

BEFORE THE STATE 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) KCC Docket No. 18-SPEE-477-RTS
Ratemaking Plan Approved in Docket)
No. 13-MKKEE-452-MIS AND 34.5kV)
Formula Based Ratemaking Plan Approved)
in Docket No. 16-MKKEE-023-TAR.)

DIRECT TESTIMONY OF

STACEY HARDEN

ON BEHALF OF

CITIZENS' UTILITY RATEPAYER BOARD

JULY 6, 2018

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1 **I. STATEMENT OF QUALIFICATIONS**

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

3 A. My name is Stacey Harden. My business address is 1500 SW Arrowhead Road, Topeka,
4 Kansas 66604.

5

6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Citizens' Utility Ratepayer Board ("CURB") as a Senior
8 Regulatory Analyst.

9

10 **Q. Please describe your educational background.**

11 A. I earned a Bachelor of Business Administration degree from Baker University in 2001. I
12 earned a Master of Business Administration degree from Baker University in 2004.

13

14 **Q. Please summarize your professional experience in the utility industry.**

15 A. I served as a Regulatory Analyst for the Citizens' Utility Ratepayer Board from February
16 2008 until March 2016. I rejoined CURB in September 2017 as a Senior Regulatory
17 Analyst.

18

19 **Q. Have you previously testified before the Commission?**

20 A. Yes. I have previously offered both written and live testimony in twenty-seven
21 proceedings before the Kansas Corporation Commission ("Commission"). A list of these
22 dockets is available upon request.

23

II. PURPOSE OF TESTIMONY

1 **Q.** On April 30, 2018, Southern Pioneer Electric Company (“Southern Pioneer” or
2 “Company”) filed an Annual Update of its Debt Service Coverage (“DSC”) Formula
3 Based Ratemaking Pilot Program (“DSC-FBR”) and an Annual Update of its 34.5kV
4 Formula Based Ratemaking Plan (“34.5kV FBR”) to request certain changes to its retail
5 rates and wholesale Local Access Delivery Service demand rate (“LADS”). This is the
6 fifth and final DSC-FBR filing pursuant to the Commission order in Docket No. 13-
7 MKEE-452-MIS (“452 Docket”). Similarly, this is the third and final 34.5kV FBR filing
8 pursuant to the Commission Order in Docket No. 16-MKEE-023-TAR (“023 Docket”).
9 Together, Southern Pioneer’s DSC-FBR and 34.5kV FBR seek a retail rate increase of
10 \$1,376,199. According to its application, this increase if approved will increase an
11 average residential customer’s monthly bill by \$3.70. In my testimony, I will recommend
12 adjustments related to certain costs included in the DSC-FBR, and make
13 recommendations for how Southern Pioneer should move forward after the conclusion of
14 this docket. My testimony will supplement the testimony of CURB witness Ms. Cary
15 Catchpole.
16
17

III. SUMMARY OF RECOMMENDATIONS

18 **Q.** I recommend the Commission:

- 19 • approve the adjustments set forth in my testimony;
- 20 • reduce the Company’s Customer Records & Collection expense by
21 \$4,259;
- 22 • reduce the Company’s Customer Service & Info-Customer Assistance
23

1 expense by \$505;

- 2 • reduce the Company's Miscellaneous General Expense by \$3,908; and
- 3 • Approve the adjustment to reflect a correction to the Company's 2017
- 4 Annual Cost Adjustment.

5

6 **IV. DISCUSSION OF THE ISSUES**

7 **A. Customer Records & Collection**

8 **Q. Please describe your process in reviewing Southern Pioneer's costs included in the**

9 **DSC-FBR.**

10 A. I selected three of the Company's expense accounts which are 100% included in the

11 Company's DSC-FBR calculations and audited the costs in each of these accounts. The

12 accounts I selected are: 903.0 (Customer Records & Collection), 908.0 (Cust Sv & Info-

13 Customer Assistance), and 930.2 (Miscellaneous General Expense). Based on my audit

14 and review, I recommend the Commission approve three adjustments to Southern

15 Pioneer's cost of service.

16

17 **Q. Please describe your adjustment for Account 903.0 (Customer Records &**

18 **Collection).**

19 A. I recommend the Commission approve two adjustments to Southern Pioneer's Customer

20 Records and Collection expense for gym memberships and meal reimbursements. First,

21 Southern Pioneer has included \$3,463.63 in its DSC-FBR calculations for Gym

22 Memberships. According to its response to Staff DR-19, Southern Pioneer states that it

23 shares the cost of gym memberships with its employees "in an effort to encourage

1 wellness.”

2

3 **Q. Should the cost of gym memberships be passed onto ratepayers?**

4 A. No. Southern Pioneer already passes along the cost of its employee’s health insurance to
5 ratepayers. Ratepayers should not be expected to also share in the cost of optional gym
6 memberships. Therefore, I recommend the Commission exclude \$3,463.63 associated
7 with gym membership fees from Southern Pioneer’s cost of service.¹

8

9 **Q. Please describe your second adjustment to Southern Pioneer’s Customer Records
10 and Collection.**

11 A. My second adjustment reduces the cost of Southern Pioneer’s Customer Records and
12 Collection for meal reimbursements, snacks, or other food items. In my review of
13 Account 903.0, I found sixty transactions which total \$1,591.28 for meal reimbursements,
14 snacks, or other food items. In an effort to be conservative and to not pass on costs to
15 ratepayers that are unrelated to the Company’s requirement to provide sufficient and
16 efficient service, I recommend the Commission disallow \$795.64, which is 50% of the
17 reported meal reimbursements, snacks and refreshments included in Southern Pioneer
18 Account 903.0 (Customer Records and Collection). My adjustment is calculated in
19 Exhibit SMH-2.

20

21 **Q. Under what circumstances does Southern Pioneer reimburse an employee for a
22 meal?**

23 A. In its response to CURB DR-21, Southern Pioneer reports that it “provides/reimburses

¹ Schedule SMH-1

1 meals for employees who are actively involved in company business throughout its 10-
2 county service territory and related industry/business meetings in and out-of-state.”

3
4 **Q. Are you concerned with the amount of meal reimbursements included in the**
5 **Company’s DSC-FBR Application?**

6 A. Yes. From a review of the GL, I cannot determine if meals were provided to employees
7 that were traveling as part of their Southern Pioneer job duties or if meals were generally
8 provided to any employee who was conducting Southern Pioneer business. I would agree
9 that Southern Pioneer employees that are in travel status should be allowed certain meal
10 reimbursements, and that those costs should be eligible for rate recovery. However, based
11 upon my review of the Customer Records and Collection account, I am unable to
12 determine which of the sixty transactions that provided food, snacks, or refreshments
13 were provided to Southern Pioneer employees that were conducting Southern Pioneer
14 business while traveling. As I will discuss later in my testimony, these are just a portion
15 of the meal reimbursements that were included in Southern Pioneer’s cost of service.
16 Therefore, in an effort to be conservative and to not pass on costs to ratepayers that are
17 unrelated to the Company’s requirement to provide sufficient and efficient service, I am
18 recommending the Commission disallow 50% of the reported meal reimbursements,
19 snacks and refreshments included in Southern Pioneer Account 903.0 (Customer Records
20 and Collection).²

² Exhibit SMH-2

1 **B. Customer Service & Info-Customer Assistance**

2 **Q. Please describe your adjustment for Account 908.0 (Customer Service and Info-**
3 **Customer Assistance).**

4 A. I am recommending one adjustment that reduces the cost of Southern Pioneer's Customer
5 Service and Info-Customer Assistance for meal reimbursements, snacks, or other food
6 items. In my review of Account 908.0, I found fifty-seven transactions which total
7 \$1,009.26 for meal reimbursements, snacks, refreshments, or other food items. Similar to
8 the costs included in my review of GL account 903.0 (Customer Records and Collection),
9 I was unable to determine which of the fifty-seven transactions that provided food,
10 snacks, or refreshments were provided to Southern Pioneer employees who were
11 conducting Southern Pioneer business while traveling. In an effort to be conservative and
12 to not pass on costs to ratepayers that are unrelated to the Company's requirement to
13 provide sufficient and efficient service, I am recommending the Commission disallow
14 \$504.63, which is 50% of the reported meal reimbursements, snacks and refreshments
15 included in Southern Pioneer Account 908.0 (Cust Sv & Info-Customer Assistance). My
16 adjustment is calculated in Exhibit SMH-3.

17
18 **C. Miscellaneous General Expense**

19 **Q. Please describe your adjustment for Account 930.2 (Miscellaneous General**
20 **Expense).**

21 A. I recommend the Commission disallow \$3,908.00 in expenses included in Southern
22 Pioneer's Miscellaneous General expense account. My review of the GL Account Detail
23 provided by the Company in response to Staff DR-09 found that many of the expenses

1 appear to be office-related expense, i.e. internet access, trash bags, paper towels, etc.
2 However, in addition to what might be considered routine office expense, there are
3 expenses recorded as gifts, meals/snacks, promotion, and one entry labeled "credit card
4 over limit fee." My recommendation adjusts for the following expenses: \$2,180.84 in
5 promotional items; \$482.53 in meal reimbursements, snacks and refreshments; \$685.55
6 for flowers and gifts provided to Southern Pioneer employees; and \$559.09 for other
7 purchases, some of which are unknown. My adjustment is calculated in Exhibit SMH-4.

8
9 **Q. Please explain how you calculated each adjustment in the Miscellaneous General**
10 **Expense Account.**

11 A. First, I removed 100% of promotional items. Promotional items are typically removed
12 from a utility's cost of service. Second, I reduced Southern Pioneer's meal
13 reimbursements, snacks and refreshments expense by 50% for the same reasons as
14 previous adjustments in my testimony. Third, I reduced Southern Pioneer's flowers and
15 gift expense by 50%. Finally, I removed 100% of costs that are either unknown or should
16 be unallowable for inclusion in rates.

17
18 **Q. Why did you reduce Southern Pioneer's flower and gift expense by 50%?**

19 A. Flowers and gifts provided to employees are not necessary for the provision of safe and
20 reliable electricity. However, I understand the Company's desire to recognize its
21 employee's life events, such as marriage, birth of babies, and death of family members.
22 In order to strike a balance between what ratepayers are required to pay for and what the
23 Company provides, I reduced the identified flower and gift expense by 50%.

1 **Q. Please describe your recommendation to remove 100% of costs that are unknown or**
 2 **costs that should not be included in Southern Pioneer's cost of service.**

3 A. In my review of Southern Pioneer's Miscellaneous General Expense account, I identified
 4 six transactions that I removed from the Company's cost of service. These transactions,
 5 and an explanation of why I removed the expense from the cost of service are as follow:
 6

Date	Description	Amount	Reason for exclusion
3/1/2017	AMAZON PRIME MBRSHF FEE	\$99	Amazon Prime Membership not appropriate for inclusion in rates
05/12/17	CREDIT CARD OVER LIMIT FEE	\$39	Fees and Fines are typically not included in rates
07/21/17	SPEC CREDIT CARDS 201707	\$17	Unknown transaction
07/24/17	COOLERS FOR OFFICE	\$114	Coolers are not appropriate for inclusion in rates
08/03/17	2 PROJECTS FOR SPEC	\$250	Unknown transaction
08/21/17	SPEC CREDIT CARD 201708	\$41	Unknown transaction

7

8 **V. CORRECTION TO ANNUAL COST ADJUSTMENT**

9 **Q. Please describe the Company's adjustment related to the under-recovery of its**
 10 **Annual Cost Adjustment ("ACA") in 2016.**

11 A. The Company made an adjustment to its 2017 revenues, to include \$141,653 that it but
 12 did not receive because of an error in its 2017 ACA. Southern Pioneer witness Randall
 13 Magnison testifies that when Southern Pioneer was preparing its 2018 ACA filing,
 14 Southern Pioneer determined that its 2017 ACA filing was incorrect, resulting in an
 15 under-recovery of \$141,653. The 2017 ACA calculation was based upon actual costs
 16 incurred in 2016, but because of an error in the ACA Calculation Worksheet, Southern
 17 Pioneer under recovered its 2016 expenses by \$141,653. According to Mr. Magnison
 18 "(a)fter conferring with KCC Staff on how best to recover this adjustment since it was
 19 outside of the 2017-time period to be recovered in 2018 ... the parties agreed that in order

1 to avoid collecting twice (through the ACA and the general rate case), Southern Pioneer
2 would adjust revenues up in the 2018 DSC FBR Annual Update Filing.”³

3

4 **Q. Do the DSC-FBR protocols established in the 452 Docket allow for such an**
5 **adjustment?**

6 A. No, they do not. The DSC-FBR protocols allow for only limited adjustments to the test-
7 year data. Per the protocols, adjustments made to the historical test year filed within the
8 Application include:

- 9 • An adjustment to annualize operating revenue and property tax revenue to
10 the known and measurable rate increase approved by the Commission in
11 Docket No. 17-SPEE-476-TAR.
- 12 • An adjustment to remove all revenue and expenses associated with
13 Southern Pioneer’s 34.5 kV facilities.
- 14 • An adjustment to Tax Expense-Other, accounting for only the cash taxes
15 that were paid by Southern Pioneer during the test year.
- 16 • An adjustment to reflect the interest expense on long-term debt for the
17 2018-budgeted calendar year.
- 18 • An adjustment to reflect the interest expense on short-term debt for the
19 2018-budgeted calendar year.
- 20 • An adjustment to debt service payments that reflects both interest and
21 principal payments expected for the 2018 budgeted calendar year.
- 22 • An adjustment to total assets to reflect expected asset growth during the

³ Direct Testimony of Randall D. Magnison, at page 13.

1 2018-budgeted calendar year.

2
3 **Q. Are you recommending the Commission deny the adjustment to include the revenue**
4 **associated with the 2017 ACA under-recovery?**

5 A. No, I am not. The adjustment made in Southern Pioneer's application provides assurance
6 that Southern Pioneer will not collect the under-recovered amount of \$141,653 through
7 both its ACA and its DSC-FBR. Therefore, I recommended the adjustment to revenues be
8 allowed as a one-time exception to the protocols that were established in the 452 Docket.

9 However, I am concerned that Southern Pioneer changes its ACA factors without
10 Commission approval in a docket each and every year. I cannot find any Southern
11 Pioneer docket where the Commission has ruled on the Company's ACA. It appears that
12 Southern Pioneer's ACA is reconciled and approved through informal communications
13 between the Company and Staff.

14
15 **Q. Are you recommending the Commission issue an order requiring Southern Pioneer**
16 **to files its ACA in a docketed proceeding?**

17 A. No, I am not recommending the Commission place further requirements on Southern
18 Pioneer's ACA in this docket. Rather I am recommending that the issue surrounding
19 Southern Pioneer's ACA be addressed in the Company's next General Rate Case. As I
20 will discuss later in my testimony, Southern Pioneer has indicated that it will file a
21 General Rate Case with the Commission shortly after an order is issued in this
22 proceeding. It is my recommendation that the parties address this issue in that General
23 Rate Case.

1 **VI. IMPACT OF ADJUSTMENTS ON DSC-FBR RATE**

2 **Q. What is the total amount of CURB's recommended adjustments?**

3 A. As calculated in Ms. Catchpole's schedule CPC-1a, CURB recommends the Commission
4 approve \$21,771 in adjustments to the Company's cost of service.
5

6 **Q. If the Commission approves the adjustments contained in yours and Ms.
7 Catchpole's testimony, will it impact Southern Pioneer's DSC-FBR rate increase
8 request?**

9 A. No. If the Commission approves the adjustments set forth in my testimony, as well as the
10 adjustments provided in Ms. Catchpole's testimony, there will be no impact on Southern
11 Pioneer's rate adjustment.⁴
12

13 **Q. How can that be possible?**

14 A. The DSC-FBR is a formula based rate that produces a ration based upon millions of
15 dollars in revenues and expenses. CURB's recommendations are simply not large enough
16 to change the DSC calculated rate increase. Regardless, I continue to recommend the
17 Commission approve CURB's adjustments because each adjustment represents a cost that
18 should not be included in any utility's cost of service.
19

20 **Q. If there is no impact on Southern Pioneer's proposed rates, why are the adjustments
21 necessary?**

22 A. While there is not a material impact on the rates proposed in this DSC-FBR proceeding,
23 these costs should still be identified and excluded from rates. Additionally, while there is

⁴ Schedule CPC-1a attached to Cary Catchpole's testimony

1 no material rate impact in this proceeding, Southern Pioneer is required to meet certain
2 equity ratios in its credit agreements. Unlike an investor-owned utility, Southern Pioneer
3 does not have shareholders who can absorb costs that are not recoverable in rates. Instead
4 any costs excluded from rates are absorbed by the Company, which decreases the
5 Company's overall equity. The amount of Southern Pioneer's equity is important because
6 Southern Pioneer is required to meet a specified Equity to Assets Ratio according to its
7 Credit Agreement. By the end of 2018, Southern Pioneer is required to have an Equity to
8 Assets Ratio of 8%. During 2019, the Equity to Assets Ratio requirement increases to
9 11%. Finally, beginning in 2020, the Equity to Assets Ratio must be at least 15%.⁵
10 Southern Pioneer's current Equity to Assets Ratio is 12.49%.⁶

11
12 **Q. If Southern Pioneer is currently meeting the Equity to Assets Ratio requirements**
13 **included in its credit agreement, why are you concerned about Southern Pioneer's**
14 **level of expense?**

15 A. I remain concerned that even though Southern Pioneer is meeting the terms of its credit
16 agreement today, Southern Pioneer's Equity to Assets Ratio increases to 15% in eighteen
17 months. If Southern Pioneer continues to incur costs for expenses that are not recoverable
18 in rates, its total margins and equity will decrease, which will, all things being equal,
19 cause a decrease in the Company's Equity to Assets Ratio.

20 As an example, in Exhibit 9 of its Application, Southern Pioneer reports on its
21 dues, donations, charitable contributions, promotional advertising, penalties and fines,
22 and entertainment expenses. According to the exhibit, Southern Pioneer recorded

⁵ Docket No. 13-MKKEE-452-MIS, Direct Testimony of Richard J. Macke, at page 35.

⁶ Total margin and equities are reported in the Exhibit 3, which is the CFC Form 7. Total margin and equities appear in Part C, line 35. Total assets appear in Part C, line 28.

1 \$211,635.61 in expense during 2017 for dues, donations, charitable contributions,
2 promotional advertising, penalties and fines, and entertainment expenses. However,
3 consistent with previous Commission orders, Southern Pioneer excluded \$117,719.45 of
4 these expenses from its DSC-FBR calculation. The \$117,719.45 in excluded costs were
5 funded through the Company's equity margins. Therefore, while the excluded costs do
6 not directly impact ratepayers today, if Southern Pioneer continues to fund unrecoverable
7 costs through its equity margin, it runs the risk of failing to meet its required Equity to
8 Assets Ratio in 2020.

9
10 **VII. FUTURE GENERAL RATE CASE**

11 **Q. You indicated this is the final DSC-FBR and 34.5kV FBR. How does Southern**
12 **Pioneer report that it will move forward after the Commission's order in this**
13 **proceeding?**

14 **A. In the testimony of Mr. Magnison, he states that once "a final order is issued in this**
15 **docket updating rates, Southern Pioneer will then file a General Rate Case to incorporate**
16 **the updated cost to serve and any rate design changes. Therefore, pursuant to the Protocol**
17 **requirements, Southern Pioneer intends to file an application providing notice to continue**
18 **the FBR programs on or before December 31, 2018, and requesting that the application to**
19 **continue be addressed in parallel with or immediately subsequent to completion of the**
20 **General Rate Case."**⁷

21
22
23

⁷ Direct Testimony of Randall D. Magnison, at page 15.

1 **Q. Do you have any comments in response to Mr. Magnison’s testimony about**
2 **Southern Pioneer’s future plans?**

3 A. Yes, I have a brief comment about the timing of Southern Pioneer’s upcoming General
4 Rate Case. Mr. Magnison indicates that once a Commission order is issued in the final
5 DSC-FBR and 34.5kV FBR application, Southern Pioneer will update its cost to service
6 and address rate design issues in a General Rate Case. The current DSC-FBR and
7 34.5kV FBR being reviewed in this proceeding utilize a 2017 test year. It is unclear from
8 Mr. Magnison’s testimony if Southern Pioneer intends to file its General Rate Case based
9 upon the same 2017 test year, or if Southern Pioneer would consider delaying its General
10 Rate Case application in order to utilize a fresh 2018 test year. Re-using a test-year that
11 has already been evaluated by the parties and presented to the Commission, could
12 potentially cause errors in a General Rate Case. Therefore, while I am not recommending
13 the Commission take any formal action on the timing issue of Southern Pioneer’s General
14 Rate Case, I am suggesting the Commission encourage all parties in this proceeding to
15 work collaboratively in order to determine the most efficient and effective way to move
16 forward with Southern Pioneer’s upcoming General Rate Case and FBR proposal.

17

18 **VIII. SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS**

19 **Q. Please summarize the impact of the adjustments you are recommending for**
20 **Southern Pioneer.**

21 A. I recommend the Commission:

- 22 • approve the adjustments set forth in my testimony;
- 23 • reduce the Company’s Customer Records & Collection expense by

- 1 \$4,259;
- 2 • reduce the Company's Customer Service & Info-Customer Assistance
- 3 expense by \$505;
- 4 • reduce the Company's Miscellaneous General Expense by \$3,908; and
- 5 • approve the adjustment to reflect a correction to the Company's 2017
- 6 Annual Cost Adjustment.

7

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

9 **A. Yes.**

APPENDIX A

SUPPORTING SCHEDULES

SMH-1

SMH-2

SMH-3

SMH-4

SCHEDULE SMH-1

Southern Pioneer; Account No. 903.0 - Customer Records and Collection - Gym Memberships

1/31/2017	259527	SMJ10 TX FRNG-GYM MEMB	\$	280.97
2/28/2017	260999	SMJ10 TX FRNG-GYM MEMB	\$	380.82
3/31/2017	263101	SMJ10 TX FRNG-GYM MEMB	\$	322.64
4/30/2017	264969	SMJ10 TX FRNG-GYM MEMB	\$	322.64
5/31/2017	266827	SMJ10 TX FRNG-GYM MEMB	\$	322.64
6/30/2017	269045	SMJ10 TX FRNG-GYM MEMB	\$	294.76
7/31/2017	270886	SMJ10 TX FRNG-GYM MEMB	\$	294.76
8/31/2017	273104	SMJ10 TX FRNG-GYM MEMB	\$	248.88
9/30/2017	275095	SMJ10 TX FRNG-GYM MEMB	\$	248.88
10/31/2017	277031	SMJ10 TX FRNG-GYM MEMB	\$	248.88
11/30/2017	278747	SMJ10 TX FRNG-GYM MEMB	\$	248.88
12/31/2017	280669	SMJ10 TX FRNG-GYM MEMB	\$	248.88
		Total:	\$	3,463.63

SCHEDULE SMH-2

Southern Pioneer; Account No. 903.0 - Customer Records and Collection

2/1/2017	260673	MEAL DEMIN-2 MEALS	\$	14.43
2/7/2017	259434	MEAL DEMIN- 27.91/3	\$	27.91
3/1/2017	263031	MEAL-7.04/1	\$	7.04
3/2/2017	260673	MEAL DEMIN-3 MEALS	\$	47.24
3/15/2017	262503	MEAL DEMIN- 47.36/3	\$	47.36
3/16/2017	263031	MEAL DEMIN- 9.27/1	\$	9.27
4/1/2017	264006	MEAL - 100.00/6	\$	100.00
4/1/2017	264785	MEAL DEMIN- 36.00/3	\$	36.00
4/8/2017	264785	MEAL DEMIN- 18.00/3	\$	18.00
5/1/2017	266795	MEAL - 80.66/3	\$	80.66
5/4/2017	266146	MEAL - 30.00/2	\$	15.01
5/10/2017	265619	MEAL FOR OFFICE CREW	\$	11.41
5/17/2017	265619	MEAL DEMIN- 7.11/2	\$	3.56
6/1/2017	268260	MEAL DEMIN- 27.03/2	\$	27.03
6/1/2017	268337	MEAL DEMIN- 53.63/4	\$	53.63
7/1/2017	270654	DEPT MEAL 23.00/3	\$	23.00
7/7/2017	268753	MEAL - 41.38/2	\$	20.69
7/12/2017	270672	MEAL - 30.00/2	\$	30.00
8/1/2017	273030	MEAL DEMIN-64.48/6	\$	64.48
9/5/2017	274444	DRINKS 7.24/5	\$	3.95
9/5/2017	274535	MEAL DEMIN-38.89/4	\$	42.49
9/5/2017	274808	MEAL DEMIN-49.49/4	\$	49.49
9/12/2017	273499	MEAL DEMIN- 95.14/7	\$	27.19
9/15/2017	273959	MEAL DEMIN-ACCT/BILL DEPT	\$	34.11
9/15/2017	274535	DOG BISCUITS	\$	11.34
9/19/2017	273988	MEAL DEMIN- 26.19/2	\$	26.19
9/19/2017	274823	MEAL- 40.00/2	\$	20.00
10/1/2017	276364	MEAL DEMIN-36.28/2	\$	36.28
10/1/2017	276739	MEAL DEMIN-76.12/3	\$	76.12
10/1/2017	276776	REFRESHMENT	\$	3.24
10/1/2017	276888	MEAL DEMIN-43.01/2	\$	43.01
10/9/2017	276697	MEAL-8.93/1	\$	8.93
10/11/2017	276697	MEAL DEMIN-7.84/2	\$	3.91
10/12/2017	276776	MEAL-6.49/4 DRINKS	\$	3.25
10/13/2017	276471	MEAL DEMIN-74.91/6	\$	49.94
10/13/2017	276697	MEAL DEMIN-CONS ACCT MEAL	\$	33.26
10/16/2017	275794	MEAL DEMIN-\$43.09/3 LUNCH-BILLING DEP	\$	21.54
10/17/2017	276892	CHEESECAKES	\$	26.63
10/23/2017	276697	CANDY FOR FRONT	\$	5.33
10/25/2017	276471	MEAL DEMIN-46.27/3	\$	30.84
11/1/2017	277861	REFRESHMENTS-8.24/6	\$	6.87
11/1/2017	278044	MEAL - 55.00/3	\$	18.33
11/2/2017	278447	MEAL DEMIN-12.88/1	\$	12.88
11/3/2017	277818	MEAL DEMIN-\$30.60 BILLING LUNCH	\$	19.66
11/7/2017	277861	MEAL DEMIN-27.21/2	\$	27.21
11/7/2017	278044	MEAL-150.00/8	\$	18.75
11/14/2017	277861	SNACK-11.73/6	\$	9.59
11/17/2017	277861	MEAL DEMIN-106.19/6	\$	17.70
11/22/2017	277861	MEAL DEMIN-60.90/4	\$	15.22
11/29/2017	278155	MEAL DEMIN-11.76/2	\$	5.87
12/1/2017	279925	MEAL DEMIN-26.28/2	\$	26.28
12/1/2017	280242	MEAL - 35.00/2	\$	35.00
12/4/2017	278756	MEAL- 46.86/4 INTERVIEW MEAL	\$	11.71
12/8/2017	280242	MEAL DEMIN-8.73/1	\$	8.73
12/10/2017	278756	MEAL-124.89/6 INTERVIEWING	\$	41.63
12/14/2017	280336	MEAL DEMIN-27.31/2	\$	27.31
12/15/2017	280497	MEAL DEMIN-44.73/2	\$	22.37
12/20/2017	279553	MEAL DEMIN-17.46/2	\$	17.46
12/31/2017	282875	MEAL DEMIN-25.96/2	\$	25.96
12/31/2017	282875	MEAL DEMIN-28.99/3	\$	28.99
Total:				\$ 1,591.28

Recommended disallowance: 50%

Reduction to Company's cost of service for meals: \$ 795.64

SCHEDULE SMH-3

Southern Pioneer, Account No. 908.0 - CUST SV & INFO-CUSTOMER ASSISTANCE

1/5/2017 3 MEALS:LUNCH W/SPEC ADV BD MEMBER/SPOUS	\$	12.24
1/17/2017 MEAL DEMIN-9.70/1	\$	9.70
1/17/2017 MEAL DEMIN-31.47/2	\$	31.47
1/24/2017 MEAL DEMIN-1 MEAL	\$	12.43
2/2/2017 HUGS PRESENTATION MEAL - 12.60/1	\$	12.60
2/10/2017 REFRESHMENT	\$	1.94
2/28/2017 MEAL DEMIN- 5.34/1	\$	5.34
3/1/2017 SNACKS	\$	18.45
3/24/2017 MEAL DEMIN- 13.09/2 SPEC LINEMAN VIDEO	\$	13.09
3/24/2017 SNACK-SPEC LINEMAN VIDEO	\$	3.26
3/25/2017 MEAL DEMIN-\$24.18/2 2 MEALS SPEC	\$	24.18
3/28/2017 MEAL DEMIN-2 MEALS	\$	31.24
3/29/2017 MEAL DEMIN-2 MEALS	\$	23.07
3/29/2017 MEAL DEMIN-2 MEALS	\$	16.85
3/29/2017 MEAL DEMIN-SNACKS	\$	4.02
3/29/2017 DELI TRAY & SNACKS	\$	58.85
3/30/2017 MEAL DEMIN-SNACKS	\$	4.54
4/1/2017 MEAL DEMIN-26.44/1	\$	26.44
4/27/2017 MEAL DEMIN- SAFETY PRESENTATION VIDEO	\$	4.36
5/1/2017 MEAL - 44.85/3	\$	44.85
5/4/2017 MEAL - 30.00/2	\$	14.99
6/1/2017 SNACKS - SEPC MTG	\$	3.28
6/13/2017 YOUTH TOUR SNACK	\$	3.70
7/7/2017 MEAL - 41.38/2	\$	20.69
8/7/2017 DEMO TRAILER FRUIT	\$	4.06
8/23/2017 MEAL DEMIN- SNACKS	\$	5.35
9/1/2017 DRINKS -8.40/4	\$	8.40
9/5/2017 DRINKS 7.24/5	\$	3.96
9/11/2017 DRINKS-4.87/2	\$	5.26
9/19/2017 MEAL- 40.00/2	\$	20.00
10/5/2017 MEAL DEMIN-6.58/1	\$	6.58
10/5/2017 MEAL DEMIN-4.52/1	\$	4.52
10/12/2017 MEAL-18.66/2	\$	18.66
10/12/2017 MEAL-6.49/4 DRINKS	\$	3.24
10/13/2017 MEAL DEMIN-74.91/6	\$	24.97
10/17/2017 MEAL DEMIN-18.90/2	\$	18.90
10/17/2017 MEAL-85.95/3	\$	92.50
10/19/2017 MEAL DEMIN-23.44/3	\$	23.44
10/20/2017 MEAL DEMIN-48.02/2	\$	48.02
10/25/2017 MEAL DEMIN-46.27/3	\$	15.43
10/30/2017 MEAL DEMIN-6.54/1 MONEY GRAM	\$	6.54
11/1/2017 REFRESHMENTS-8.24/6	\$	1.37
11/1/2017 MEAL - 55.00/3	\$	36.67
11/2/2017 REFRESHMENT - 6.03/3	\$	6.03
11/4/2017 REFRESHMENT-7.30/3	\$	7.30
11/4/2017 REFRESHMENT - 5.58/3	\$	5.58
11/6/2017 REIMBURSE SATANTA CHAMBER LUNCH	\$	8.00
11/7/2017 MEAL DEMIN-11.45/1 COBANK PRESENTATION	\$	11.45
11/7/2017 MEAL-150.00/8	\$	37.50
11/14/2017 SNACK-11.73/6	\$	2.14
11/14/2017 MEAL DEMIN-34.04/3	\$	34.04
11/16/2017 MEAL DEMIN-16.79/1	\$	16.79
11/28/2017 MEAL DEMIN-20.28/2 HUGS MTG W TRTY BRD	\$	20.28
12/1/2017 MEAL- 35.00/2	\$	35.00
12/4/2017 MEAL- 46.86/4 INTERVIEW MEAL	\$	11.71
12/10/2017 MEAL-124.89/6 INTERVIEWING	\$	41.63
12/15/2017 MEAL DEMIN-44.73/2	\$	22.36
	\$	1,009.26

50%

Total Adjustment Recommended: \$ 504.63

EXHIBIT SMH-4

Southern Pioneer; Account Number 930.2 - Miscellaneous General Expense

		Promotion	Meals	Gifts	Unknown	
02/01/17	FLOWERS FOR EE FAMILY			\$27.30		
02/08/17	STAFF/MANAGER/SUPERVISOR MEETING MEA		\$75.00			
02/09/17	FOOD/SUPPLIES ADVISORY COUNCIL		\$5.21			
02/15/17	GIFT FOR CASE'S NEW BABY			\$43.34		
03/01/17	6000-PROMOTIONAL PENS	\$1,868.40				
03/01/17	AMAZON PRIME MBRSHF FEE				\$99.00	
04/01/17	FLOWERS FOR RANDYS MOMS FUNERAL			\$68.83		
04/09/17	SODA FOR OFFICE		\$20.82			
04/18/17	FLOWERS FOR KIFFIANY'S FAM			\$53.52		
04/26/17	SNACKS FOR ML OFFICE		\$29.80			
05/01/17	GIFT CARD FOR GOOD SAMARITAIN HELP			\$50.00		
05/12/17	CREDIT CARD OVER LIMIT FEE				\$39.00	
05/15/17	FLOWERS FOR K. WRIGHT'S DAD IN HOSPITAL			\$53.51		
05/17/17	30 MEALS-STAFF/SPVR/MGR LUNCH	\$186.76	\$186.76			
06/21/17	GET WELL FLOWERS EE6			\$35.41		
07/02/17	EE FAMILY FUNERAL FLOWERS			\$65.90		
07/14/17	STAFF/MGR/SPVR MTG MEALS		\$84.63			
07/15/17	GIFT CARD-NEW BABY			\$25.00		
07/20/17	EE BIRTHDAY PARTY		\$24.01			
07/21/17	SPEC CREDIT CARDS 201707				\$16.75	
07/24/17	COOLERS FOR OFFICE				\$113.59	
08/03/17	2 PROJECTS FOR SPEC				\$250.00	
08/11/17	MEMORIAL DONATION WRIGHTS FATHER			\$50.00		
08/11/17	LADIES COTTON T-SHIRTS	\$189.84	\$189.84			
08/17/17	FUNERAL PLANT-WRIGHT			\$51.28		
08/21/17	SPEC CREDIT CARD 201708				\$40.75	
08/28/17	EE FAMILY FUNERAL - BEDWELL			\$49.68		
09/01/17	FRUIT		\$11.12			
09/06/17	SODA FOR OFFICE		\$10.19			
09/08/17	T-SHIRTS SPEC	\$122.60	\$122.60			
09/14/17	SNACKS & DRINKS FOR MEETINGS		\$35.17			
09/18/17	MEALS-CCB BEST PRACTICE REVIEW CLASS		\$64.01			
09/18/17	CCB BEST PRACTICES TRAINING MEALS		\$99.12			
09/20/17	CUPCAKES-CCB BEST PRACTICES MEAL		\$16.27			
09/20/17	MEALS-CCB BEST PRACTICE REVIEW	\$160.00	\$160.00			
09/20/17	LUNCH SUPPLIES-CCB BEST PRACTICE REVIE'	\$5.08	\$5.08			
09/27/17	CEO MTG W EE SNACKS		\$41.11			
10/01/17	CEO MTG W EE SNACKS		\$24.41			
10/06/17	BABY GIFT FOR ONEIL			\$25.00		
10/17/17	REIMBURSEMENT GIFT FOR BUCKLEY			\$512.10		
10/20/17	GIFT-EE SON IN HOSP			\$20.29		
11/01/17	LUNCH SUPPLIES-CCB BEST PRACTICES REVII		\$7.46			
11/14/17	FLOWERS FOR EE FAMILY LOSS			\$70.47		
11/16/17	FLOWERS EE FAMILY LOSS			\$65.10		
12/05/17	STRATEGIC PLANNING W/STAFF & MANAGER		\$43.62			
12/06/17	FLOWERS FOR FORMER EE FAMILY			\$55.72		
12/16/17	FLOWERS FOR EE FAMILY LOSS			\$48.65		
12/27/17	FOOD FOR OFFICE		\$21.26			
		\$5,076.08	\$2,180.84	\$965.05	\$1,371.10	\$559.09
	Recommended Exclusion:	100%	50%	50%	100%	
	Total Adjustment Recommended:	\$2,180.84	\$482.53	\$685.55	\$559.09	

APPENDIX B

REFERENCED DATA REQUESTS

CURB DR-21

KCC DR-9*

KCC DR-19

* large spreadsheet not attached, but can be provided at request of the Commission

CITIZENS' UTILITY RATEPAYER BOARD

Information Request

Request No. CURB-21

Company Name SOUTHERN PIONEER ELECTRIC COMPANY
Docket Number 18-SPEE-477-RTS
Request Date May 21, 2018
Date Information Needed June 5, 2018
RE: Southern Pioneer's Application of April 30, 2018

Please provide the following:

Under what conditions or circumstances does Southern Pioneer approve meal reimbursements to employees? For example, does a Southern Pioneer employee have to be in travel status to receive meal reimbursement?


Response:

Southern Pioneer provides/reimburses meals for employees who are actively involved in company business throughout its 10-county service territory and related industry/business meetings in and out-of-state.

Submitted By CURB
Submitted To Lindsay Campbell

VERIFICATION OF RESPONSE

I have read the foregoing Data Request and Answer(s) thereto and find the answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Citizens' Utility Ratepayer Board any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Data Request.

Signed: 
Name: Chantry Scott
Position: CFO
Dated: 6/4/18

**Kansas Corporation Commission
Information Request**

Request No: 9

Company Name SOUTHERN PIONEER ELECTRIC COMPANY SPEE
Docket Number 18-SPEE-477-RTS
Request Date May 10, 2018
Date Information Needed May 21, 2018

RE: General Ledger

Please Provide the Following:

Please provide an Excel version of the 2016 General Ledger for all 900 accounts.

Submitted By Tim Rehagen

Submitted To Randy Magnison

Response: See KCC DR-09 GL Detail (900 Accounts)

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed:  _____

Date: 5/15/18

**Kansas Corporation Commission
Information Request**

Request No: 19

Company Name SOUTHERN PIONEER ELECTRIC COMPANY SPEE
Docket Number 18-SPEE-477-RTS
Request Date June 4, 2018
Date Information Needed June 13, 2018

RE: Account 1.903.0

Please Provide the Following:

In reference to the response to Staff Data Request No. 9, please provide an explanation of the following expenses (including a description of the activities/services that caused the expenses to be incurred):

<u>Account</u>	<u>Date</u>	<u>Reference</u>	<u>Amount</u>
1.903.0	2/28/17	SMJ10 TX FRNG-B&O FEES	\$1,302.63
1.903.0	2/28/17	SMJ10 TX FRNG-GYM MEMB	\$380.82

Response:

B&O – Brooks & Olson (B&O) is the entity utilized for accounts receivable bad debt collection. B&O retains its commission and remits the remainder of the collected dollars to Southern Pioneer. The amount reflected in 1.903.0 is the commission retained by B&O.

Gym Memb – In an effort to encourage employee wellness, the company shares the cost of gym membership with the employee. The amount reflected in 1.903.0 is the company's share of these memberships.

Submitted By Tim Rehagen

Submitted To Randy Magnison

If for some reason, the above information cannot be provided by the date requested, please provide a written explanation of those reasons.

Verification of Response

I have read the foregoing Information Request and answer(s) thereto and find answer(s) to be true, accurate, full and complete and contain no material misrepresentations or omissions to the best of my knowledge and belief; and I will disclose to the Commission Staff any matter subsequently discovered which affects the accuracy or completeness of the answer(s) to this Information Request.

Signed: _____



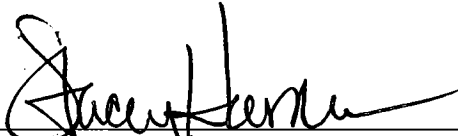
Date: _____



VERIFICATION

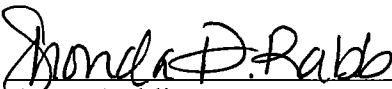
STATE OF KANSAS)
) ss:
COUNTY OF SHAWNEE)

I, Stacey Harden, of lawful age and being first duly sworn upon my oath, state that I am a Senior Regulatory Analyst for the Citizens' Utility Ratepayer Board; that I have read and am familiar with the above and foregoing document and attest that the statements therein are true and correct to the best of my knowledge, information, and belief.



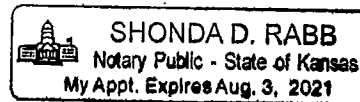
Stacey Harden

SUBSCRIBED AND SWORN to before me this 6th day of July, 2018.



Notary Public

My Commission expires: 8-03-21.



CERTIFICATE OF SERVICE

18-SPEE-477-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing document was served by electronic service on this 6th day of July, 2018, to the following:

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LINDSAY CAMPBELL, EXECUTIVE VP -
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Shonda Rabb
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