

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

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

In the Matter of Prairie Land Electric   )  
Cooperative, Inc. 2024 Property Tax Surcharge   ) Docket No. 25-PLCE-264-TAR  
Filing 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 31, 2024, Prairie Land Electric Cooperative, Inc. (“Prairie Land”) submitted its annual Ad Valorem Tax Surcharge Rider (“ATSR”) calculation Application pursuant to the Commission’s January 27, 2013, Order in Docket No. 14-MKEE-084-TAR and K.S.A. 66-117(f).<sup>1</sup>

2. On January 13, 2025, Prairie Land submitted an updated Application to reflect the actual amounts of property taxes for December 2024, which were provided as an estimate in Prairie Land’s December 31, 2024, Application.<sup>2</sup> Prairie Land’s updated Application reported a total recoverable amount of ad valorem tax assessments of \$56,561 which equates to an ATSR of \$0.17314 per kW for Prairie Land’s Local Access (“LAC”) customers to be in effect during the period of February 1, 2025, through January 31, 2026.<sup>3</sup>

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<sup>1</sup> Prairie Land Electric Cooperative, Inc., Property Tax Surcharge Annual True-Up, Docket No. 25-PLCE-264-TAR (Dec. 31, 2024) (“Application”).

<sup>2</sup> Prairie Land Electric Cooperative, Inc. Updated Tariff Files, Docket No. 25-PLCE-264-TAR (Jan. 13, 2025) (“Updated Application”).

<sup>3</sup> *Id.*

3. On January 21, 2025, Commission Staff (“Staff”) submitted its Report and Recommendation (“R&R”), attached hereto and incorporated herein.<sup>4</sup> Staff’s R&R ultimately recommended that the Commission approve a revised updated ATSR of \$0.17314 per kW for Prairie Land’s LAC customers, subject to the conditions contained within Staff’s R&R and in the order section below.<sup>5</sup>

## **II. LEGAL STANDARDS**

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

5. 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.<sup>6</sup>

6. 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 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.<sup>7</sup>

7. 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.<sup>8</sup>

## **III. ANALYSIS**

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<sup>4</sup> Staff’s Report and Recommendation, Utilities Division (Jan. 21, 2025) (“Staff’s R&R” or “R&R”).

<sup>5</sup> *Id.* at p. 3.

<sup>6</sup> *See* K.S.A. 66-117(f).

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

8. Staff reviewed Prairie Land's 2024 property tax statements and the records supporting Prairie Land's recovery of revenue associated with the 2025 ATSR.<sup>9</sup> Staff confirmed that Prairie Land's requested total amount of recoverable ad valorem tax assessments of \$56,561 consists of:

A. The difference between Prairie Land's 2024 total ad valorem tax assessments and the amount included in base rates, established in Prairie Land's last rate case;<sup>10</sup> and

B. A true-up provision comparing the amount of ATSR revenue collected versus that intended to be collected during the year 2024.<sup>11</sup>

9. Staff found no errors in its review of Prairie Land's ATSR calculation or in the supporting documentation provided.<sup>12</sup> Staff determined that Prairie Land's proposed 2025 ATSR equates to a rate of \$0.17314 per kW for LAC customers, a 40.7% increase when compared to the 2024 rate.<sup>13</sup>

10. Prairie Land's updated ATSR will be in effect from February 1, 2025, through January 31, 2026, and is in addition to the property tax that was included in Prairie Land's base rates during the calendar year 2024.<sup>14</sup>

11. Staff determined that Prairie Land's updated ATSR would be applied to bills in a reasonable manner and was properly calculated to substantially collect the increase in ad valorem tax expense charged on the books and records of Prairie Land, in accordance with K.S.A. 66-117(f).<sup>15</sup>

#### IV. FINDINGS AND CONCLUSIONS

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<sup>9</sup> Staff's R&R, p. 2.

<sup>10</sup> See Docket No. 09-MKEE-969-RTS.

<sup>11</sup> See Prairie Land's Updated Application, p. 1.

<sup>12</sup> Staff's R&R, p. 2.

<sup>13</sup> See Order Approving Ad Valorem Tax Surcharge Rider, Docket No. 24-PLCE-467-TAR (Jan. 23, 2024).

<sup>14</sup> Staff's R&R, p. 3.

<sup>15</sup> *Id.*

12. Upon review of Staff's R&R and the record as a whole, the Commission finds that the 2025 ATSR calculated by Prairie Land 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 Prairie Land during the year 2024.

13. Based on Staff's R&R, the Commission finds that Prairie Land's request to recover its current year recoverable ad valorem tax assessments amount of \$56,561 via the implementation of an updated ATSR of \$0.17314 per kW for LAC customers, subject to the conditions contained within Staff's R&R and as detailed in the order section below, should be approved. The Commission concludes that Prairie Land's request to update its ATSR is reasonable.

**IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:**

A. Prairie Land's request for approval of its 2025 ATSR in the amount of \$56,561, to be implemented February 1, 2025, through January 31, 2026, is granted.

B. Prairie Land shall be permitted to recover revenues necessary to account for the property tax expense via a surcharge in the amount of \$0.17314 per kW for LAC customers, subject to the following conditions outlined by Staff in its R&R:

- a. Prairie Land shall file an updated tariff with the Commission reflecting the revised surcharge before implementing the surcharge. Staff shall review Prairie Land's surcharge rider to ensure that the surcharge is applied in a reasonable manner and is calculated to substantially collect the increase in ad valorem taxes.
- b. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in ad valorem taxes will be reflected in the subsequent year's Ad Valorem Tax Surcharge calculation.



c. Pursuant to K.S.A. 66-117(f), Prairie Land shall file its Ad Valorem 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).<sup>16</sup>

**BY THE COMMISSION IT IS SO ORDERED.**

French, Chair; Keen, Commissioner; Kuether, Commissioner

Dated: 01/30/2025



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Lynn M. Retz  
Executive Director

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<sup>16</sup> K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

## REPORT AND RECOMMENDATION UTILITIES DIVISION

**TO:** Andrew J. French, Chairperson  
Dwight D. Keen, Commissioner  
Annie Kuether, Commissioner

**FROM:** Daniel Buller, Auditor  
Chad Unrein, Chief of Accounting and Financial Analysis  
Justin Grady, Deputy Director of Utilities  
Jeff McClanahan, Director of Utilities

**DATE:** January 21, 2025

**SUBJECT:** Docket No. 25-PLCE-264-TAR: In the Matter of Prairie Land Electric Cooperative, Inc. Filing its 2024 Property Tax Surcharge Tariff.

### **EXECUTIVE SUMMARY:**

Staff recommends approval of the Prairie Land Electric Cooperative, Inc. - Mid-Kansas Division's (Prairie Land) 2025 Ad Valorem Tax Surcharge Rider (ATSR)<sup>1</sup> of \$56,561 for wholesale local access delivery service, which equates to a Property Tax Local Access Charge (LAC) rate of \$0.17314 per kW, a 40.7% increase when compared to the 2024 rate.<sup>2</sup> This surcharge would be in effect for LAC customers from February 1, 2025, through January 31, 2026, and is in addition to the ad valorem tax that is included in base rates from Prairie Land's most recent rate case. Pursuant to K.S.A. 66-117(f), a Commission Order is due in this matter by January 30, 2025.

### **BACKGROUND:**

On December 31, 2024, Prairie Land filed an updated ATSR request with the Kansas Corporation Commission (Commission). The Commission derives its authority to review ATSR tariffs from K.S.A. 66-117(f) which states in part:

Whenever, after the effective date of this act, an electric public utility, a natural gas public utility or a combination thereof, files tariffs reflecting a surcharge on the utility's bills for utility service designed to collect the annual increase in

<sup>1</sup> The terms "Ad valorem tax surcharge rider" (ATSR) and "property tax surcharge rider" may be used interchangeably. This report will use the acronym "ATSR".

<sup>2</sup> Prairie Land's 2024 LAC Property Tax Surcharge rider was \$0.12176 per kW. See the Order Approving Property Tax Surcharge Rider filed on January 23, 2024, in Docket No. 24-PLCE-467-TAR.

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.

... Upon a showing that the surcharge is applied to bills in a reasonable manner and is calculated to 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, the Commission shall approve such tariffs within 30 days of the filing.

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.”

Prairie Land’s 2025 ATSR was filed in accordance with K.S.A. 66-117(f) which provides for a utility to refund or collect differences in its property taxes above or below the amount currently embedded in base rates. The statute also requires the issuance of a Commission Order within 30 days of the filing date which, in this Docket, is due by January 30, 2025. On May 24, 2014, the Commission approved Prairie Land Electric Cooperative's Deregulation Notice for retail operations under K.S.A. 66-104d.<sup>3</sup>

The Commission retained jurisdictional authority of transmission delivery service per subsection (f) of K.S.A. 66-104d. Prairie Land has included retail ATSR calculations in the present Docket for informational purposes only.

Prairie Land is requesting a surcharge amount of \$56,561, which equates to an ATSR of \$0.17314 per kW for LAC customers. The 2025 ATSR consists of:

1. The difference between its 2024 total ad valorem tax assessments and the amount allocated to LAC customers in the base rates, established in Prairie Land Mid-Kansas’ last rate case.<sup>4</sup>
2. A true-up provision comparing the amount of Ad Valorem Tax Surcharge revenue collected versus that intended to be collected during the year 2024.

### **ANALYSIS:**

Staff performed an audit of Prairie Land’s 2024 ad valorem tax statements, which were provided electronically. As part of the audit, Prairie Land provided Staff with an update to December 2024 kWh sales and billed property taxes for the residential customer class found in Prairie Land’s Exhibit 3 of the Application. These items were estimated at the time of the filing date. Staff concurs with the total amount of property tax expense claimed by Prairie Land in Updated Exhibit 1, which incorporates the actual kWh sales and billed property taxes for December 2024. The 2024 property tax statements totaled \$2,343,434, with \$1,229,328 of the total allocated to the Prairie Land. The amount of property tax embedded in base rates is \$735,710, resulting in a

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<sup>3</sup> See 14-PLCE-466-DRC

<sup>4</sup> See Docket No. 09-MKEE-969-RTS.

difference of \$493,618 to be collected via the surcharge. LAC customers are allocated \$54,298 of the total or 11% of the total property tax difference.<sup>5</sup>

In 2024, Prairie Land under-recovered 2024 property taxes from LAC customers by \$2,263. Therefore, the total amount of property taxes to be recovered from LAC customers for 2024 is \$56,561 in the 2025 ATSR.<sup>6</sup> The 2025 ATSR equates to a rate of \$0.17314 per kW for LAC customers, a 40.7% increase when compared to the 2024 rate.

As a result of its review, Staff recommends that the Commission find that Prairie Land's 2025 ATSR will be applied in a reasonable manner and is calculated to substantially collect the increase in ad valorem tax expenses incurred on the books and records of Prairie Land during 2024.

**RECOMMENDATION:**

Staff recommends that the Commission approve Prairie Land's 2025 ATSR of \$56,561, which equates to an ATSR of \$0.17314/kW for local access customers, with the following conditions:

1. Prairie Land shall file an updated tariff with the Commission reflecting the revised surcharge before implementing the surcharge. Staff shall review Prairie Land's surcharge rider to ensure that the surcharge is applied in a reasonable manner and is calculated to substantially collect the increase in ad valorem taxes.
2. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in ad valorem taxes will be reflected in the subsequent year's Ad Valorem Tax Surcharge calculation.
3. Pursuant to K.S.A. 117(f), Prairie Land shall file its Ad Valorem Tax Surcharge Rider annual true-up in December of each calendar year.

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<sup>5</sup> See Exhibit 3 of the Application in Docket No. 14-MKEE-084-TAR for the calculations of the allocators used to split total property taxes between retail and LAC customers. These calculations were based on the Class Cost of Service study from Prairie Land's most recent rate case (09-969 Docket).

<sup>6</sup> See Updated Exhibit 1 for a detailed breakdown of the Ad Valorem Tax Surcharge Adjustment.

**CERTIFICATE OF SERVICE**

25-PLCE-264-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 01/30/2025.

KIRK A. GIRARD, CEO  
PRAIRIE LAND ELECTRIC COOPERATIVE, INC.  
14935 US HWY 36  
PO BOX 360  
NORTON, KS 67654-0360  
kgirard@ple.coop

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

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

/S/ KCC Docket Room  
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