

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

Received
on

JUL 15 2015

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)
Approved in Docket No.13-MKEE-452-MIS.)

by
State Corporation Commission
of Kansas

Docket No. 15-SPEE-519-RTS

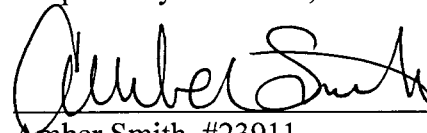
STAFF'S ERRATA TO DIRECT TESTIMONY OF CHAD UNREIN

The Staff of the Kansas Corporation Commission ("Staff" and "Commission," respectively) makes this errata filing to the Direct Testimony of Chad Unrein. For the sake of clarification and for convenience of the parties, this filing is provided in advance of the hearing, so that the necessary clarifications of the exhibit of Mr. Unrein can be made now. The corrected exhibit to Mr. Unrein's testimony is attached. Following is an explanation of the corrections and why they are necessary:

1. On July 1, 2015, Staff Witness Chad Unrein filed direct testimony in this docket. An error has been discovered on Exhibit CCU-1, Page 1, Line 20 of Unadjusted Historical Test Year [2014]. Correction of this error does not alter any of Mr. Unrein's calculations, recommendations, or positions in his testimony; however Staff wishes to make this corrective filing to clarify the record.

WHEREFORE, Staff makes this errata filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Amber Smith", written over a horizontal line.

Amber Smith, #23911

Litigation Counsel

Kansas Corporation Commission

1500 SW Arrowhead Road

Topeka, Kansas 66604

(785) 271-3301 (Telephone)

(785) 271-3167 (Facsimile)

a.smith@kcc.ks.gov (E-mail)

For Commission Staff

SOUTHERN PIONEER ELECTRIC COMPANY
 DSC FORMULA BASED RATE

ITEM	UNADJUSTED HISTORICAL TEST YEAR [2014]	ADJUSTMENTS		STAFF DSC-FBR ADJUSTMENTS		ADJUSTED HISTORICAL TEST YEAR [2014]	DISTRIBUTION ALLOCATION FACTOR see Workpaper 1	DSC-FBR (\$)
		NO.	AMOUNT (\$)	NO.	AMOUNT			
32.	<u>B. DEBT SERVICE PAYMENTS</u>							
33.	Interest Expense	5,630,380	Line 17 + Line 19		94,314	5,724,694	0.7076	4,050,539
34.	Principal Payments	1,594,429	F7, Pt. O, Col. B	[6]	157,224	1,751,653	0.7076	1,239,392
35.	Total Debt Service Payments	7,224,809			251,538	7,476,347	0.7076	5,289,931
36.								
37.	<u>C. DEBT SERVICE MARGINS</u>							
38.	Patronage Capital or Margins	2,689,995	Line 30			4,036,220	1.1352	4,582,098
39.	Plus: Depreciation and Amortization Expense	2,799,696	Line 14			2,799,696	0.7080	1,982,057
40.	Plus: Interest Expense	5,630,380	Line 33		94,314	5,724,694	0.7076	4,050,539
41.	Plus: Non-Cash Other Deductions Amortizations	1,033,812	Trial Balance			1,033,812	0.7076	731,479
42.	Plus: Cash Capital Credits Cash Received	689,749	F7, Pt. J, L6, Col. A			689,749	0.7076	488,036
43.	Plus: Non-Cash Income Tax Expense	1,681,959	Line 16		(1,681,959)	-	4.2821	-
44.	Less: Income (Loss) from Equity Investments	(2,790,460)	Line 25			(2,790,460)	1.0000	(2,790,460)
45.	Less: Other Capital Credits and Patr. Dividends	(986,653)	Line 28			(986,653)	0.7076	(698,112)
46.	Total Debt Service Margins	10,748,478				10,507,058		8,345,638
47.								
48.	<u>D. DEBT SERVICE COVERAGE</u>	1.49	L46/L35			1.41		1.58
49.								
50.	<u>E. DEBT SERVICE COVERAGE TARGET</u>							1.75
51.							Adjusted DSC Margins are:	<u>Below the Target</u>
52.								
53.	<u>F. INITIAL OPERATING INCOME ADJUSTMENT</u>							
54.	DSC Adjustment Required to Achieve Target					0.34		0.17
55.	Debt Service Payments					7,476,347		5,289,931
56.	After-Tax Operating Income Adjustment					2,576,550		899,288
57.								

SOUTHERN PIONEER ELECTRIC COMPANY
DSC-FBR - ADJUSTMENTS TO ACTUAL TEST YEAR RESULTS
 Per Sections E.1.a-e and E.3.a-f of the DSC-FBR Protocols

		Notes, Source, or Protocols Reference
1.	<u>ADJUSTMENT [1] -- REVENUE</u>	
2.	<i>Annualize rate adjustment implemented during Test Year</i>	E.1.a
3.	Annual Rate Adjustment Authorized by Commission	14-SPEE-507-RTS
4.	Total kWh Sales used to determine Rate Adjustment (14-SPEE-507-RTS Test Year)	2013 F7, 14-SPEE-507-RTS
5.	Equivalent average per kWh rate	L3/L4
6.	kWh Sales Prior to Implementation of Rate Adjustment (2014 Test Year)	January-September, WP 3 and WP6
7.	Revenue Adjustment to Annualize Rate Adjustment	L5 x L6
8.		
9.	<u>ADJUSTMENT TO DIRECT ASSIGN 34.5 kV SYSTEM REVENUE</u>	E.3.a.
10.	<i>Account for LAC revenues</i>	
11.	Per kW LAC rate Authorized by the Commission effective during Test Year	13-MKEE-699-RTS
12.	Total Annual 34.5 kV System Demand for the Test Year	WP2
13.		Ln 11 * Ln 12
14.	<i>Account for Property Tax collected during Test Year from the 34.5 kV system users</i>	
15.	Per kW PTS rate for LAC Authorized by the Commission effective during Test Year	14-SPEE-297-TAR
16.	Total Annual 34.5 kV System Demand for the Test Year	WP2
17.		Ln 15 * Ln 16
18.	Total 34.5kV Revenue	
19.		
20.	<u>ADJUSTMENT [2] -- Certain Operating Expenses</u>	G(f)
21.	<i>Adjustment to remove typically disallowed items (dues, donations, charitable contributions, promotional advertising, penalties and fines, entertainment expense)</i>	
22.		
23.	2-a. Distribution Expense - Operation	Exhibit 9
24.	2.b Distribution Expense - Maintenance	Exhibit 9
25.	2.c Customer Accounts Expense	Exhibit 9
26.	2.d Customer Service and Informational Expense	Exhibit 9
27.	2.e Sales Expense	Exhibit 9
28.	2.f Administrative and General Expense	Exhibit 9
29.	2.g Other Deductions	Exhibit 9
30.	Total Adjustment	Exhibit 9
31.		

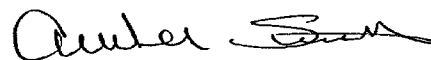
SOUTHERN PIONEER ELECTRIC COMPANY
DSC-FBR - ADJUSTMENTS TO ACTUAL TEST YEAR RESULTS
 Per Sections E.1.a-e and E.3.a-f of the DSC-FBR Protocols

		Notes, Source, or Protocols Reference
32.	<u>ADJUSTMENT [3] -- Other Taxes</u>	E.1.b.
33.	<i>Adjustment to include cash tax expense</i>	
34.	Test Year Tax Expense - Other (non-cash)	\$ 1,681,959 F7, Pt. A, Col. B
35.	Cash Test Year Other Tax Expense	\$ 1,354 WP4
36.	Adjustment to Actual Other Tax Expense	<u>\$ (1,680,605) L35- L34</u>
37.		
38.	<u>ADJUSTMENT [4] -- Long-Term Interest Expense</u>	E.1.c.
39.	<i>Adjustment to reflect the Budget.</i>	
40.	Actual Year Long-Term Interest Expense	\$ 5,595,089 F7, Pt. A, Col. B
41.	Budget Year Long-Term Interest Expense	\$ 5,669,926 Budget
42.	Adjustment to Actual Long-Term Interest Expense	<u>\$ 74,837 L41-L40</u>
43.		
44.	<u>ADJUSTMENT [5] -- Other Interest Expense</u>	E.1.d.
45.	<i>Adjustment to reflect the Budget.</i>	
46.	Actual Year Other Interest Expense	\$ 35,291 F7, Pt. A, Col. B
47.	Budget Year Other Interest Expense	\$ 54,769 Budget
48.	Adjustment to Actual Other Interest Expense	<u>\$ 19,478 L47 - L46</u>
49.		
50.	<u>ADJUSTMENT [6] -- Principal Payments</u>	E.1.e.
51.	<i>Adjustment to reflect the Budget.</i>	
52.	Actual Year Principal Payments	\$ 1,594,429 F7, Pt. O, Col. B
53.	Budget Year Principal Payments	\$ 1,751,653 Budget
54.	Adjustment to Actual Principal Payments	<u>\$ 157,224 L53 - L52</u>
55.		
56.	<u>ADJUSTMENT [7] -- Assets</u>	
57.	<i>Adjustment to reflect budgeted Assets.</i>	
58.	Actual Year-End Assets	\$ 120,829,095 F7, Pt. C, L28.
59.	Budgeted Year-End Assets	\$ 127,921,909 Budget
60.	Adjustment to Actual Assets	<u>\$ 7,092,814 L59 - L58</u>

VERIFICATION

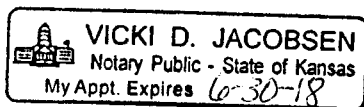
STATE OF KANSAS)
) ss.
COUNTY OF SHAWNEE)

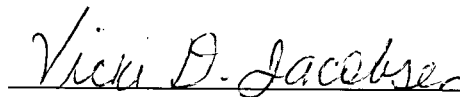
Amber Smith, of lawful age, being duly sworn upon her oath deposes and states that she is Chief Litigation Counsel for the State Corporation Commission of the State of Kansas; that she has read and is familiar with the foregoing *Staff's Errata to Direct Testimony of Chad Unrein*, and attests that the statements therein are true to the best of her knowledge, information and belief.



Amber Smith, S. Ct. #23911
Chief Litigation Counsel
The State Corporation Commission
of the State of Kansas

SUBSCRIBED AND SWORN to before me this 15th day of July, 2015.





Notary Public

My Appointment Expires: 6-30-18

CERTIFICATE OF SERVICE

15-SPEE-519-RTS

I, the undersigned, hereby certify that a true and correct copy of the above and foregoing Staff's Errata to Direct Testimony of Chad Unrein was served via electronic service this 15th day of July, 2015, to the following:

GLENDА CAFER, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
Fax: 785-233-3040
glenda@caferlaw.com

TERRI PEMBERTON, ATTORNEY
CAFER PEMBERTON LLC
3321 SW 6TH ST
TOPEKA, KS 66606
Fax: 785-233-3040
terri@caferlaw.com

NIKI CHRISTOPHER, ATTORNEY
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
n.christopher@curb.kansas.gov

DELLA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.smith@curb.kansas.gov

SHONDA SMITH
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
sd.smith@curb.kansas.gov

DAVID SPRINGE, CONSUMER COUNSEL
CITIZENS' UTILITY RATEPAYER BOARD
1500 SW ARROWHEAD RD
TOPEKA, KS 66604
Fax: 785-271-3116
d.springe@curb.kansas.gov

MICHAEL DUENES, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3354
m.duenes@kcc.ks.gov

AMBER SMITH, LITIGATION COUNSEL
KANSAS CORPORATION COMMISSION
1500 SW ARROWHEAD RD
TOPEKA, KS 66604-4027
Fax: 785-271-3167
a.smith@kcc.ks.gov

RANDY MAGNISON, EXEC VP & ASST CEO
SOUTHERN PIONEER ELECTRIC COMPANY
1850 W OKLAHOMA
PO BOX 430
ULYSSES, KS 67880-0430
Fax: 620-356-4306
rmagnison@pioneerelectric.coop

LINDSAY SHEPARD, EXECUTIVE VP - GENERAL
COUNSEL
SOUTHERN PIONEER ELECTRIC COMPANY
1850 W OKLAHOMA
PO BOX 430
ULYSSES, KS 67880-0430
Fax: 620-356-4306
lshepard@pioneerelectric.coop

CERTIFICATE OF SERVICE

15-SPEE-519-RTS

Vicki Jacobsen

Vicki Jacobsen