



Greg Tillman  
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January 31, 2020

Secretary Retz  
Kansas Corporation Commission  
1500 S.W. Arrowhead Road  
Topeka, KS 66604-4027

20-EPDE-334-TAR

Re: Liberty Utilities - The Empire District Electric Company Ad Valorem Tax Surcharge,  
2020 Annual True Up

Dear Ms. Retz:

The Commission's February 19, 2015 Order in Docket No. 15-EPDE-313-TAR approved The Empire District Electric Company's ("Empire") Ad Valorem Tax Surcharge ("AVTS") Rider. The order instructed Empire to file an annual true-up in January of each calendar year.

This letter transmits the required true-up, including previously unrecovered/over-received Ad Valorem taxes charged to Empire, plus the recently received 2019 assessments. Empire has calculated the 2020 surcharge to be charged to Empire's customers, as specified under AVTS Rider and under the Order approving the Stipulation and Agreement in Docket No. 19-EPDE-223-RTS.

Attachment 1 is a spreadsheet showing the calculation of the new AVTS Rider. Attachment 2 is an itemized listing of taxes assessed by each taxing entity. Two flash drive's containing the supporting documents will be sent to the Utilities Division by overnight courier. Also enclosed is the AVTS Rider Tariff, Empire would appreciate it if you would provide us with a filed stamp copy of the tariff upon approval of the Commission.

Sincerely,

Greg Tillman  
Senior Manager  
Rates and Regulatory Affairs

Enclosures

cc: James G. Flaherty

## THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 4

THE EMPIRE DISTRICT ELECTRIC COMPANY

SCHEDULE AVTS

(Name of Issuing Utility)

Replacing Schedule AVTS Sheet 11

ALL TERRITORY

(Territory to which schedule is applicable)

which was filed 03/01/19AD VALOREM TAX SURCHARGE RIDER  
RIDER AVTSSheet 1 of 1 Sheets

## AD VALOREM TAX SURCHARGE RIDER

APPLICABILITY

This rider is applicable to every bill for service provided under each of the Company's rate schedules.

RATE

The Ad Valorem Tax Surcharge shall be applied to the energy charge on a customer's regular monthly bill. The surcharge shall be computed as follows:

The sum of:	The total Ad Valorem taxes levied for the year
Minus:	The Ad Valorem taxes included in the Company's current rates as approved by the Commission in Docket No. 19-EPDE-223-RTS
	Property tax related to transmission assets as approved by the Commission in Docket No. 19-EPDE-223-RTS
	Property tax related to disallowed plant as approved by the Commission in Docket No. 19-EPDE-223-RTS
	Property tax related to common property as approved by the Commission in Docket No. 19-EPDE-223-RTS
Plus:	Any amount under-collected by prior Ad Valorem Tax Surcharges, or
Minus:	Any amount over-collected by prior Ad Valorem Tax Surcharges
Divided by:	The total estimated kWh sales for the recovery period

2020 Ad Valorem Tax Surcharge .....\$0.00181 per kWh

DEFINITIONS AND CONDITIONS

1. The Ad Valorem Tax Surcharge is intended to recover changes in the real estate and personal property taxes pursuant to K.S.A. 66-117(f).
2. The Ad Valorem Tax Surcharge shall become a part of the total bill for electric service and need not be itemized separately on the customer's bill.
3. All provisions of this rider are subject to changes made by order of the Commission

Issued	January	31	2020
	Month	Day	Year
Effective	March	1	2020
	Month	Day	Year
By	/s/ Sheri Richard Director of Rates & Regulatory Affairs		
	Signature		Title

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RIDER AVTSSheet 1 of 1 Sheets

## AD VALOREM TAX SURCHARGE RIDER

## APPLICABILITY

This rider is applicable to every bill for service provided under each of the Company's rate schedules.

## RATE

The Ad Valorem Tax Surcharge shall be applied to the energy charge on a customer's regular monthly bill. The surcharge shall be computed as follows:

The sum of:	The total Ad Valorem taxes levied for the year
Minus:	The Ad Valorem taxes included in the Company's current rates as approved by the Commission in Docket No. <u>10-EPDE-314-RTS</u> <u>19-EPDE-223-RTS</u>
	<u>Property tax related to transmission assets as approved by the Commission in Docket No. 19-EPDE-223-RTS</u>
	<u>Property tax related to disallowed plant as approved by the Commission in Docket No. 19-EPDE-223-RTS</u>
	<u>Property tax related to common property as approved by the Commission in Docket No. 19-EPDE-223-RTS</u>
Plus:	Any amount under-collected by prior Ad Valorem Tax Surcharges, or
Minus:	Any amount over-collected by prior Ad Valorem Tax Surcharges
Divided by:	The total estimated kWh sales for the recovery period

~~2020~~19 Ad Valorem Tax Surcharge ..... \$0.00132-00181 per kWh

## DEFINITIONS AND CONDITIONS

1. The Ad Valorem Tax Surcharge is intended to recover changes in the real estate and personal property taxes pursuant to K.S.A. 66-117(f).
2. The Ad Valorem Tax Surcharge shall become a part of the total bill for electric service and need not be itemized separately on the customer's bill.
3. All provisions of this rider are subject to changes made by order of the Commission

Issued	January	31	2020 <u>19</u>
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By	/s/ Sheri Richard Director of Rates & Regulatory Affairs		
	Signature	Title	

Year Ended December 31, 2019

Line No.	Description	Reference	Balance
1	State		
2	Missouri	WP-8 MO Tax Liability	\$ 23,153,574
3	Kansas	WP-9 KS Tax Liability	3,099,088
4	Oklahoma	WP-10 OK Tax Liability	602,253
5	Arkansas	WP-11 AR Tax Liability	479,205
6	Total	SUM Line 2:Line 5	27,334,120
7	Less:-Property Taxes Capitalized	2019 Capitalized PT Computation	(88,253)
8	Net Ad Valorem Tax Expense	Line 6 plus Line 7	27,245,867
9	Kansas Jurisdictional percentage	4ST11-19	5.33% (1)
10	Kansas Jurisdictional expense	Line 8 * Line 9	1,452,840
11	Ad Valorem Taxes in Base Rates (Docket No. 10-EPDE-314-RTS)	750,210 * (7/12)	(437,623)
12	Ad Valorem Taxes in Base Rates (Docket No. 19-EPDE-223-RTS)	969,556 * (5/12)	(403,982)
13	Ad Valorem Taxes in TDC Rider (Docket 19-EPDE-223-RTS)	TDC Rider	(141,947)
14	Disallowed Plant Assets (Iatan and Plum Point)	Iatan Plum Point Plant Aug 2011	(3,236)
15	Common Property	Common Plant	(1,779)
16	True-up of Prior AVTS Rider recoveries	WP-3 True Up	(41,033)
17	Balance to be recovered through the AVTS Rider	Line 10 minus Line 11, 12, 13, 14, 15 plus Line 16	423,241
18	Estimated Kansas kWh sales for recovery period	2020 Revenue Model	234,191,000
19	AVTS Rider Surcharge per kWh sold	Line 13 / Line 14	\$ 0.00181

(1) 12-month rolling average of plant investment

The Empire District Electric Company  
 Ad Valorem Tax Surcharge Annual True up  
 20-EPDE-XXX-TAR  
 Attachment 2  
 WP-3 True Up  
 Page 1 of 1

Year Ended December 31, 2019

Line No.	County	Reference	Balance
1	Balance per Order to be Recovered - 2019	Order 19-EPDE-298-TAR	\$ 308,551
2	Less AVTS revenue collected - 2019	TME Rate Revenue Summary Report	(349,584)
3	(Over) \ Under Collected - 2019		\$ (41,033)



Year Ended December 31, 2019

Line No.	County	Reference	Tax
1	Barry	WP-16	\$ 330,114
2	Barton	WP-16	341,076
3	Cedar	WP-16	256,689
4	Christian	WP-16	1,730,464
5	Dade	WP-16	485,833
6	Dallas	WP-16	493,728
7	Greene	WP-16	1,950,487
8	Hickory	WP-16	292,141
9	Jasper	WP-16	5,949,704
10	Lawrence	WP-16 *	2,169,291
11	McDonald	WP-16	628,544
12	Newton	WP-16	3,814,029
13	Platte	WP-16	1,079,801
14	Polk	WP-16	1,163,588
15	St Clair	WP-16	104,045
16	Stone	WP-16	425,639
17	Taney	WP-16	1,930,071
18	Webster	WP-16	8,328
19	Total Missouri		<u>\$ 23,153,574</u>

**Source:** Electric and Water Property Tax Summary - provided by Travis Gray

**Purpose:** To provide the total tax liability of real and personal property by jurisdiction

Year Ended December 31, 2019

Line No.	County	Reference	Tax
1	Cherokee	WP-16	\$ 2,973,139
2	Crawford	WP-16	36,325
3	Labette	WP-16	22,552
4	Neosho	WP-16	67,073
5	Total Kansas		\$ 3,099,088

**Source:** Electric and Water Property Tax Summary - provided by Travis Gray

**Purpose:** To provide the total tax liability of real and personal property by jurisdiction

Year Ended December 31, 2019

Line No.	County	Reference	Tax
1	Craig	WP-16	\$ 84,832
2	Delaware	WP-16	6,907
3	Ottawa	WP-16	510,514
4	Total Oklahoma		<u>\$ 602,253</u>

**Source:** Electric and Water Property Tax Summary - provided by Travis Gray

**Purpose:** To provide the total tax liability of real and personal property by jurisdiction



Year Ended December 31, 2019

Line No.	County	Reference	Tax
1	Benton 2019 Estimate	WP-16	\$ 386,593
2	Osceola	WP-16	84,388
3	Subtotal		<u>470,981</u>
4	Benton 2018 Estimate	WP-27	(364,360)
5	Benton 2018 Actual	WP-28	372,584
6	Total Arkansas		<u>\$ 479,205</u>

**Source:** Electric and Water Property Tax Summary - provided by Travis Gray

**Purpose:** To provide the total tax liability of real and personal property by jurisdiction

Empire does not receive the Arkansas Property Tax Assessment statements for the previous year (2019) until March of the current year (2020). Because of this we complete a calculation with a true up factor.