BEFORE THE STATE CORPORATION COMMISSION OF THE STATE OF KANSAS



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)))	State Corporation Commission of Kansas Docket No. 15-SPEE-519-RTS
Approved in Docket No.13-MKEE-452-MIS.)	

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,

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For Commission Staff

SOUTHERN PIONEER ELECTRIC COMPANY DSC FORMULA BASED RATE

		UNADJUSTED HISTORICAL			D	STAFF SC-FBR	ADJUSTED HISTORICAL	DISTRIBUTION	
	TOTAL C	TEST YEAR		USTMENTS		USTMENTS	TEST YEAR	ALLOCATION	
	ITEM	[2014]	NO.	AMOUNT	NO.	AMOUNT	[2014]	FACTOR	DSC-FBR
1.	A. STATEMENT OF OPERATIONS	(\$)		(\$)			(\$)	see Workpaper 1	(\$)
2.	Operating Revenue and Patronage Capital	71 770 054 F7 D: 4 0 1 D		(2.17.221)				_,,	
3.	Power Production Expense	71,770,254 F7, Pt. A, Col. B	[1]	(347,091)			71,423,163	Direct (E.3.a)	68,229,730
3. 1	Cost of Purchased Power	- F7, Pt. A, Col. B					-	0.0000	-
4. 5.		51,993,735 F7, Pt. A, Col. B					51,993,735	1.0000	51,993,735
	Transmission Expense	1,070,758 F7, Pt. A, Col. B					1,070,758	0.0000	-
6.	Regional Market Expense	- F7, Pt. A, Col. B					-	0.0000	-
7.	Distribution Expense - Operation	3,326,733 F7, Pt. A, Col. B	[2-a]	(22,305)			3,304,428	1.0000	3,304,428
8.	Distribution Expense - Maintenance	1,839,580 F7, Pt. A, Col. B	[2-b]	(13)			1,839,568	1.0000	1,839,568
9.	Customer Accounts Expense	1,323,317 F7, Pt. A, Col. B	[2-c]	(934)			1,322,383	1.0000	1,322,383
10.	Customer Service and Informational Expense	184,522 F7, Pt. A, Col. B	[2-d]	(18,908)	[1]	(361)	165,253	1.0000	165,253
11.	Sales Expense	3,450 F7, Pt. A, Col. B	[2-e]	(2,150)			1,300	1.0000	1,300
12.	Administrative and General Expense	1,838,163 F7, Pt. A, Col. B	[2-f]	(14,667)			1,823,496	0.9250	1,686,671
13.	Total Operation & Maintenance Expense	61,580,258 F7, Pt. A, Col. B		(58,976)		(361)	61,520,921		60,313,338
14.	Depreciation and Amortization Expense	2,799,696 F7, Pt. A, Col. B					2,799,696	0.7080	1,982,057
15.	Tax Expense - Property & Gross Receipts	- F7, Pt. A, Col. B					-	0.7076	_
16.	Tax Expense - Other	1,681,959 F7, Pt. A, Col. B	[3]	(1,680,605)			1,354	4.2821	1,354
17.	Interest on Long-Term Debt	5,595,089 F7, Pt. A, Col. B	[4]	74,837			5,669,926	0.7076	4,011,787
18.	Interest Charged to Construction - Credit	- F7, Pt. A, Col. B	_				-	0.7076	-
19.	Interest Expense - Other	35,291 F7, Pt. A, Col. B	[5]	19,478			54,769	0.7076	38,752
20.	Other Deductions	1,171,274 F7, Pt. A, Col. B	[2-g]	(46,513)	[1]	(1,175)	1,123,586	0.7076	795,000
21.	Total Cost of Electric Service	72,863,567 F7, Pt. A, Col. B	. 0	(1,691,780)		(1,536)	71,170,251	0.9434	67,142,287
22.	Patronage Capital & Operating Margins	(1,093,313) F7, Pt. A, Col. B	_	1,344,689	•	1,536	252,912		1,087,443
23.	Non Operating Margins - Interest	380 F7, Pt. A, Col. B		, ,		ŕ	380	0.7076	269
24.	Allowance for Funds Used During Construction	- F7, Pt. A, Col. B					-	0.7076	-
25.	Income (Loss) from Equity Investments	2,790,460 F7, Pt. A, Col. B					2,790,460	1.0000	2,790,460
26.	Non Operating Margins - Other	5,815 F7, Pt. A, Col. B					5,815	1.0000	5,815
27.	Generation and Transmission Capital Credits	- F7, Pt. A, Col. B					-	1.0000	
28.	Other Capital Credits and Patr. Dividends	986,653 F7, Pt. A, Col. B					986,653	0.7076	698,112
29.	Extraordinary Items	- F7, Pt. A, Col. B					-	1.0000	
30.	Patronage Capital or Margins	2,689,995 F7, Pt. A, Col. B	-	1,344,689	•	1,536	4,036,220	1.1352	4,582,098
31.		_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,		.,,		1,000	.,===,===		.,,- 0

Docket No. 15-SPEE-519-RTS Exhibit CCU-1 Page 2 of 5

SOUTHERN PIONEER ELECTRIC COMPANY DSC FORMULA BASED RATE

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

Docket No. 15-SPEE-519-RTS Exhibit CCU-1 Page 3 of 5

SOUTHERN PIONEER ELECTRIC COMPANY DSC FORMULA BASED RATE

		UNADJUSTED			\$	STAFF	ADJUSTED		
		HISTORICAL			D	SC-FBR	HISTORICAL	DISTRIBUTION	
		TEST YEAR	ADJ	USTMENTS_	ADJU	JSTMENTS	TEST YEAR	ALLOCATION	
	ITEM	[2014]	NO.	AMOUNT	NO.	AMOUNT	[2014]	FACTOR	DSC-FBR
		(\$)		(\$)			(\$)	see Workpaper 1	(\$)
58.	G. EQUITY TEST (Increase will not result in > 15% eq	uity ratio)		Plus					
59.		Pre-Adjustment		Adjustment			Post-Adjustment		
60.	Total Margins and Equities	4,650,158 F7, Pt. C, L35 + acc	t 426.6	899,288			5,549,446		
61.	Total Assets	120,829,095_ F7, Pt C, L28	[7]	7,092,814			127,921,909		
62.	Equity Ratio	3.85% L60 / L61					4.34%		
63.									
64.	II. FINAL REVENUE ADJUSTMENT PROPOSED								
65.	Operating Income Adjustment								899,288
66.	Rate Schedule Revenue								68,229,730
67.	Adjustment Percentage								1.32%

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

1.	ADJUSTMENT [1] REVENUE			Notes, Source, or Protocols Reference
2.	Annualize rate adjustment implemented during Test Year			E.1.a
3.	Annual Rate Adjustment Authorized by Commission	\$	(503,465)	14-SPEE-507-RTS
4.	Total kWh Sales used to determine Rate Adjustment (14-SPEE-507-RTS Test Year)		722,770,744	2013 F7, 14-SPEE-507-RTS
5.	Equivalent average per kWh rate	\$	(0.00070)	L3/L4
6.	kWh Sales Prior to Implementation of Rate Adjustment (2014 Test Year)		498,281,640	January-September, WP 3 and WP6
7.	Revenue Adjustment to Annualize Rate Adjustment	S	(347,091)	L5 x L6
8.				
9.	ADJUSTMENT TO DIRECT ASSIGN 34.5 kV SYSTEM REVENUE			E.3.a.
10.	Account for LAC revenues			
11.	Per kW LAC rate Authorized by the Commission effective during Test Year	\$	2.78	13-MKEE-699-RTS
12.	Total Annual 34.5 kV System Demand for the Test Year		1,062,454	WP2
13.	·	\$	2,953,622	Ln 11 * Ln 12
14.	Account for Property Tax collected during Test Year from the 34.5 kV system users			
15.	Per kW PTS rate for LAC Authorized by the Commission effective during Test Year	\$	0.225715	14-SPEE-297-TAR
16.	Total Annual 34.5 kV System Demand for the Test Year		1,062,454	WP2
17.	·	\$	239,812	Ln 15 * Ln 16
18.	Total 34.5kV Revenue	S	3,193,433	
19.				
20.	ADJUSTMENT [2] Certain Operating Expenses			G(f)
21.	Adjustment to remove typically disallowed items (dues, donations, charitable			
22.	contributions, promotional advertising, penalties and fines, entertainment expense)			
23.	2-a. Distribution Expense - Operation	\$	(22,305)	Exhibit 9
24.	2.b Distribution Expense - Maintenance	\$	(13)	Exhibit 9
25.	2.c Customer Accounts Expense	\$	(934)	Exhibit 9
26.	2.d Customer Service and Informational Expense	\$	(18,908)	Exhibit 9
27.	2.e Sales Expense	\$	(2,150)	Exhibit 9
28.	2.f Administrative and General Expense	\$	(14,667)	Exhibit 9
29.	2.g Other Deductions	\$	(46,513)	Exhibit 9
30.	Total Adjustment	S	(105,489)	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, S	Source, or Protocols Reference
32.	ADJUSTMENT [3] Other Taxes		E.1.b.
33.	Adjustment to include cash tax expense		
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	\$ (1,680,605)	L35- L34
37.			
38.	ADJUSTMENT [4] Long-Term Interest Expense		E.1.c.
39.	Adjustment to reflect the Budget.		
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	\$ 74,837	L41-L40
43.			
44.	ADJUSTMENT [5]Other Interest Expense		E.1.đ.
45.	Adjustment to reflect the Budget.		
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	\$ 19,478	L47 - L46
49.			
50.	ADJUSTMENT [6] Principal Payments		E.1,e.
51.	Adjustment to reflect the Budget.		
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	\$ 157,224	L53 - L52
55.			
56.	ADJUSTMENT [7] Assets		
57.	Adjustment to reflect budgeted Assets.		
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	\$ 7,092,814	L59 - L58
	•	.,0/2,011	22, 270

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 Comm

The State Corporation Commission of the State of Kansas

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

VICKI D. JACOBSEN
Notary Public - State of Kansas
My Appt. Expires 6-30-18

Victo D. Jacobsen 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:

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CERTIFICATE OF SERVICE

15-SPEE-519-RTS

Vicki Jacobsen