

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

Before Commissioners: Andrew J. French, Chair
 Dwight D. Keen
 Annie Kuether

In the Matter of Southern Pioneer Electric)
Company Filing its Annual True Up Property) Docket No. 25-SPEE-252-TAR
Tax Surcharge for 2025 Rates)

ORDER APPROVING PROPERTY TAX SURCHARGE RIDER

The above-captioned matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and determination. Having examined its files and records, the Commission finds and concludes:

I. BACKGROUND

1. On December 23, 2024, Southern Pioneer Electric Company (“Southern Pioneer”) submitted its annual Property Tax Surcharge Rider calculation for calendar year 2025 pursuant to the Commission’s June 13, 2013, Order issued in Docket No. 13-MKEE-695-TAR and K.S.A. 66-117(f).¹

2. On January 8, 2025, the Commission granted the petition of the Citizen’s Utility Ratepayer Board (“CURB”) to intervene and seeking a protective order and discovery order.

3. On January 8, 2025, Southern Pioneer submitted an updated Application to reflect the actual amounts of property taxes for December 2024, which was provided as an estimate in Southern Pioneer’s December 23, 2024, Application.² Southern Pioneer’s initial Application reported a total recoverable amount of ad valorem tax assessments of (\$452,303)³, based upon:

¹ Southern Pioneer Electric Company, Annual True Up Property Tax Surcharge, Docket No. 25-SPEE-252-TAR (Dec. 23, 2024) (“Application”).

² Southern Pioneer Electric Company 2024 Property Tax Surcharge Filing for 2025 Rates- Updated, Docket No. 25-SPEE-252-TAR (Jan. 8, 2025) (“Updated Application”).

³ Numbers stated in parentheses represent a negative number.

A. The difference between its 2024 total property tax assessments of \$2,401,083 and the \$2,761,014 of property tax expense included in Southern Pioneer’s base rates; and

B. A true-up provision comparing the amount of Property Tax Surcharge revenue collected versus that intended to be collected during the year 2024, which resulted in an over-recovery of \$92,373.⁴

4. On January 8, 2025, Staff filed its Report and Recommendation (“R&R”) in the above-captioned docket.⁵ Based on its review of Southern Pioneer’s application, Staff’s R&R ultimately recommends that the Commission approve a revised updated Property Tax Surcharge Rider of (\$0.001944)/kWh for Southern Pioneer’s retail customers, \$0.000155/kWh for Southern Pioneer’s sub-transmission retail (“STR”) customers, and \$0.38162/kWh for Southern Pioneer’s local access charge (“LAC”) customers, which translates into an approximate decrease of \$0.0675 per month, or \$0.81 per year for the average residential customer, subject to the conditions contained within Staff’s R&R and in the order section below.⁶

II. LEGAL STANDARDS

5. K.S.A. 66-117(f) grants the Commission the authority to review ad valorem tariffs.

6. Whenever an electric public utility files tariffs reflecting a surcharge on the utility’s bills for utility service designed to collect the annual increase in expense charged on its books and records for ad valorem taxes, such utility shall report annually to the state corporation commission the changes in expense charged for ad valorem taxes.⁷

7. The Commission shall approve an updated ad valorem tariff within 30 days of filing, upon a showing the surcharge is applied to bills in a reasonable manner and is calculated to

⁴ *Id.*

⁵ Notice of Filing of Staff’s Report and Recommendation, Utilities Division (Jan. 8, 2025) (“Staff’s R&R” or “R&R”).

⁶ *Id.* at p. 3.

⁷ *See* K.S.A. 66-117(f).

substantially collect the increase in ad valorem tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in ad valorem tax expense incurred on the books and records of the utility.⁸

8. Any over or under collection of the actual ad valorem tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods.⁹

III. ANALYSIS

9. Staff reviewed Southern Pioneer's 2024 property tax statements and the records supporting Southern Pioneer's recovery of revenue associated with the 2025 Property Tax Surcharge Rider.¹⁰ Staff confirmed that Southern Pioneer's 2024 property tax statements totaled \$2,401,083 which was allocated to the three separate classes of Southern Pioneer customers: \$2,014,855 was allocated to retail customers; \$143,523 was allocated to STR customers; and \$242,705 was allocated to LAC customers.¹¹

10. Staff confirmed that the prorated amount of property tax expenses already included in Southern Pioneer's base rates totaled \$2,760,986 which was allocated to the three separate classes of Southern Pioneer customers: \$2,563,907 was allocated to retail customers; \$39,325 was allocated to STR customers; and \$147,853 was allocated to LAC customers.¹²

11. Staff's review of Southern Pioneer's workpapers confirmed that Southern Pioneer over-recovered its 2023 property taxes by \$92,373.¹³ This property tax true-up resulted in an over-recovery of \$57,741 from Southern Pioneer's retail customers, an over-recovery of \$35,757 from

⁸ *Id.*

⁹ *Id.*

¹⁰ Staff's R&R, p. 2.

¹¹ *Id.*

¹² Staff's R&R, p. 2.

¹³ *Id.*

Southern Pioneer’s STR customers, and an under-recovery of \$5,556 from Southern Pioneer’s third-party LAC customers.¹⁴

12. After incorporating the amounts contained within Southern Pioneer’s revised application to reflect the actual amount of property taxes assessed in December 2024, Staff determined that the total amount to be recovered through Southern Pioneer’s 2025 Property Tax Surcharge Rider is (\$447,845), which is to be allocated to the three separate classes of Southern Pioneer customers: (\$606,694) from retail customers; \$68,440 from STR customers; and \$90,408 from LAC customers.¹⁵

13. Staff determined that Southern Pioneer’s proposed 2025 Property Tax Surcharge Rider results in an approximate decrease of \$0.0675 per month, or \$0.81 per year for the average residential customer, based on an average residential customer usage of 765 kWh per month.¹⁶

14. Southern Pioneer’s proposed 2025 Property Tax Surcharge Rider will be in effect from February 1, 2025, through January 31, 2026, and is in addition to the property tax that was included in Southern Pioneer’s base rates during the calendar year 2024.¹⁷

15. Staff confirmed that Southern Pioneer’s Property Tax Surcharge Rider was properly calculated to substantially collect the increase in ad valorem tax expenses charged on the books and records of Southern Pioneer when compared to the amount currently embedded in Southern Pioneer’s base rates.¹⁸

IV. FINDINGS AND CONCLUSIONS

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ *Id.* at p. 1.

¹⁷ *Id.* at p. 1.

¹⁸ *Id.* at p. 2.

16. CURB has indicated that it had the opportunity to review Staff's R&R and has no objections.¹⁹

17. Upon review of Staff's R&R and the record as a whole, the Commission finds that the 2025 Property Tax Surcharge Rider calculated by Southern Pioneer and reviewed by Staff satisfies the requirements of K.S.A. 66-117(f) because the surcharge is to be applied to bills in a reasonable manner and serves to substantially collect the property tax expense charged on the books of Southern Pioneer during the year 2024.

18. Based on Staff's R&R, the Commission finds that Southern Pioneer's request to recover its current year property tax assessments amount of (\$447,845) via the implementation of an updated surcharge of (\$0.001944)/kWh for retail customers; \$0.000155/kWh for STR customers; and \$0.38162/kWh for LAC customers, subject to the conditions contained within Staff's R&R and as detailed in the order section below, is reasonable. The Commission concludes that Southern Pioneer's request to update its Property Tax Surcharge Rider should be approved.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. Southern Pioneer's request for approval of its 2025 Property Tax Surcharge Rider in the amount of (\$447,845), to be implemented February 1, 2025, through January 31, 2026, is granted.

B. Southern Pioneer shall be permitted to recover revenues necessary to account for the property tax expense via a surcharge in the amount of (\$0.001944)/kWh for retail customers; \$0.000155/kWh for STR customers; and \$0.38162/kWh for LAC customers, subject to the following conditions outlined by Staff in its R&R:

¹⁹ Communications between Counsel for CURB and Counsel for Staff are available upon request.

- a. Southern Pioneer shall file updated tariffs with the Commission reflecting the revised surcharge before implementing the surcharge. Staff shall review Southern Pioneer's surcharge rider to ensure that the surcharge is applied in a reasonable manner and is calculated to substantially collect the decrease in property taxes;
- b. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in the property taxes will be reflected in the subsequent year Property Tax Surcharge calculation; and
- c. Pursuant to K.S.A. 66-117(f), Southern Pioneer shall file its Property Tax Surcharge Rider annual true-up in December of each calendar year.

C. Any party may file and serve a petition for reconsideration pursuant to the requirements and time limits established by K.S.A. 77-529(a)(1).²⁰

BY THE COMMISSION IT IS SO ORDERED.

French, Chair; Keen, Commissioner; Kuether, Commissioner

01/16/2025

Dated: _____



Lynn M. Retz
Executive Director

MKH/CRM

²⁰ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

CERTIFICATE OF SERVICE

25-SPEE-252-TAR

I, the undersigned, certify that a true copy of the attached Order has been served to the following by means of electronic service on 01/16/2025.

JOSEPH R. ASTRAB, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
joseph.astrab@ks.gov

LINDSAY CAMPBELL, CHIEF EXECUTIVE OFFICER
SOUTHERN PIONEER ELECTRIC COMPANY
1850 W OKLAHOMA
PO BOX 430
ULYSSES, KS 67880-0368
lcampbell@pioneerelectric.coop

MADISEN HANE, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
madisen.hane@ks.gov

TODD E. LOVE, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
todd.love@ks.gov

CARLY MASENTHIN, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
carly.masenthin@ks.gov

SHONDA RABB
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
shonda.rabb@ks.gov

CHANTRY SCOTT, EXEC VP, ASST CEO & CFO
SOUTHERN PIONEER ELECTRIC COMPANY
1850 WEST OKLAHOMA
PO BOX 403
ULYSSES, KS 67880
cscott@pioneerelectric.coop

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
della.smith@ks.gov

/S/ KCC Docket Room

KCC Docket Room