analysis and recommendation:

- 12 • **Cost Benefit Analysis of the Kingman Direct Connect when compared to the**
13 **Southern Pioneer SemCrude Substation Upgrade alternative.**

14 Staff only considered KPP's cost benefit analysis of the Kingman Direct Connection,
15 when compared to the SemCrude Substation Upgrade, which analysis only took into
16 consideration impacts on KPP and the City of Kingman. Therefore, Staff's analysis falls
17 short of considering a cost benefit analysis that takes into consideration impacts on all
18 affected Kansas customers (i.e. the public) as required by Kansas law. Southern Pioneer
19 and Mid-Kansas conducted a cost benefit analysis of the Kingman Direct Connection
20 compared to the SemCrude Substation Upgrade that did consider the impacts to the
21 public/all affected Kansas customers. This analysis was provided and fully discussed in
22 the Direct Testimony of Elena Larson (pp. 5-10) and the Direct Testimony of Davis
23 Rooney (pp. 3-40), filed on July 9, 2018, which analysis clearly demonstrates that

1 Southern Pioneer's SemCrude Substation Upgrade option is the better alternative to
2 KPP's Kingman Direct Connection from an overall public interest perspective, all while
3 achieving the same goal as the Kingman Direct Connection of providing Kingman with
4 full delivery service.

5 Southern Pioneer and Mid-Kansas also identified several errors and omissions in
6 Mr. Holloway's cost benefit analysis that were not identified and addressed by Staff.
7 These errors and omissions were also discussed in the Direct Testimony of Davis Rooney
8 (pp. 7-40), as well as in the Direct Testimony of Corey Linville (pp. 8-27), filed on July
9 9, 2018.

10 The Cross Answering Testimony of Mr. Davis Rooney and Mr. Corey Linville
11 further addresses and rebuts Staff's analysis and conclusion on the cost/benefit of the
12 Kingman Direct Connection as compared to the SemCrude Substation Upgrade.
13 Specifically Mr. Rooney discusses the importance of first identifying a least-cost project
14 from a planning perspective, and then the implications associated with the cost-allocating
15 of a more costly project. Mr. Linville explains that there is no incremental value that
16 KPP or Kingman can derive from the Kingman generation, through either additional
17 capacity or energy sales, if the Kingman Direct Connection is built.

18 **Precedential impact of Staff's recommendation and impact on**
19 **transmission rates.** Staff's analysis and recommendation does not take
20 into consideration the precedential and broader policy impacts of an
21 approval of the KDC. KPP's Application in this docket is a case of "first
22 impression" for the Commission as it relates to the consideration of
23 electric facility projects by MEAs under the RESA policy factors required
24 under the new MEA law. If Staff is willing to set a new policy that these
25 types of MEA projects will be considered only in the context of whether
26 or not it benefits the MEA without consideration of impacts to the overall
27 public, it will in fact open the "flood gates" to the construction of
28 additional unnecessary and duplicative transmission projects that will be
29 socialized and paid for by Kansas customers through higher Southwest

1 Power Pool (“SPP”) transmission rates. This precedential impact and the
2 impact to transmission rates was fully discussed in my Direct Testimony
3 (p. 33, line 18 – p. 34, line 20), as well as the Direct Testimony of Mr.
4 Rooney (31-40) and Ms. Larson (pp. 14-15). The Cross Answering
5 Testimony of Mr. Rooney further addresses this precedential and broad
6 policy impact that was not considered by Staff in recommending approval
7 of the Kingman Direct Connection.

8 • **Local planning and the orderly development of electric service. K.S.A. 66-1,171(a).**

9 Staff’s recommendation and analysis completely ignores the Commission-approved Mid-
10 Kansas centralized local planning process which identifies the least cost facility solution
11 to reliably meet a customer’s needs while also ensuring the continued orderly
12 development of electric service by planning the system on an integrated basis. Utilities
13 do not plan and build facilities on a customer-by-customer basis, nor do they plan based
14 upon consideration of the rates paid by the customer, as such planning standards would
15 result in the wasteful duplication and disorderly development of facilities and services, all
16 at a much higher cost to Kansas ratepayers. The SemCrude Substation Upgrade was
17 consistently identified by the Commission-approved Mid-Kansas local planning process
18 as the least cost, optimal solution to alleviate the City of Kingman import limitations.
19 The Kingman Direct Connection is outside this planning process and only considers the
20 need of one customer at a much higher cost. The Mid-Kansas local planning process and
21 the identification of the SemCrude Substation Upgrade as the best solution to serve the
22 City of Kingman was discussed in my Direct Testimony (pp. 28-29), as well as the entire
23 Direct Testimony of Dr. Ala Tamimi and the Direct Testimony of Erik Sonju (pp. 16-17),
24 filed on July 9, 2018. The Cross Answering Testimony of Dr. Ala Tamimi further
25 addresses Staff’s failure to consider the established local planning process that ensures
26 the orderly development of electric service at the lowest cost to the public.

- 1 • **Wasteful duplication of facilities and services and waste of materials and natural**
2 **resources. K.S.A. 66-1,171(b) & (d).**

3 Staff has incorrectly concluded that the Kingman Direct Connection does not constitute
4 an unnecessary and wasteful duplication of facilities and services and will not result in a
5 waste of materials and natural resources. Staff bases this conclusion on certain assumed
6 facts and assertions that are incorrect. The fact of the matter is, the construction
7 contemplated by the KPP project will duplicate all the existing facilities at Southern
8 Pioneer's SemCrude Substation except for the transformer and minor steel structural and
9 substation changes. This was discussed in my Direct Testimony, as well as the Direct
10 Testimony of Erik Sonju, filed July 9, 2018. I will further address Staff's incorrect
11 statements and findings on these issues in my testimony below.

- 12 • **Unnecessary encumbrance of the landscape. K.S.A. 66-1,171(c).**

13 Staff has incorrectly concluded that the Kingman Direct Connection will not result in an
14 unnecessary encumbrance of the landscape. The Kingman Direct Connection will result
15 in the unnecessary construction of a brand new substation directly adjacent to Southern
16 Pioneer's Substation that will encumber additional real estate. This issue was discussed
17 in my Direct Testimony, as well as the Direct Testimony of Erik Sonju, filed July 9,
18 2018. I will further address Staff's incorrect finding on this issue in my testimony below.

- 19 • **Minimizing disputes. K.S.A. 66-1,171(f).**

20 Staff has incorrectly concluded that the Kingman Direct Connection will ensure the
21 minimization of disputes between suppliers. The Kingman Direct Connection will result
22 in two wholesale suppliers with facilities right next to each other – two wholesale
23 suppliers who have had an extremely contentious relationship. The policy promoted by

Staff will ensure continued disputes into the future between retail electric suppliers and entities, such as KPP, seeking to bypass the incumbent's system for self-serving purposes that harm the incumbent's other customers. This issue was discussed in my Direct Testimony, and I will further address Staff's incorrect finding on this issue in my testimony below.

- **Service to the City of Kingman as "found money" for Southern Pioneer.** Staff has incorrectly concluded that Southern Pioneer has not made any investment in facilities to serve the City of Kingman and appears to agree with KPP's view that any local access delivery service (LADS) revenues received by Southern Pioneer for service to Kingman is simply "found money", and therefore, the loss of such revenue does not harm Southern Pioneer. This is not only an unfounded factual finding, it is contrary to the facts in this record and ignores Southern Pioneer and Mid-Kansas's planning of the local 34.5 kV system on an integrated and holistic basis. This issue was addressed in my Direct Testimony (pp. 29-32), and I will further address Staff's analysis of this issue in my testimony below.

II. Response to Staff Testimony

A. Staff Incorrectly Concludes that the Kingman Direct Connection Does Not Constitute Wasteful and Unnecessary Duplication of Facilities and Services [K.S.A. 66-1,171(b)] and Waste of Materials and Natural Resources [K.S.A. 66-1,171(d)].

Q. Do you agree with Staff's conclusion that the KDC will not result in the unnecessary and wasteful duplication of facilities and services?¹²

A. No, not at all.

Q. Please explain.

¹² Direct Testimony of Leo Haynos, pp. 7-10.

1 A. The Kingman Direct Connection will result in the unnecessary and wasteful duplication of
2 facilities and service. First, it is unclear why Staff witness Mr. Haynos does not recognize
3 that the Southern Pioneer SemCrude Substation does in fact exist today. As it has been fully
4 described in my Direct Testimony and Rebuttal Testimony in Docket No. 17-KPPE-092-
5 COM¹³ (“17-092 Complaint Docket”) as well as my Direct Testimony in this Docket,¹⁴
6 because the SemCrude Substation was built to accommodate both the expanding SemCrude
7 load as well as the City of Kingman load, the only material upgrade that will be required to
8 provide the City of Kingman the full service they seek by virtue of the KDC will be to
9 upgrade the transformer, which does not change the footprint of the SemCrude Substation.
10 In contrast, the Kingman Direct Connection project will require the construction of an
11 entirely new greenfield substation that will be less than one mile from the existing SemCrude
12 Substation. That means that other than the transformer and minor structural steel changes,
13 every single other piece of equipment in the SemCrude Substation will be duplicated in the
14 construction of the Kingman Direct Connection substation. Exhibit ESS-5 of the Direct
15 Testimony of Erik Sonju specifically lists out the component pieces of equipment in the
16 Kingman Direct Connection that will duplicate the existing component pieces of the
17 SemCrude Substation. This is an unnecessary and wasteful duplication of facilities and
18 waste of materials as the SemCrude Substation Upgrade can provide the same requested
19 service to the City of Kingman without physically duplicating facilities, and at a much lower
20 capital cost to the public.¹⁵ The Direct Testimony of Erik Sonju (pp. 17-19) fully discusses

¹³ 17-092 Docket, Direct Testimony of Randall D. Magnison, pp. 39-46 and Rebuttal Testimony of Randall D. Magnison, p. 30.

¹⁴ Direct Testimony of Randall D. Magnison, pp. 25-27.

¹⁵ See the Direct Testimony of Erik Sonju, pp. 16-17, where PSE’s independent analysis has determined that the Kingman Direct Connection will result in the spending of an addition \$2,300,0000 in capital to achieve the same results as the SemCrude Substation Upgrade.

1 and demonstrates why the Kingman Direct Connection results in an unnecessary and
2 wasteful duplication of facilities.

3 Second, Staff has failed to analyze the O&M, safety and compliance services that will be
4 required of KPP to service the Kingman Direct Connection. This is a complete duplication
5 of existing services already provided by Southern Pioneer personnel. The Direct Testimony
6 of Brian Beecher (pp. 6-14) and the Direct Testimony of Mr. Clarence Suppes (pp. 4-7)
7 discuss all of the existing O&M, safety and compliance services provided by Southern
8 Pioneer and Mid-Kansas, respectively, that are unnecessary and would not have to be
9 duplicated at a much higher cost if service to Kingman were provided through the SemCrude
10 Substation Upgrade.

11 Third, the payment by KPP of the Southern Pioneer LADS if it were to take service from
12 Southern Pioneer through the SemCrude Substation Upgrade should have no bearing on the
13 determination of whether or not the Kingman Direct Connection constitutes wasteful
14 duplication of facilities and services. The economic impact of the duplication of facilities
15 and services should be looked at from the public interest perspective, not from the interest of
16 just KPP and the City of Kingman. The Kingman Direct Connection will clearly result in the
17 expenditure of significant additional capital and service costs that would not be necessary to
18 provide the same service through the SemCrude Substation Upgrade – these unnecessary and
19 duplicative costs constitute waste and are not in the public interest.

20 **Q. Do you agree with Staff's conclusion that the Kingman Direct Connection will prevent**
21 **waste of materials and natural resources?**¹⁶

22 A. No, I do not.

¹⁶ Direct Testimony of Leo Haynos, pp. 11-12.

1 **Q. Please explain why not.**

2 A. The Kingman Direct Connection will result in a waste of materials and natural resources.

3 First, the facts surrounding the initial construction and capacity of the Pratt-Cunningham line
4 fifty years ago are no longer fully known. Stating the Pratt-Cunningham facilities were never
5 built to serve wholesale loads such as Kingman assumes facts in favor of KPP's claims and is
6 inappropriate. Second, the initial purpose of the line is not the controlling factor in this
7 analysis. The more relevant factor is that whatever the purpose of the line may have been
8 fifty years ago when initially constructed by Aquila, Mid-Kansas and the Members
9 purchased it from Aquila-WPK at a price that reflected the fact that the line does provide
10 service to Kingman.

11 Moreover, Staff ignores that fact that there have been investments made in facilities by
12 Southern Pioneer and Mid-Kansas as a result of having to plan for the Kingman load on the
13 Southern Pioneer system. As discussed in my Direct Testimony, in 2011, Southern Pioneer
14 and its retail customer SemCrude, paid for the construction of the SemCrude Substation in
15 order to serve the SemCrude load because Kingman was already occupying the existing
16 Pratt-Cunningham line.¹⁷ This was at a cost of approximately \$5M. "But for" having to
17 provide service to Kingman, Southern Pioneer would have been able to serve the SemCrude
18 load from the existing Pratt-Cunningham facilities. It is not as if Southern Pioneer could
19 deny service to Kingman on the Pratt-Cunningham line in order to accommodate the
20 expanding SemCrude load.

21 Additionally, Mid-Kansas and the Members spent \$950,000 on purchasing the Ninnescah
22 115 kV Transmission Line ("Ninnescah Line") solely to allow Kingman to access the
23 capacity on the line. "But for" the obligation to serve Kingman, the Ninnescah Line would

¹⁷ Direct Testimony of Randall D. Magnison, p. 31.

1 not have been purchased at that time. Again, because of the nature of the local delivery
2 system and having to plan for loads on a long-term and integrated basis, the need to serve
3 Kingman impacts investments elsewhere that may not directly serve Kingman but are
4 required as a result of having the obligation to plan for the Kingman load. Southern Pioneer
5 would have never agreed to the settlement reached in the 11-597 Docket that obligates it and
6 the other Mid-Kansas Members to provide open access to wholesale customers on its 34.5
7 kV system, which obligation includes the requirement to invest in facilities necessary to
8 serve wholesale customers, if it had known that these same wholesale customers could
9 unilaterally leave the system at any point in time without any accountability for the
10 investments made on their behalf. The remaining wholesale and captive retail customers are
11 left to pay for the costs of these idled facilities. That is wasteful duplication. Further, it is bad
12 policy because it is an inequitable and unworkable result for Southern Pioneer and is simply
13 not in the public interest to allow a circumvention of long-term system planning. This public
14 interest concern is further exacerbated when the main consideration for wholesale customers
15 leaving the local system is not for service or reliability issues, but simply to avoid paying
16 their equitable share of the cost-of-service based charges to provide service on the system,
17 and the result is a duplication of new facilities and services that will be paid for by
18 wholesale and retail customers in western Kansas through higher SPP transmission rates.
19 Many of these affected customers are the same customers who will also be paying for the
20 costs of the idled Southern Pioneer 34.5 kV facilities. Setting this type of policy that
21 encourages this behavior will allow a wholesale customer to effectively achieve free
22 transmission service while providing them and their independent transmission company
23 partners with a sizable rate of return, all to the detriment of western Kansas ratepayers.

1 **Q. Is there anything else you would like to mention on this topic?**

2 A. Yes. These comments by Mr. Haynos seem to indicate that Staff agrees with KPP witness,
3 Mr. Holloway, that any LADS revenues received by Southern Pioneer for Kingman is simply
4 “found money.” This is not true and is a misleading statement. All Southern Pioneer
5 wholesale and retail customers, including KPP, are paying a Commission-approved LADS
6 charge that reflects an allocation of the total 34.5 kV system revenue requirements on a load
7 ratio share basis, regardless of what customers take service from certain 34.5 kV facilities or
8 whether direct investments have been made to serve certain customers. For example,
9 SemCrude continues to pay its load ratio share of Southern Pioneer’s Commission-approved
10 total 34.5 kV system revenue requirement embedded in retail rates despite the fact that it paid
11 for approximately \$4M of the SemCrude Substation – the same substation that would not
12 have been built and paid for by Southern Pioneer and SemCrude “but for” Southern Pioneer’s
13 obligation to provide Kingman service on its system. *See* my Direct Testimony (pp. 29-32)
14 where I fully rebut this concept of “found money.”

15 **B. Staff Incorrectly Concludes that the Kingman Direct Connection Will Not Result in the**
16 **Encumbrance of Landscape (K.S.A. 66-1,171(c)).**
17

18 **Q. Please explain Staff’s analysis and conclusion regarding the unnecessary encumbrance**
19 **of the landscape.**

20 A. Mr. Haynos’ assertion that transmission facilities upgrades are essentially the same under the
21 Kingman Direct Connection and the SemCrude Substation Upgrade is contrary to the facts.
22 Staff completely ignores that not only will the Kingman Direct Connection result in the need
23 for an additional 1.5 miles of 34.5 kV line and associated right-of-way when compared to the
24 SemCrude Substation Upgrade, but the Kingman Direct Connection will also require an
25 entirely new greenfield substation site as mentioned above, which will encumber additional

1 landscape within one mile of the Southern Pioneer existing SemCrude Substation. However,
2 the SemCrude Substation Upgrade will not result in this encumbrance because the only
3 material substation modification will be to replace the transformer within the substation
4 footprint. Therefore, the Kingman Direct Connection will, in fact, encumber additional
5 landscape and create additional congestion in an already congested area that would not have
6 to be encumbered or further congested with the SemCrude Substation Upgrade. The Direct
7 Testimony of Brian D. Beecher (p. 15) and the Direct Testimony of Erik Sonju (p. 19) also
8 discuss why the Kingman Direct Connection will result in the unnecessary encumbrance of
9 the landscape.

10 **C. Staff Incorrectly Concludes that the Kingman Direct Connection Will Minimize**
11 **Disputes (K.S.A. 66-1,171(f)).**
12

13 **Q. Please explain Staff's analysis and conclusion that the Kingman Direct Connection will**
14 **minimize disputes between suppliers.**

15 A. Staff witness Leo Haynos states that if the principle of lowest cost solution is adopted as a
16 basis for making the decision on what project to build, then it should minimize disputes of
17 this nature in the future.¹⁸

18 **Q. Do you agree with this conclusion?**

19 A. I agree that if the lowest cost, most optimal solution is selected out of the Commission-
20 approved local planning process, it should serve to minimize disputes in the future.
21 However, Staff has ignored the local planning process and is not recommending that the
22 lowest cost solution *to the public* be approved in this case. Instead, it is recommending
23 approval of what is the lowest cost solution solely to the Applicant, KPP. As a general
24 matter, allowing customers to circumvent the local planning process and build customer-

¹⁸ Direct Testimony of Leo Haynos, pp. 18-19.

specific projects designed solely for the benefit of that customer will wreak havoc on the planning process and the orderly development of service in the State of Kansas. This will most certainly increase, not decrease, disputes between suppliers. It will result in unnecessary and duplicative facilities being built that will end up litigated before the Commission, especially if the Commission sets such a precedential policy in this case. This will result in nothing but significantly higher transmission costs to Kansas ratepayers. My Direct Testimony (pp. 35-36) and the Direct Testimony of Erik Sonju (p. 21) further discusses why the Kingman Direct Connection will not minimize disputes between electric suppliers.

Q. Is there anything else that you would like to respond to in Staff's Testimony?

A. Yes. Mr. Haynos states in several places throughout his testimony that Kingman has both an import and export service limitation on Southern Pioneer's 34.5 kV system.¹⁹ This is an incorrect statement. There is no export limit on the Southern Pioneer system. The City of Kingman has always been able to export its full amount of generation over Southern Pioneer's 34.5 kV system. See the Direct Testimony of Corey Linville (all) and his Cross Answering Testimony describing KPP and Kingman's unencumbered ability to utilize all of its generation on Southern Pioneer's existing 34.5 kV system.

Q. Does this conclude your testimony?

A. Yes.

¹⁹ Direct Testimony of Leo Haynos, pp. 6, 7, 12 and 14.

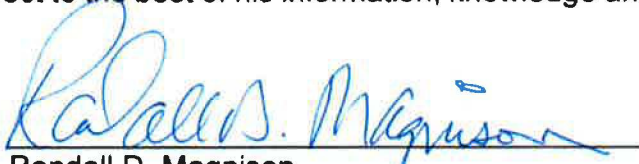
CROSS ANSWERING TESTIMONY

DOCKET NO. 18-KPPE-343-COC

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 "Cross Answering 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 16 day of JULY 2018.

Seal  
Notary Public

My Appointment Expires: 9-30-2021