

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

Before Commissioners: Dwight D. Keen, Chair
 Susan K. Duffy
 Andrew J. French

In the Matter of Southern Pioneer Electric)
Company 2021 Property Tax Surcharge Filing) Docket No. 22-SPEE-263-TAR
for 2022 Rates.)

ORDER APPROVING PROPERTY TAX SURCHARGE RIDER

NOW, the above-captioned matter comes before the State Corporation Commission of the State of Kansas (“Commission”) for consideration and decision. Having reviewed its pleadings and records and being duly advised in the premises, the Commission makes the following findings:

I. BACKGROUND

1. On December 28, 2021, Southern Pioneer Electric Company (“Southern Pioneer”), filed its Property Tax Surcharge Filing with the Commission in compliance with the Commission’s June 13, 2013 Order in Docket No. 13-MKEE-695-TAR.¹

2. Southern Pioneer provided Staff with copies of its 2021 property tax statements.² On January 12, 2022, Southern Pioneer filed updated tariffs and rates based on final December 2021 kWh sales.³ Based upon the updated filing, Southern Pioneer requests to recover \$1,704,327 of property tax expense via its proposed Property Tax Surcharges.⁴ Southern Pioneer’s Property Tax Surcharge tariff contains three different surcharges: one for retail customers; one for sub-transmission (STR) customers; and one for local access charge (LAC) customers.⁵ For residential

¹ Application of Southern Pioneer Electric Company (Southern Pioneer), p. 1. (Dec. 28, 2021) (Application).

² *Id.*

³ See Southern Pioneer Updated 2021 Property Tax Surcharge Filing for 2022 Rates (Jan. 12, 2022) (Updated Filing).

⁴ See Updated Filing, Exh. 1.

⁵ See generally *id.*

customers, Southern Pioneer requested an annual property tax surcharge of \$1,238,952, which results in a rate of \$0.003925 per kWh.⁶ For STR customers, Southern Pioneer requested an annual property tax surcharge of \$150,004, which results in a rate of \$0.000320 per kWh.⁷ For LAC customers, Southern Pioneer requested an annual property tax surcharge of \$315,371, which results in a rate of \$1.01786 per kW.⁸

3. Southern Pioneer's updated 2022 Property Tax Surcharge total of \$1,704,327 is composed of (1): the difference between the 2021 property tax assessments of \$3,507,859 and the \$1,765,695 of property tax expense included in base rates⁹; and (2) Southern Pioneer's net over-recovery of property tax expense of \$37,838 from 2021.¹⁰

4. The proposed surcharge would be in effect during the period of February 2022 through January 2023 and is in addition to the property tax expense that was included in base rates during the calendar year of 2021.¹¹

5. Southern Pioneer's proposed Property Tax Surcharge Rider factor would increase Kansas residential customers' bills by approximately \$1.12 per month or \$13.43 annually.¹²

6. On January 14, 2022, Commission Staff submitted a Report and Recommendation ("Report") in this docket, which recommended approval of the revised 2022 Property Tax Surcharge Rider, and is attached as Attachment A and incorporated by reference.¹³

⁶ See Staff's Report and Recommendation at 2 (Jan. 14, 2022) (R&R); see Updated Filing, Exh. 1.

⁷ R&R at 2; see Updated Filing, Exh. 1.

⁸ R&R at 2; see Updated Filing, Exh. 1.

⁹ R&R at 2 ("The property tax expense embedded in base rates has also been allocated to the three separate customer classes: \$1,585,529 was allocated to retail customers; \$22,313 to STR customers and \$157,853 to LAC customers.").

¹⁰ *Id.* ("The total property tax true-up resulted from an over-recovery of \$56,006 for retail customers, an under-recovery of \$751 from retail STR customers, and an under-recovery of \$17,418 from third-party LAC customers.").

¹¹ *Id.* at 1.

¹² *Id.* at 3.

¹³ See generally R&R.

II. Legal Standard

7. K.S.A. 66-117(f) grants the Commission the authority to review property tax surcharge tariffs.

8. Whenever a 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 property taxes, such utility shall report annually to the state corporation commission the changes in expense charged for property taxes.¹⁴

9. Upon a showing the surcharge is applied to bills in a reasonable manner and is calculated to substantially collect the increase in property tax expense charged on the books and records of the utility, or reduce any existing surcharge based upon a decrease in property tax expense incurred on the books and records of the utility, the commission shall approve such tariffs within 30 days of the filing.¹⁵

10. Any over or under collection of the actual property tax increase charged to expense on the books of the utility shall be either credited or collected through the surcharge in subsequent periods.¹⁶

III. Analysis

11. Staff performed an audit of Southern Pioneer's 2021 property tax statements in support of the amount of property tax expense as claimed in its Application.¹⁷ As a result of the review, Staff concludes that Southern Pioneer's revised 2022 property tax surcharge is properly

¹⁴ See K.S.A. 66-117(f).

¹⁵ See K.S.A. 66-117(f).

¹⁶ *Id.*

¹⁷ R&R at 2.

calculated to collect property tax expenses when compared to the amount currently embedded in Southern Pioneer's base rates.¹⁸

12. Staff explained that the 2021 property tax statements totaled \$3,507,859, of which \$1,765,695¹⁹ are embedded in base rates. That difference was also adjusted based upon the 2021 calendar year over recovery of \$37,838. After all adjustments, a total of \$1,704,327 may be collected through Southern Pioneer's Property Tax Surcharge riders in 2022.²⁰

13. Staff explained that based on an average residential customer usage of 764 kWh per month, Southern Pioneer's proposed Property Tax Surcharges result in an approximate monthly increase of \$1.12 per month or \$13.43 per year for the average residential customer.²¹

14. Staff recommends the Commission approve Southern Pioneer's revised Property Tax Surcharge Rider with the following conditions:

- a. Southern Pioneer shall file an updated tariff with the Commission reflecting the revised surcharge before implementing the surcharge.
- b. 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 increase in property taxes;
- c. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in property taxes will be reflected in the subsequent year Property Tax Surcharge calculation; and

¹⁸ *Id.*

¹⁹ *See* discussion *supra* note 9.

²⁰ R&R at 3.

²¹ *Id.*

d. Per K.S.A. 66-117(f), Staff recommends that Southern Pioneer file its property tax surcharge annual true-up in December of each calendar year.²²

IV. Findings and Conclusion

15. Upon review of Staff's Report and Recommendation and the record as a whole, the Commission finds and concludes the surcharge as calculated by Southern Pioneer and reviewed by Staff substantially collects property tax expense charged on the books of Southern Pioneer. Accordingly, the Commission finds and concludes substantial competent evidence exists to approve Southern Pioneer's request in the instant proceeding, as conditioned in Staff's Report and Recommendation.

16. Moreover, the Commission finds and concludes Southern Pioneer's request to update its Property Tax Surcharge Rider should be approved. Southern Pioneer shall be permitted to recover its revised surcharge amount of \$1,704,327. Southern Pioneer shall be permitted to collect revenues necessary to account for this increase in its property tax expense via its surcharges subject to the conditions contained within Staff's Report. A surcharge on residential customers' bills, a surcharge on STR customer bills, and a surcharge on LAC customer bills will result in revenues sufficient to substantially collect the property tax expense charged to Southern Pioneer and will therefore result in just and reasonable rates. The Commission finds and concludes Southern Pioneer's surcharges will be applied to bills in a reasonable manner.

IT IS, THEREFORE, BY THE COMMISSION ORDERED THAT:

A. Southern Pioneer's January 12, 2022 updated Property Tax Surcharge tariff and the rates contained therein are approved.

²² *Id.* at 3.

B. Southern Pioneer shall be permitted to collect revenues necessary to account for its property tax expense via a surcharge in the amount of approximately \$0.003925/kWh for retail customers; \$0.000320/kWh for STR customers; and \$1.01786/kW for LAC customers, annually, subject to the conditions contained within Staff's Report and detailed in paragraph 14 of this Order.


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).²³

D. The Commission retains jurisdiction over the subject matter and the parties for the purpose of entering such further order or orders, as it may deem necessary

BY THE COMMISSION IT IS SO ORDERED.

Keen, Chair; Duffy, Commissioner; French, Commissioner

Dated: 01/27/2022



Lynn M. Retz
Executive Director

JRJ

²³ K.S.A. 66-118b; K.S.A. 77-503(c); K.S.A. 77-531(b).

Attachment A

**REPORT AND RECOMMENDATION
UTILITIES DIVISION**

TO: Chair Dwight D. Keen
Commissioner Susan K. Duffy
Commissioner Andrew J. French

FROM: Tim Rehagen, Senior Auditor
Justin Grady, Chief of Accounting and Financial Analysis
Jeff McClanahan, Director of Utilities

DATE: January 14, 2022

SUBJECT: Docket No. 22-SPEE-263-TAR — In the Matter of Southern Pioneer Electric Company 2021 Property Tax Surcharge Filing for 2022 Rates.

EXECUTIVE SUMMARY:

Staff recommends approval of Southern Pioneer Electric Company's (Southern Pioneer) 2022 Property Tax Surcharge Rider. This surcharge would be in effect from February 2022 through January 2023 and is in addition to the property tax expense that is included in Southern Pioneer's base rates.¹ Based on an average residential customer usage of 764 kWh per month, Southern Pioneer's proposed Property Tax Surcharge Rider results in an approximate monthly increase of \$1.12 per month, or \$13.43 per year for the average residential customer. Pursuant to K.S.A. 66-117(f), a Commission Order is due in this matter by January 27, 2022.

BACKGROUND:

On December 28, 2021, Southern Pioneer filed its 2022 Property Tax Surcharge request with the Kansas Corporation Commission (Commission). The Commission derives its authority to review Ad Valorem 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 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

¹ The current base rates were established in Southern Pioneer's most recent rate case, Docket No. 20-SPEE-169-RTS (20-169 Docket).

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 [C]ommission shall approve such tariffs within 30 days of the filing.

Southern Pioneer requested a surcharge amount of \$1,724,418 in its initial Application based upon:²

1. The difference between its 2021 total property tax assessments of \$3,507,859 and the \$1,765,695 of property tax expense included in Southern Pioneer's base rates;³ and
2. A true-up calculation comparing the amount of Property Tax Surcharge revenue collected versus that intended to be collected during the year 2021, which resulted in an over-recovery of \$16,059.

ANALYSIS:

Staff performed an audit of Southern Pioneer's 2021 property tax statements, which were provided electronically. As part of the audit, Southern Pioneer provided Staff with an update to December 2021 kWh sales and billed property taxes for all three of its customer classes found in Exhibits 3, 4 and 5 of the Application. These items were estimated at the time of the filing date.⁴ Staff concurs with the total amount of updated property tax expense claimed by Southern Pioneer in Exhibit 1 of the Application, which incorporates the actual kWh sales and billed property taxes for December of 2021. The 2021 property tax statements totaled \$3,507,859. This total was allocated to the three separate customer classes: \$2,880,487 was allocated to retail customers; \$171,566 to sub-transmission retail (STR) customers; and \$455,806 to local access charge (LAC) customers. The prorated amount of property tax expense included in base rates totaled \$1,765,695.⁵ This amount has also been allocated to the three separate customer classes: \$1,585,529 was allocated to retail customers; \$22,313 to STR customers and \$157,853 to LAC customers.⁶

² See Exhibit 1 of the Application for a detailed breakdown of the Property Tax Surcharge Adjustment.

³ Because the rates approved in Southern Pioneer's most recent rate case (20-169 Docket) did not go into effect until August 2021, it was necessary to calculate a proration of Southern Pioneer's previous property tax expense base amount prior to the 20-169 Docket (from Docket No. 12-MKEE-380-RTS) and the base amount established in the 20-169 Docket. See Exhibit 6 of the Application for Southern Pioneer's calculation of this proration.

⁴ Southern Pioneer also provided Staff with updated monthly retail kWh usage for January through November 2021 because the original amounts in the Application contained kWh usage that should not have been included. Additionally, Southern Pioneer provided updated monthly billed property taxes for retail customers for January through November 2021 because the original amounts in the Application did not include dollars collected from the Lighting customer class. See Staff Exhibit 1, page 6 for the updated retail kWh usage and billed property taxes.

⁵ See *supra* text accompanying note 3; see *infra* note 6.

⁶ In Southern Pioneer's property tax surcharge filings prior to the 20-169 Docket, the property tax expense embedded in Southern Pioneer's base rates was one total amount that was deducted from the total property tax expenses for the calendar year. However, in the 20-169 Docket, no rate adjustments were made for the LAC or STR customer classes. Therefore, property tax expense for these two classes was not rebased while property tax expense for the retail customer class was rebased. As a result, a new methodology was approved for allocating Southern Pioneer's annual property tax expense across all three customer classes in future property tax surcharge filings. This methodology included allocating the base amount of property tax expense across the classes. See the Direct Testimony of Tim Rehagen and the Testimony of Staff Timothy Rehagen in Support of Settlement Agreement in the 20-169 Docket for more detailed explanations of the rebasing of Southern Pioneer's property tax expense.

In the 2021 calendar year, Southern Pioneer over-recovered its 2021 property taxes by \$37,838. The total property tax true-up resulted from an over-recovery of \$56,006 for retail customers, an under-recovery of \$751 from retail STR customers, and an under-recovery of \$17,418 from third-party LAC customers. After incorporating the 2021 property tax true-up, the total amount to be recovered through the 2022 Property Tax Surcharge Rider amounts to \$1,704,327, and is allocated among the customer classes as follows: \$1,238,952 to retail customers; \$150,004 to STR customers; and \$315,371 to LAC customers.⁷

Based on an average residential customer usage of 764 kWh per month, Southern Pioneer's proposed Property Tax Surcharge Rider results in an approximate monthly increase of \$1.12 per month, or \$13.43 per year for the average residential customer. This surcharge would be in effect from February 2022 through January 2023 and is in addition to the property tax expense that is included in Southern Pioneer's base rates.

Finally, pursuant to K.S.A. 66-117(f), the Commission's action date for issuing a decision in this Docket is January 27, 2022.

RECOMMENDATION:

Staff recommends the Commission approve all three of Southern Pioneer's revised Property Tax Surcharge recovery amounts of \$1,238,952, \$150,004 and \$315,371, which equate to surcharges of \$0.003925/kWh for retail customers; \$0.000320/kWh for STR customers; and \$1.01786/kWh for LAC customers, with the following conditions:

1. Southern Pioneer shall file updated tariffs reflecting the revised surcharge before implementing the surcharge.
2. 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 increase in property taxes.
3. Staff will ensure that the annual true-up of amounts collected versus the actual amount of increase or reduction in property taxes will be reflected in the subsequent year's Property Tax Surcharge calculation.
4. Staff requests that Southern Pioneer file its Property Tax Surcharge Rider annual true-up in December of each calendar year.

⁷ See Staff Exhibit 1 for the updated workpapers that were affected by the revisions discussed above. All affected totals are highlighted in yellow.

**Updated Exhibit 1
 Southern Pioneer Electric Company
 2022 Property Tax Surcharge**

Summary and Surcharge Calculation

<u>Total Amount To be Recovered in 2022</u>					Footnote
Property Tax Levied in 2021 – See Exhibit 2		\$	3,507,859		
Less: BOTA Property Tax Adjustment recognized in 2021		\$	-		2
Difference		\$	3,507,859		
Portion of Difference Due From Retail	0.821	\$	2,880,487		3
Add: Property Tax Surcharge Under / (Over) Recovery from Prior Period - see Exhibit 3		\$	(56,006)		
Property Tax Included in Base Rates ¹		\$	(1,585,529)		
Total Amount To Be Recovered From Retail		\$	<u>1,238,952</u>		
Portion of Difference Due From STR	0.049	\$	171,566		3
Add: Property Tax Surcharge Under / (Over) Recovery from Prior Period - see Exhibit 4		\$	751		
Property Tax Included in Base Rates ¹		\$	(22,313)		
Total Amount To Be Recovered from STR		\$	<u>150,004</u>		
Portion of Difference Due From 3rd Party LAC	0.130	\$	455,806		3
Add: Property Tax Surcharge Under / (Over) Recovery from Prior Period - see Exhibit 5		\$	17,418		
Property Tax Included in Base Rates ¹		\$	(157,853)		
Total Amount To Be Recovered from LAC		\$	<u>315,371</u>		
<u>2021 Year Sales</u>					
2021 kWh Retail Sales - see Exhibit 3			315,631,379	kWh	
2021 kWh STR - see Exhibit 4			468,613,497	kWh	
2021 kW 3rd Party LAC - see Exhibit 5			309,836	kW	
<u>2022 Proposed Per Unit Surcharge Calculations</u>					
Retail per kWh Surcharge		\$	0.003925	/kWh	
STR per kWh Surcharge		\$	0.000320	/kWh	
3rd Party LAC per kW Surcharge		\$	1.01786	/kW	

¹ From 20-SPEE-169-RTS. Reference page 5 for the proration of Retail base for this year.

² Not applicable this year.

³ Per Staff Exhibit TSR-3, page 2 in Docket 20-SPEE-169-RTS (Order issued in that Docket on 7-14-2020).

Updated Exhibit 3
 Southern Pioneer Electric Company
 2022 Property Tax Surcharge

Recovery Tracking - Retail

Mo/Yr	Sales kWh ¹	Property Tax Surcharge Amount Billed in 2021 ¹	Property Tax Shifted to Base Rates in 2021 ³	Total	Property Tax Surcharge Unit Rate per 20-SPEE-277-TAR and 21-SPEE-232-TAR	Accumulated Under/(Over) Recovery ²	Property Tax Surcharge Calculated Amount
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
			\$ 0.00456			\$ 2,141,307	
Jan-21	24,170,041	\$ 151,712	\$ -	\$ 151,712	\$ 0.006277	\$ 1,989,595	\$ 151,715
Feb-21	24,894,976	\$ 174,683	\$ -	\$ 174,683	\$ 0.007017	\$ 1,814,912	\$ 174,688
Mar-21	21,747,697	\$ 152,600	\$ -	\$ 152,600	\$ 0.007017	\$ 1,662,312	\$ 152,604
Apr-21	21,778,560	\$ 152,816	\$ -	\$ 152,816	\$ 0.007017	\$ 1,509,496	\$ 152,820
May-21	21,060,802	\$ 147,779	\$ -	\$ 147,779	\$ 0.007017	\$ 1,361,717	\$ 147,784
Jun-21	25,526,584	\$ 179,113	\$ -	\$ 179,113	\$ 0.007017	\$ 1,182,604	\$ 179,120
Jul-21	34,279,870	\$ 240,547	\$ -	\$ 240,547	\$ 0.007017	\$ 942,056	\$ 240,542
Aug-21	34,435,460	\$ 241,625	\$ -	\$ 241,625	\$ 0.007017	\$ 700,431	\$ 241,634
Sep-21	34,250,104	\$ 84,386	\$ 156,180	\$ 240,566	\$ 0.002460	\$ 459,865	\$ 84,255
Oct-21	27,641,756	\$ 67,995	\$ 126,046	\$ 194,041	\$ 0.002460	\$ 265,824	\$ 67,999
Nov-21	22,566,957	\$ 55,512	\$ 102,905	\$ 158,417	\$ 0.002460	\$ 107,407	\$ 55,515
Dec-21	23,278,572	\$ 57,263	\$ 106,150	\$ 163,413	\$ 0.002460	\$ (56,006)	\$ 57,265
Total	315,631,379	\$ 1,706,031				\$ (56,006)	1,705,940 0.0%

¹ See WP1. Updated from initial filing to include December 2021 actuals.

² Compared to the annual Retail total surcharge as approved in 21-SPEE-232-TAR. For detail, see Staff R&R attached to the 01-21-21 Order in that Docket.

³ The Retail Property Tax Surcharge was rebased as approved in Docket 20-169-SPEE-RTS. The retail total surcharge approved in 21-SPEE-232-TAR is therefore being recovered through a combination of the adjusted retail property tax surcharge and the adjusted retail rates. The amount that was rebased was \$0.00456 per kWh and additional details are provided in the testimony provided by Staff Robert H. Glass, Ph.D. in Support of Settlement Agreement, filed 5/21/2020 in Docket 20-169-SPEE-RTS.

Updated Exhibit 4
 Southern Pioneer Electric Company
 2022 Property Tax Surcharge

Recovery Tracking - STR

Mo/Yr	Sales kWh ¹	Property Tax Surcharge Amount Billed in 2021 ¹	Property Tax Surcharge Unit Rate per 20-SPEE-277-TAR and 21-SPEE-232-TAR	Accumulated Under/(Over) Recovery ²	Property Tax Surcharge Calculated Amount
(a)	(b)	(c)	(d)	(e)	(f)
				\$ 43,651	
Jan-21	39,277,885	\$ 3,142	\$ 0.000080	\$ 40,509	\$ 3,142
Feb-21	39,975,696	\$ 3,758	\$ 0.000094	\$ 36,752	\$ 3,758
Mar-21	34,235,714	\$ 3,218	\$ 0.000094	\$ 33,533	\$ 3,218
Apr-21	40,342,779	\$ 3,792	\$ 0.000094	\$ 29,741	\$ 3,792
May-21	41,030,529	\$ 3,857	\$ 0.000094	\$ 25,884	\$ 3,857
Jun-21	42,520,908	\$ 3,997	\$ 0.000094	\$ 21,887	\$ 3,997
Jul-21	40,015,492	\$ 3,761	\$ 0.000094	\$ 18,126	\$ 3,761
Aug-21	40,529,351	\$ 3,810	\$ 0.000094	\$ 14,316	\$ 3,810
Sep-21	42,824,587	\$ 3,426	\$ 0.000094	\$ 10,890	\$ 4,026
Oct-21	26,061,422	\$ 2,450	\$ 0.000094	\$ 8,440	\$ 2,450
Nov-21	40,798,489	\$ 3,835	\$ 0.000094	\$ 4,605	\$ 3,835
Dec-21	41,000,645	\$ 3,854	\$ 0.000094	\$ 751	\$ 3,854
Totals	468,613,497	\$ 42,900		\$ 751	\$ 43,500 -1.4%

¹ See page 6.

² Compared to the annual STR total surcharge as approved in 21-SPEE-232-TAR.

For detail, see Staff R&R attached to the 01-21-21 Order in that Docket

Updated Exhibit 5
Southern Pioneer Electric Company
2022 Property Tax Surcharge

Recovery Tracking - LAC

Mo/Yr	Billed Demand KW ¹	Property Tax Surcharge Amount Billed in 2021 ¹	Property Tax Surcharge Unit Rate per 20-SPEE-277-TAR and 21-SPEE-232-TAR	Accumulated Under/(Over) Recovery ²	Property Tax Surcharge Calculated Amount
(a)	(b)	(c)	(d)	(e)	(f)
				\$ 341,840	
Jan-21	22,994	\$ 17,608	\$ 0.765774	\$ 324,232	\$ 17,608
Feb-21	21,625	\$ 23,130	\$ 1.069610	\$ 301,102	\$ 23,130
Mar-21	24,132	\$ 25,812	\$ 1.069610	\$ 275,290	\$ 25,812
Apr-21	21,319	\$ 22,804	\$ 1.069610	\$ 252,486	\$ 22,803
May-21	20,804	\$ 22,252	\$ 1.069610	\$ 230,234	\$ 22,252
Jun-21	22,972	\$ 24,572	\$ 1.069610	\$ 205,662	\$ 24,571
Jul-21	30,583	\$ 32,713	\$ 1.069610	\$ 172,949	\$ 32,712
Aug-21	31,882	\$ 34,100	\$ 1.069610	\$ 138,848	\$ 34,101
Sep-21	31,828	\$ 34,045	\$ 1.069610	\$ 104,804	\$ 34,044
Oct-21	29,435	\$ 31,485	\$ 1.069610	\$ 73,319	\$ 31,484
Nov-21	22,435	\$ 23,997	\$ 1.069610	\$ 49,322	\$ 23,997
Dec-21	29,827	\$ 31,904	\$ 1.069610	\$ 17,418	\$ 31,903
Total as billed	309,836	\$324,423		\$ 17,418	\$ 324,417
					0.0%

¹ See page 6.

² Compared to the annual LAC total surcharge as approved in 21-SPEE-232-TAR.

For detail, see Staff R&R attached to the 01-21-21 Order in that Docket

Updated Exhibit 6
Southern Pioneer Electric Company
2022 Property Tax Surcharge

Proration of Southern Pioneer's Property Tax Expense Base Amounts

A Customer Class	B Total Current Base Amount (Established in 12-380 Docket)	12-MKEE-380-RTS		E Proration Percentage ²	F Proration of Current Base Amount	G Customer Class	20-SPEE-169-RTS		J Proration of Rebased Amount (H * I)	K Customer Class	L Total Prorated Base Property Tax Expense (F + J)
		C Surcharge Customer Class Allocators ¹	D (B * C)				H Rebased Amount ³	I Proration Percentage ²			
Retail	\$ 1,294,468	86.1%	\$ 1,114,302	65.9%	\$ 733,847	Retail	\$ 2,494,825	34.1%	\$ 851,582	Retail	\$ 1,585,529
STR	\$ 1,294,468	1.7%	\$ 22,313	67.8%	\$ 15,138	STR	\$ 22,313	32.2%	\$ 7,175	STR	\$ 22,313
LAC	\$ 1,294,468	12.2%	\$ 157,853	63.4%	\$ 100,015	LAC	\$ 157,853	36.6%	\$ 57,838	LAC	\$ 157,853
											<u>\$ 1,765,695</u>

¹ These allocators were established in Southern Pioneer's first property tax surcharge filing (Docket No. 13-MKEE-695-TAR). See Exhibit 3 of the Application in that Docket.
² Per Docket 20-SPEE-169-RTS and the testimony of Staff Tim Rehagen, the prior base and new base for the Retail customer class are to be prorated by energy sales in this filing. The new base went into effect September of 2021 and the energy used in the proration is shown in Exhibit 3. Future filings will use the rebased amounts shown in column H.
³ The new base for the Retail customer class used in this proration is identified on Page 2 of Staff Exhibit TSR-1 in Docket 20-SPEE-169-RTS. Also, per that docket and exhibit, the LAC and STR customer class base was not changed.

Updated Work Paper 1
 Southern Pioneer Electric Company
 2022 Property Tax Surcharge

2021 Property Tax Surcharge Monthly Collection - Input Data from Southern Pioneer

RATES

	RETAIL PTS RATE	LAC PTS RATE	STR PTS RATE
Jan-21 still prior year's rates-->	0.006277	0.765774	0.000080
Feb-21 new rates Eff. 2/1/21	0.007017	1.069610	0.000094
Sep-21 new PTR tariff with billings starting in September	0.002460	1.069610	0.000094

Usage and PTS

	Non-STR Retail kWh	Retail Property Tax	LAC KW	LAC Property Tax	STR kWh	STR Property Tax
Jan-21	24,170,041	\$151,712.37	22,994	\$ 17,608.20	39,277,885	\$ 3,142.23
Feb-21	24,894,976	\$174,682.90	21,625	\$ 23,130.32	39,975,696	\$ 3,757.72
Mar-21	21,747,697	\$152,599.66	24,132	\$ 25,811.83	34,235,714	\$ 3,218.15
Apr-21	21,778,560	\$152,816.37	21,319	\$ 22,804.07	40,342,779	\$ 3,792.22
May-21	21,060,802	\$147,778.60	20,804	\$ 22,252.10	41,030,529	\$ 3,856.88
Jun-21	25,526,584	\$179,113.46	22,972	\$ 24,572.15	42,520,908	\$ 3,996.97
Jul-21	34,279,870	\$240,547.23	30,583	\$ 32,712.95	40,015,492	\$ 3,761.46
Aug-21	34,435,460	\$241,625.27	31,882	\$ 34,100.24	40,529,351	\$ 3,809.75
Sep-21	34,250,104	\$84,385.60	31,828	\$ 34,044.62	42,824,587	\$ 3,425.97
Oct-21	27,641,756	\$67,994.89	29,435	\$ 31,485.04	26,061,422	\$ 2,449.77
Nov-21	22,566,957	\$55,511.91	22,435	\$ 23,996.71	40,798,489	\$ 3,835.06
Dec-21	23,278,572	\$57,262.73	29,827	\$ 31,904.33	41,000,645	\$ 3,854.05
	315,631,379	\$ 1,706,030.99	309,836	\$ 324,422.56	468,613,497	\$ 42,900.23

CERTIFICATE OF SERVICE

22-SPEE-263-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 01/27/2022.

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CERTIFICATE OF SERVICE

22-SPEE-263-TAR

/S/ DeeAnn Shupe
DeeAnn Shupe
