

**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. 17-SPEE-476-TAR
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 26, 2016

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 decrease of \$745,507, or overall rate decrease of 1.1% for retail
6 ratepayers **and** Southern Pioneer’s 34.5kV Formula-Based Rate (“FBR”) Plan (referred to
7 hereafter as the “34.5kV FBR Plan”), which results in a rate increase of approximately
8 \$662,305 overall by Southern Pioneer. Applying a load ratio share (“LRS”) to the increase
9 from the 34.5kV FBR Plan, \$271,934 or about 41 percent is applicable to Southern
10 Pioneer’s wholesale Local Access Delivery Service (“LADS”) customers, and the
11 remaining \$390,371, or 59 percent, is applicable to those Southern Pioneer retail consumers
12 taking service over its 34.5kV sub-transmission system. The resultant proposed wholesale
13 LADS rate is \$4.88/kW. Specifically, my testimony will (1) provide historical information
14 on Southern Pioneer; (2) since this is the first consolidated Annual Filing under one docket,
15 explain the consolidated exhibits numbering system for easy identification when comparing
16 to prior Annual Filings of the DSC-FBR and 34.5kV FBR Plans; (3) summarize and convey
17 the comments of the Southern Pioneer Consumer Advisory Council (“Council”) as it relates
18 to the DSC-FBR Plan and 34.5kV FBR Plan and any rate adjustments therefrom; (4)
19 summarize any material changes in cost of service; and (5) affirm, as part of calculating the
20 revenue requirement adjustment and incorporating the Commission’s policy and practice,
21 Southern Pioneer’s continued removal of 100% of certain promotional or corporate
22 advertising expenses and limiting to 50% the amount of certain dues, donations and
23 charitable contribution expenses, etc.

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

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

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

6 A. I was employed in July 2000 as the Assistant to the CEO at Pioneer Electric. In September
7 2005, I served a dual role as the Assistant to the CEO and Southern Pioneer's Executive
8 Vice President-Chief Operating Officer ("COO"). As the COO of Southern Pioneer, I was
9 instrumental in the formation of Southern Pioneer and coordinated the acquisition and
10 transition of Southern Pioneer's portion of the acquired Aquila, Inc., d/b/a Aquila Networks-
11 WPK ("Aquila") assets from an investor-owned utility to that of a for-profit C-Corporation,
12 owned by a cooperative and agreeing to operate as a taxable, not-for-profit entity. In May
13 2011, I was appointed the Executive Vice President and Assistant CEO of both Pioneer and
14 Southern Pioneer, the position I continue to hold today. Prior to July of 2000, I served as
15 Manager of Benefits for Sunflower Electric Power Corporation ("Sunflower") in Hays,
16 Kansas, where I managed all Statutory and Welfare Benefit Programs, and provided support
17 to all Sunflower Member Systems and the 500 plus system employees. Prior to Sunflower,
18 I served seven years as the Administrator at a regional accounting firm where I managed
19 the daily activities of the firm, as well as provided compensation and benefit consulting to
20 clients.

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

22 A. Yes. I have filed both direct and rebuttal testimony as well as compliance reports in Docket
23 Nos. 06-MKKEE-524-ACQ (the "06-524 Docket"), 12-MKKEE-380-RTS, 13-MKKEE-452-

1 MIS (the “13-452 Docket”), 14-SPEE-507-RTS (the “14-507 Docket”), 15-SPEE-116-RTS
2 (the “15-116 Docket”), 15-SPEE-519-RTS (the “15-519 Docket”), 15-SPEE-161-RTS (the
3 “15-161 Docket”), 16-MKEE-023-TAR (the “16-023 Docket”), 16-SPEE-497-RTS (the
4 “16-497 Docket”), 16-SPEE-501-TAR (the “16-501 Docket”) and 17-SPEE-129-TAR (the
5 “17-129 Docket”). In addition to preparing testimony or testifying before the Commission,
6 I have filed applications for the purpose of adopting an *ad valorem* tax surcharge in Docket
7 Nos. 13-MKEE-695-TAR, 14-SPEE-297-TAR, 15-SPEE-267-TAR, 16-SPEE-306-TAR
8 and 17-SPEE-263-TAR.

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

11 A. Yes. Utilizing the prescribed Protocols adopted in the 452 Docket and 16-023 Docket, Mr.
12 Richard J. Macke, rate consultant with Power System Engineering (“PSE”), has calculated
13 Southern Pioneer’s adjusted DSC ratio for the test year as compared to the Commission-
14 approved target for the DSC-FBR Plan, and Southern Pioneer’s required revenue
15 requirement for the 34.5kV sub-transmission facilities-only portion of Southern Pioneer’s
16 utility system using a limited true-up for the 34.5 kV FBR Plan. Additionally, Mr. Macke
17 has prepared proposed combined retail tariffs to achieve the slightly decreased combined
18 retail revenue requirement to meet the targets in these Annual Filings.

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

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

22

1 **II. SOUTHERN PIONEER**

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

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

18 **Q. Please continue.**

19 A. As a Mid-Kansas member-owner, and pursuant to a Commission-approved Electric Customer
20 Service Agreement, Southern Pioneer contractually provided retail service to approximately
21 17,300 Mid-Kansas consumers in 34 communities in the Mid-Kansas "Southern Pioneer
22 Division." Southern Pioneer also provided sub-transmission service to 34.5kV wholesale sub-
23 transmission users. The Commission approved this arrangement until such time that the Mid-

1 Kansas certificated territory and customers were transferred to the member-owners on
2 November 21, 2013, when the Commission issued its order in Docket No. 13-MKEE-447-MIS
3 (the “13-447 Docket”), approving the Mid-Kansas spin-down, which provided for, among
4 other things, the transfer of the individual certificated territories, consumers, KCC-approved
5 rules and regulations, and tariffs to each of the Mid-Kansas Members, including Southern
6 Pioneer. As part of the 13-447 Docket, the Commission granted to Southern Pioneer public
7 utility status and the Mid-Kansas customers being served by Southern Pioneer by virtue of the
8 Electric Customer Service Agreement noted above, officially became Southern Pioneer
9 Customers.

10 **III. Explanation of Consolidated Exhibits**

11 **Q. In the 16-497 and 16-501 Dockets, the Commission approved KCC Staff’s**
12 **recommendation to consolidate Southern Pioneer’s future DSC-FBR Plan and 34.5kV**
13 **FBR Plan Annual Filings under one docket.¹ Please explain Southern Pioneer’s**
14 **interpretation of the Commission’s directive.**

15 A. It is Southern Pioneer’s understanding, that in order to further streamline the Annual Filings
16 and to eliminate redundancy, as many of the exhibits reported and the data requests requested
17 the same information, consolidating the two Annual Filings under one docket reduced the
18 administrative time for all parties to prepare, review and process the Annual Filings.

19 **Q. Please explain how Southern Pioneer has accomplished the consolidation.**

20 A. As part of the consolidation process, Southern Pioneer has submitted one Application with a
21 listing of consolidated exhibits, and separate sections dedicated to the DSC-FBR Plan and

¹ 16-497 Docket *Order Granting Application and Approving Adjustments*, ¶10, p. 4 and *Order Granting Application; Approving Adjustment; and Adopting Staff’s Report and Recommendation*, ¶8, p. 3 (both dated August 2, 2016).

1 34.5kV FBR Plan. The testimony of Mr. Macke follows the same format to ensure that even
 2 though the Annual Filings are filed under one docket, the protocols of each Commission-
 3 approved FBR plan are strictly followed.

4 **Q. Please continue.**

5 A. Certainly. The Application and testimony are self-explanatory and easy to follow. However,
 6 in the past, each FBR plan Annual Filing had its own list of exhibits as identified in the
 7 protocols, but the exhibits were not numerically identified the same. In the consolidated filing,
 8 to reduce confusion and redundancy as much as possible, Southern Pioneer has consolidated
 9 the two sets of exhibits into one common exhibit list. Southern Pioneer has created for easy,
 10 cross-reference and identification, the following summary table of the new combined exhibit
 11 number compared to what the same exhibit would have been under previously filed DSC-FBR
 12 Plans and the 34.5kV FBR Plans.

13 **Combined Exhibit Listing**

Combined Exhibit #	Exhibit Name/Description	Previous DCS-FBR Plan Exhibit #	Previous 34.5kV FBR Plan Exhibit #
1	Application	1	1
2	Form 7 – 2016 (Test Year), 2015 and 2014 Years	2	2
3-A	DSC Template (Attachments 1 & 2 to Settlement Agreement)	3	-
3-B	34.5kV Template (Attachments 1 & 2 to Settlement Agreement)	-	3
4 ²	Comparative Income Statements, Balance Sheets & Trial Balances (2014-2016)	4, 10	4, 11
5	Material Changes in Cost of Service	5	7

14

² Previously Exhibit 4 only included the Income and Balance Sheet and the Trial Balance was included with the “Supplemental Schedules” in Exhibits 10 and 11. It seemed logical to group all related financial statements.

Combined Exhibit #	Exhibit Name/Description	Previous DCS-FBR Plan Exhibit #	Previous 34.5kV FBR Plan Exhibit #
6	Allocation of Costs or Billed Charges by Pioneer Electric to Southern Pioneer Electric	-	-
6a	List of Pioneer Employee's Time and Cost Billed	6a	8a
6b	List of All Directly Assigned Costs from Pioneer	6b	8b
6c	List of All Other Allocated, Assigned or Billed Costs	6c	8c
7	Southern Pioneer Total Employee Compensation Expense	7	5, 9
8	Calculation of CFC Ratios 87 and 110 (2014-2016)	8	10
9	List of Dues, Donations, Charitable Contributions, Promotional Advertising, Penalties, Fines and Entertainment Incurred During Test Year	9	12
10	Supplemental Schedules	10	11
10a	Reconciliation of Labor in SPEC GL: PEC (6a) + SPEC (7) employees = SPEC GL.	10	11
10b ³	Debt amortization and reconciliation	-	-
11	Tariff Sheets (Clean and Red-Lined Version)	11	13
12	Excel Sheets	12	14
13	Consumer Advisory Council Meeting Minutes (Test Year)	13	-
14 ⁴	Operating Budget for 2016 (Test Year), 2015 and 2014	-	6

1
2 Furthermore, to assist the parties in identifying the combined exhibits during the review
3 process this first year of consolidation, each exhibit has the cross-reference added to its header.

³ 10b – This is a new exhibit number as it has consistently been previously requested in the Data Request process.

⁴ 14 – This is a new “consolidated” exhibit number as the Operating Budget was a listed exhibit in the 34.5kV FBR Plan but was requested through the Data Request process in the DSC-FBR Plan since inception of the DSC-FBR Plan.

1 **Q. Do you believe Southern Pioneer achieved KCC Staff's objective and the Commission's**
2 **directive?**

3 A. Yes, I do. This is the fourth Annual Filing of the DSC-FBR Plan and the second Annual Filing
4 of the 34.5kV FBR Plan and historically with each filing, the parties have collaboratively and
5 cooperatively worked to improve the FBR plan filing process. While I indicate that I believe
6 Southern Pioneer accomplished the expectations of the parties, Southern Pioneer remains open
7 to continued refinement of the annual update filing and review process as it sees the
8 Commission-approved formula based ratemaking and any subsequent filings or extension of
9 the FBR plans an acceptable and efficient long-term cost recovery methodology.

10 **IV. Southern Pioneer Consumer Advisory Council**

11 **Q. As part of the Protocols set forth in the DSC-FBR Plan and 34.5kV Plan, Southern**
12 **Pioneer agreed to consult with its Consumer Advisory Council ("Council") regarding**
13 **the ratepayer impact of the annual filings and include with the Application the**
14 **summary comments received from the Council.⁵ Additionally, Southern Pioneer**
15 **agreed to submit the minutes from quarterly Council Meetings that occurred during**
16 **the test year,⁶ which in this case is calendar year 2016. Are the Council minutes from**
17 **the test year attached to the filing?**

18 A. Yes. Included with the filing, as **Exhibit 13**, are the minutes from the quarterly Council
19 meetings for the 2016 calendar year.

⁵ 452 Docket, *Order Approving Non-Unanimous Settlement Agreement, Exhibit A*, §2, p. 2 and 16-023 Docket, *Order Approving Settlement, Attachment A – Unanimous Settlement Agreement, Exhibit A – Southern Pioneer Protocols*, ¶C, p.3.

⁶ 452 Docket, *Order Approving Non-Unanimous Settlement Agreement, Exhibit A*, §J (13), p. 7

1 **Q. What are the Council's comments with regard to the annual filing impact to**
2 **ratepayers?**

3 A. On April 25, 2017, at a special Council meeting conducted via conference call, Southern
4 Pioneer shared with the Council the calculations for the 2017 DSC-FBR Plan and the
5 34.5kV FBR Plan Annual Filings and the overall actual and net impact to retail ratepayers.
6 In summary, I advised the Council that the fourth DSC-FBR Plan and second 34.5kV FBR
7 Plan Annual Filings were due on or before May 1, 2017, but it was Southern Pioneer's intent
8 to file the consolidated Annual Filing by April 29th, so any approved rate adjustment will
9 be effective within 90-days of the filing and billed for usage after the first of the following
10 month or August 1, 2017, unless an evidentiary hearing is necessary. I explained to the
11 Council that (i) following the Protocols adopted in the Southern Pioneer DSC-FBR Plan, it
12 resulted in a retail rate decrease of \$745,507, or overall rate decrease of 1.1% for retail
13 ratepayers; and (ii) following the Protocols adopted in the Southern Pioneer 34.5kV FBR
14 Plan, it resulted in a rate increase of approximately \$662,305. Applying a load ratio share
15 ("LRS") to this increase from the 34.5kV FBR Plan, \$271,934, or about 41 percent, is
16 applicable to Southern Pioneer's wholesale Local Access Delivery Service ("LADS")
17 customers, and the remaining \$390,371, or 59 percent, is applicable to those Southern
18 Pioneer retail consumers taking service over Southern Pioneer's 34.5kV sub-transmission
19 system. The resultant proposed wholesale LADS rate is \$4.88/kW. The Council was
20 apprised that on a net basis, when combining the rate adjustment from each FBR plan, a
21 Residential customer will experience an overall -\$0.84% rate reduction, which equates to
22 an approximately \$0.92 decrease in the Residential Customer's average monthly electric
23 bill based on historical usage.

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

2 **A.** Because Southern Pioneer retail ratepayers enjoyed, either from a filed or KCC-Staff
3 adjusted position, just under a one percent (-0.78%) decrease in 2014, the first year of the
4 DSC-FBR Plan filing; a 1.32% increase in 2015, the second year of the DSC-FBR Plan
5 filing; and a net 1.11% increase in 2016 from the third year of the DSC-FBR Plan and first
6 year of the 34.5kV FBR Plan, the Council was pleased to learn that the results of the
7 consolidated Annual Update filing resulted in a slight overall decrease in rates. The Council
8 concurred with Southern Pioneer's assessment that the FBR plan process has been highly
9 effective in managing rate adjustments to single digit changes and expressed its appreciation
10 of the cooperation exhibited between the parties in reviewing the revenue requirement. The
11 Council further complimented Southern Pioneer on its continued commitment to provide
12 reliable service and its involvement in the Southern Pioneer communities, all while
13 achieving relative rate stability. The Council requested that Southern Pioneer seek approval
14 of and implement the final rate adjustment within the 90-day schedule as outlined in the
15 consolidated Annual Update filing.

16 **V. Material Changes in Cost of Service**

17 **Q. Were there any material changes in the cost of providing electric service during the**
18 **2016 year that should be highlighted?**

19 **A.** Yes, there was one material change worth noting. Southern Pioneer's property tax expense
20 as billed by the various counties and recorded in the General Ledger for the 2016 year was
21 \$655,000 or 29% greater than the 2015 expense of \$2,280,000.

22

1 **VI. Corporate Advertising, Dues, Donations, and Charitable Contributions**

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

8 A. No, it is not.

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

10 A. Southern Pioneer has elected to seek recovery of these costs consistent with the
11 Commission's Order in the 14-507 Docket and Southern Pioneer's filings in the 15-161 and
12 15-519 Dockets, as evident in the DSC-FBR Plan analysis performed by Mr. Macke, and as
13 depicted in Filing **Exhibit 9**.

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

16 A. Absolutely. First though, Southern Pioneer would like to reiterate, as it has in previous
17 testimony, that it does not agree with Staff's analysis and the Commission's Order in the
18 14-507 Docket, in which certain adjustments were made to exclude or reduce expenditures
19 associated with corporate advertising and dues, donations, and contributions. As a not-for-
20 profit company, Southern Pioneer has no means to recover these expenditures other than
21 through its operating margins.

22

1 **Q. Continue please.**

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

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

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

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

16 A. Certainly. Using the list of dues, donations, charitable contributions, promotional
17 advertising, penalties, fines and entertainment expenses compiled in **Exhibit 9**, Southern
18 Pioneer reviewed each item listed to identify its purpose, categorically classified, and then
19 applied the appropriate level of inclusion or exclusion. For example, penalties and
20 advertising were 100% excluded, but dues and donations were 50% excluded.

21

⁷ 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 **Q. And in using this methodology, what was the outcome?**

2 A. In total, **Exhibit 9** represents just over \$206,558 in expenditures related to dues, donations,
3 charitable contributions, promotional advertising, penalties, fines and entertainment
4 expenses. Of this total amount, only \$94,185 was included in the annual revenue
5 requirement after applying the criteria discussed above.

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

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

10 **VII. CONCLUSION**

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

12 A. Yes. In the 13-452 Docket, one of the many reasons cited for support of a DSC-FBR Plan
13 was that it could minimize future overall rate increases to consumers.⁸ I believe Southern
14 Pioneer achieved that objective yet again by submitting its consolidated (the fourth DSC-
15 FBR Plan and second 34.5kV FBR Plan) Annual Update filings that provides for a slight
16 overall decrease to retail customers. I believe the results from this consolidated filing are
17 not only commendable, but they also lend credibility to the FBR plan ratemaking process
18 in general by stabilizing retail rates to Southern Pioneer ratepayers and bringing regulatory
19 certainty to Southern Pioneer and its lender. While it is impossible to predict what will
20 occur in the remaining year of the DSC-FBR Plan and 34.5kV FBR Plan, the ability to react
21 to the current financial and commodity market conditions being experienced by Southern
22 Pioneer using an annual formula-based rate approach rather than traditional rate case filings

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

1 provides significant benefits to Southern Pioneer and its consumers, which is exactly what
2 was intended when seeking to implement the DSC-FBR Plan and the addition of the 34.5kV
3 FBR Plan.

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

5 A. Yes, it does.

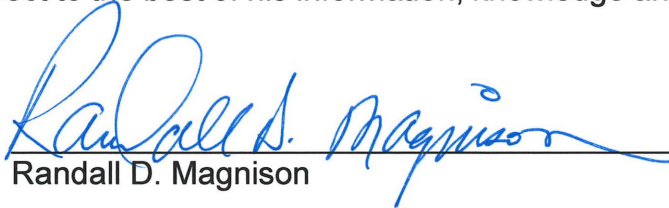
CONSOLIDATED ANNUAL FILING

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

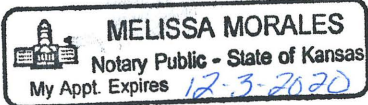
VERIFICATION OF RANDALL D. MAGNISON

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 26 day of April 2017.




Notary Public

Seal

My Appointment Expires: December 3, 2020