



SOUTHERN PIONEER ELECTRIC COMPANY RATE FILING WILL AFFECT ELECTRIC BILLS

OVERVIEW OF FILING

As permitted by the Kansas Corporation Commission (“Commission” or “KCC”), on May 3, 2021, Southern Pioneer Electric Company (“Southern Pioneer”) filed its first annual rate adjustment following the protocols adopted in the Order Approving Settlement issued in its consolidated Formula Based Rate (FBR) Plan filing on August 11, 2020 in Docket No. 19-SPEE-240-MIS (19-240 Docket”). Southern Pioneer also filed for certain rate adjustments pursuant to the protocols adopted in the Order Approving Settlement issued in Southern Pioneer’s last general rate case on July 14, 2020 in Docket No. 20-SPEE-169-RTS (“20-169 Docket”). Since you are a retail customer that receives electric service through Southern Pioneer and will be impacted by this filing, Southern Pioneer would like to give you information regarding the filing.

HISTORY OF SOUTHERN PIONEER ELECTRIC COMPANY

Southern Pioneer, with its corporate office in Ulysses, Kansas and Customer Service-Distribution Offices in Liberal and Medicine Lodge, Kansas, is a not-for-profit corporation and is a wholly owned subsidiary of Pioneer Electric Cooperative, Inc. Southern Pioneer is governed by a nine-member Board of Directors, comprised of cooperative consumers, and regularly receives input on matters affecting consumers from a Consumer Advisory Council, consisting of Southern Pioneer ratepayers. Southern Pioneer provides distribution service to approximately 17,000 retail consumers in 10 southwest and south-central Kansas counties. Southern also provides local access delivery service to both full and partial requirement wholesale users of its 34.5 kV sub-transmission system.

IMPACTS TO RETAIL ELECTRIC DISTRIBUTION

In the 19-240 Docket, Southern Pioneer sought and received Commission approval to extend its previously approved 34.5 kV and DSC FBR Plans under a Consolidated FBR Plan (“Cons. FBR Plan”) for the territory served by Southern Pioneer. The Cons. FBR Plan allows for retail and local access delivery service (“LADS”) rates to be adjusted on an annual basis, using a formula and DSC/Revenue Requirement targets, subject to an annual review and approval process by the Commission. Calculations indicate rate adjustments are necessary to meet a newly established Debt Service Coverage (“DSC”) target of 1.6, reduced from a previously established 1.75.

Additionally, in the 20-169 Docket, the Commission approved an increase to the residential customer charge of \$0.90, from \$13.77 to \$14.67. The Commission also approved in the 20-169 Docket the rebasing of property taxes, increasing base rates and decreasing the property tax surcharge, which ultimately results in a net zero impact to overall rates. Finally, the Commission approved in the 20-169 Docket the reallocation of revenue requirements pursuant to the Southern Pioneer Cost of Service Study, primarily impacting Residential and General Service Large rate schedules. The Commission ordered that these rate adjustments approved in the 20-169 Docket be implemented concurrent with the rate adjustments made under Southern Pioneer’s Cons. FBR Plan compliance filing. **These rate adjustments approved in the 20-169 Docket are separate from and in addition to the proposed rate adjustments under Southern Pioneer’s Cons. FBR Plan, outlined below.**

In order to achieve the financial/revenue requirement DSC target of 1.6 under Southern Pioneer's Cons. FBR Plan, an overall "net" retail rate increase of \$1,495,735 or about 2.3% is required by Southern Pioneer. Southern Pioneer has estimated this annual Cons. FBR compliance filing, if approved, will result in an approximate 3.3% increase for the average residential customer. Proposed rates for other customer classes are reflected in the tables below.

SOUTHERN PIONEER ELECTRIC COMPANY Allocation of FBR Rate Adjustment to Retail Rate Schedules						
Line No.	Rate Schedule	Rate Schedule Revenue¹	34.5kV System Adjustment	Distribution System Adjustment	Total Adjustment	Change as Percent
		(\$)	(\$)	(\$)	(\$)	(%)
1	Residential Service (17-RS)					
2	General Use	16,198,672	(152,777)	695,281	542,504	3.3%
3	Space Heating	746,947	(7,278)	33,124	25,846	3.5%
4	General Service Small (17-GSS)	1,950,982	(21,852)	99,448	77,596	4.0%
5	General Service Large (17-GSL)	16,148,502	(152,320)	693,204	540,883	3.3%
6	General Service Space Heating	239,573	(1,745)	7,942	6,197	2.6%
7	Industrial Service (17-IS)	4,807,379	(40,230)	183,086	142,856	3.0%
8	Industrial Service-Primary Discount	0	0	0	-	N.A.
9	Real -Time Pricing (13-RTP)	44,443	0	0	-	N.A.
10	Transmission Level Service (17-STR)	23,186,167	(3,229)	66,420	63,191	0.3%
11	Municipal Power Service (17-M-I)	34,840	(407)	1,854	1,447	4.2%
12	Water Pumping Service (17-WP)	703,712	(6,894)	31,375	24,481	3.5%
13	Irrigation Service (17-IP-I)	349,030	(3,373)	15,349	11,977	3.4%
14	Temporary Service (17-CS)	686,470	(9,763)	44,433	34,669	5.1%
15	Lighting	444,044	(6,784)	30,873	24,089	5.4%
16	Total Retail Rates	65,540,761	(406,654)	1,902,389	1,495,735	2.3%

REGULATORY RESPONSIBILITY

The Commission regulates public utilities, who are not locally regulated pursuant to K.S.A. 66-104d. The Commission's oversight primarily pertains to rates and terms of service. In order to ensure that customers of regulated utilities are provided sufficient and efficient service at just and reasonable rates, regulated utilities may not change their rates without Commission approval.

ADDITIONAL INFORMATION

A complete copy of Southern Pioneer's Filing (the application, supporting testimony and proposed rates) is available on the Commission's website at: <http://www.kcc.ks.gov>, by searching Docket Filings for Docket No. 21-SPEE-411-RTS. You may contact Lindsay Campbell, Executive Vice President-Assistant CEO and General Counsel at 620-282-2070 or Southern Pioneer's Customer Service Offices at 1-800-670-4381 with questions, or visit Southern Pioneer's website at www.southernpioneer.net.

If you have questions or complaints regarding this Filing, you may also contact the Commission's Office of Public Affairs and Consumer Protection at 1-800-662-0027 or at public.affairs@kcc.ks.gov. Questions or complaints should reference Docket No. 21-SPEE-411-RTS.