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I. INTRODUCTION AND PURPOSE OF TESTIMONY

Q 1: Please state your name and business address.

A: Robert E. Pender, P.O. Box 1567, Goldenrod, Florida, 32733.

Q 2: What is your occupation?

A: I am a consultant with the firm of R. E. Pender, Inc., holding the title of President.

Q 3: Have you previously filed direct testimony before this Commission?

A: Yes. I filed direct testimony in the above-captioned proceeding on August 17, 2015.

Q 4: On whose behalf are you testifying in this proceeding?

A: I am appearing on behalf of South Central MCN LLC (SCMCN), a subsidiary of GridLiance Heartland LLC.

Q 5: What was the purpose of your direct testimony previously filed with the Commission?

A: I was asked by SCMCN to present testimony supporting the estimated original cost less depreciation (OCLD) value of certain transmission facilities currently owned by the City of Nixa, Missouri (Nixa Assets). The Nixa Assets are to be acquired by SCMCN and, pending the approval of FERC, the costs of these facilities will be included as part of the Southwest Power Pool, Inc. (SPP) transmission rates. SCMCN's acquisition of the Nixa Assets is the subject of SCMCN's application (Application) to this Commission for a certificate of convenience and necessity and, if required, approval to transfer the assets.

Q 6: What is the purpose of your supplemental direct testimony?

A: It is my understanding that since the filing of my direct testimony, SCMCN and the City have agreed to the transfer of significantly more land than what was originally contemplated in the purchase of the Nixa Assets. By agreement, the City will transfer ownership of approximately 97

1 acres of land and land rights at a total price of \$1.052 million, which equates to a value of
2 approximately \$10.8 thousand per acre.

3 **Q 7: How was the value for land and land rights determined?**

4 A. The revised value for land and land rights was determined based on negotiations between the
5 parties and is supported by property analysis report prepared on behalf of Nixa.

6 **Q 8: Did you revise your Exhibit SCM-6 as filed with your original testimony?**

7 A: Yes, the revised exhibit showing value of the land and land rights as discussed above is attached
8 hereto as Exhibit SCM-6 (Revised).

9 **Q 9: Please summarize the results of your revised OCLD calculations.**

10 A: The results of the determination of the OCLD value of the Nixa Assets as shown in Exhibit No.
11 SCM-6 (Revised) are summarized below.

12

13	Original Cost	<u>\$000's</u>
14	Plant and Equipment	\$11,336
15	Land	<u>1,052</u>
16	Total Original Cost	\$12,388
17	Accumulated Depreciation	<u>2,273</u>
18	Estimated OCLD	<u>\$10,115</u>

19 **Q 10: Does this conclude your testimony?**

20 A: Yes it does.

**BEFORE THE STATE CORPORATION COMMISSION
OF THE STATE OF KANSAS**

In the Matter of the Application of South)
Central MCN LLC for Approval of Transfer of)
Assets and a Certificate of Convenience and)
Necessity)

Docket No. EA-2016-0036

AFFIDAVIT OF ROBERT E. PENDER

STATE OF FLORIDA)
) ss
COUNTY OF SEMINOLE)

Robert E. Pender, being first duly sworn on his oath, states:

1. My name is Robert E. Pender. I am currently a consultant with the firm of R.E. Pender, Incorporated. My business address is P.O. Box 1567, Goldenrod, Florida 32733.

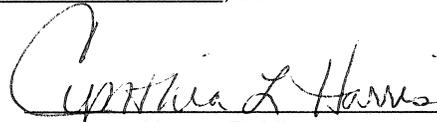
2. Attached hereto and made a part hereof for all purposes is my Supplemental Direct Testimony on behalf of SCMCN, consisting of 3 pages, all of which have been prepared in written form for introduction into evidence in the above-referenced docket.

3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and accurate to the best of my knowledge, information and belief.



Robert E. Pender

Subscribed and sworn to before me this 9th day of December, 2015.



Notary Public

My commission expires: June 28, 2017

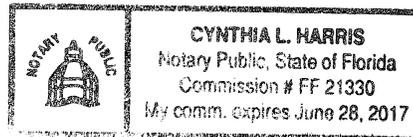


EXHIBIT REP-6

(2 PAGES)

ESTIMATE OF ORIGINAL COST LESS
DEPRECIATION FOR THE NIXA ASSETS

South Central Municipal - Cooperative Network, LLC

Original Cost Less Depreciation
for Certain Transmission Facilities Owned by the City of Nixa, MO
Estimated as of June 30, 2015
(Dollars in Thousands)

Line No.	Line Description	Length (Mi.) No. (Units)	Year Placed In Service	Total EPC * Cost	Total Replacement Cost	Reverse Trend Factors		Estimated Original Cost as of 6/30/15	Estimated Accumulated Depreciation		Sub-total OCLD	Add: Land and Land Rights	Total OCLD
						to 1/1/15	1/1/15 to 6/30/15		Percent	Total			
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)
<u>Transmission Lines</u>													
1	James River Plant to Northeast Substation - 161 kV	3.92	2006	\$ 3,525	\$ 4,054	1.1298	1.0104	\$ 3,551	23.40%	\$ 831	\$ 2,720		
2	Northeast Substation to Tracker Substation - 69 kV	2.31	2006	1,290	1,484	1.1298	1.0104	1,300	23.40%	304	996		
3	Tracker Substation to Downtown Substation - 69 kV	1.80	2000	996	1,146	1.5672	1.0104	724	39.00%	282	441		
4	Downtown Substation to ESPY Substation - 69 kV	1.24	1984	678	779	2.5952	1.0104	297	80.60%	240	58		
5	ESPY Substation to SWPA Nixa Substation - 69 kV	1.55	2012	866	996	1.0425	1.0104	945	7.80%	74	872		
6	Total Transmission Lines	10.82		7,355	8,459			6,818		1,731	5,087		
<u>Substation Equipment</u>													
7	Tracker Substation	2	2006	1,113	1,280	1.4240	1.0104	890	19.80%	176	714		
8	Northeast Substation	3	2006	1,441	1,657	1.4240	1.0104	1,152	19.80%	228	924		
9	ESPY Substation	2	2012	1,231	1,415	1.0571	1.0104	1,325	6.60%	87	1,238		
10	Downtown Substation	2	2013	1,056	1,214	1.0426	1.0104	1,152	4.40%	51	1,102		
11	Total Substation Equipment	9		4,840	5,566			4,519		542	3,977		
12	Materials & Supplies Inventory	1	2015	15	15	N/A	N/A	15		N/A	15		
13	Total Property, Plant & Equipment			\$ 12,211	\$ 14,040			\$ 11,336		\$ 2,273	\$ 9,063	\$ 1,052	\$ 10,115

* Engineering, Procurement and Construction.

Depreciation Percent —> 20.1%

(Footnotes shown on page 2.)

South Central Municipal - Cooperative Network, LLC

Original Cost Less Depreciation
for Certain Transmission Facilities Owned by the City of Nixa, MO
Estimated as of June 30, 2015
(Dollars in Thousands)

Footnotes by column:

- (a) - (d) Based on information provided by Quanta Technology for Grid Capital.
 (e) Column (d) increased by 15% to account for capitalized owners costs (e.g., AFUDC/IDC, project planning, insurance, etc.)
 (f) Handy-Whitman Index of Public Utility Construction Costs, Bulletin No. 180, E-3 North Central Region, as of January 1, 2015. Transmission Lines are based on a weighted average of FERC Account 355 - Poles and Fixtures (50%) and FERC Account 356 - Conductor and Devices (50%); based on Electric Plant In Service data contained in the Empire District Electric Company 2014 FERC Form 1 Annual Report.

Transmission Lines - Vintage Year	H-W Index Acct. 355 (50%)			H-W Index Acct. 356 (50%)			Weighted Trend Factor
	1/1/2015	Vintage Year	Trend Factor	1/1/2015	Vintage Year	Trend Factor	
1984	599	234	2.5598	705	268	2.6306	2.5952
2000	599	407	1.4717	705	424	1.6627	1.5672
2006	599	515	1.1631	705	643	1.0964	1.1298
2012	599	591	1.0135	705	658	1.0714	1.0425

Substation Equipment - Vintage Year	H-W Index Acct. 353		
	1/1/2015	Vintage Year	Trend Factor
2006	759	533	1.4240
2012	759	718	1.0571
2013	759	728	1.0426

- (g) Based on Engineering News Record Historical Construction Cost Index - U.S. Historical Average.

Month Ending:

December 2014	9936
June 2015	10039
Trend Factor	1.0104

- (h) Column (e) / column (f) / column (g).
 (i) Based on the age of the plant and assumed depreciation rate of 2.60% for Transmission Lines and 2.20% for Substation Equipment -- derived from depreciation rate data contained in the Empire District Electric Company 2014 FERC Form 1 Annual Report (Empire District Electric Company).
 (j) Column (h) x column (i).
 (k) Column (h) - column (j).
 (l) Estimated value as negotiated by the parties.
 (m) Column (k) - column (l).