

The Empire District Electric Company  
 d/b/a Liberty Utilities  
 Case No. ER-2018-0366  
 OPC Data Request – 1302  
 Page 1 of 1

Data Request Received: 06/15/18  
 Request No. 1302

Date of Response: 07/05/2018  
 Respondent: Charlotte North

**REQUEST:**

Please provide all supporting documentation for the Company's computations of the excess Accumulated Deferred Income Tax balance.

Separate the balance into protected and unprotected totals.

Separate the balance into regulated company and unregulated company totals.

Please provide justification (documentation) for the Company's assignment of the tax to protected or unprotected.

**RESPONSE:**

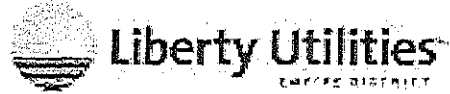
The attachment labeled "Mo Empire Excess ADIT.xlsx" provided in response to OPC Data Request 1301 provides the balances of protected and unprotected balances of Excess ADIT. The balances are for Total Company and then allocated to the respective regulated retail and resale jurisdictions. The classification for the protected or unprotected is estimated and is based on the Company's understanding of the tax normalization rules surrounding balances that fall into each respective category.

**FILED**

JUL 25 2018

Missouri Public  
 Service Commission

OPC Exhibit No. 6  
 Date 7-20-18 Reporter NS  
 File No. ER-2018-0366



The Empire District Electric Company  
- A Liberty Utilities Company

Case No. ER-2018-0366  
OPC Data Request – 1301

Page 1 of 1

Data Request Received: 06/15/18  
Request No. 1301

Date of Response: 07/05/2018  
Respondent: Charlotte North

**REQUEST:**

Please provide all supporting documentation for the Company's position on the financial adjustments for the tax rate change.

**OBJECTION:**

The Company objects on the basis that the request is vague (Company's position on the financial adjustments for the tax rate change). Depending on the intent of this request, the request may be overbroad and unduly burdensome and may seek irrelevant information. Empire also objects to this request to the extent it seeks production of attorney-client communications and/or attorney work product. Subject to these objections, a response will be provided within the time allotted.

**RESPONSE:**

The below listed documents serve as the supporting documentation for the Company's position on the financial adjustments as it pertains to the tax rate change due to the recent passage of the Tax Cuts and Jobs Act of 2017.

File Name	Description
MO Empire Excess ADIT.xlsx	Calculation of the estimated Excess ADIT by jurisdiction based on a federal tax rate of 21% versus 35%. Calculation as of December 31, 2017
MO Annual Base Rate Revenue Impact.xlsx	Calculation of the estimated impact on the annual base rate revenue requirement. Estimation based on the blackbox settlement reached in Docket No. ER-2016-0023

Line No.	Description	Account	Balance	Non-Cash	Non-Electric	Net NOL- Against Plant	Disallowed Plant	Exclude as Already Tax Effected	Excluded In MO Last Case Per Staff EMS	Include in Rate Base	Wholesale		Retail				Protected Unprotected (2)
											Missouri	Kansas	Missouri	Kansas	Oklahoma	Arkansas	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
1	Acc Df Tx-Ozark Beach Loss Gen	190112	(5,245,691)							(5,245,691)	(182,442)	(6,833)	(4,494,556)	(267,194)	(141,813)	(152,853)	Possibly partially protected
2	Def ITC Cr-Adv Coal	190113	1,808,482	(1,808,482)						-	-	-	-	-	-	-	Unprotected
3	Def Tax Asset - Reg Plan Amort	190114	7,928,326							7,928,326	275,742	10,328	6,793,062	403,836	214,336	231,022	Unprotected
4	Def Fd Inc Tx-Acr Rate Ref-Ark	190122	3,652							3,652	127	5	3,129	185	99	106	Possibly partially protected
5	Def Inc Tax - Hedge Trans Gain	190123	1,065,910							1,065,910	37,072	1,389	913,282	54,293	28,816	31,059	Unprotected
6	Def Fd Tax Asset - Misc	190124	(6,839,765)							(6,839,765)	(237,883)	(8,910)	(5,860,373)	(348,389)	(184,907)	(199,302)	Unprotected
7	FAS123 Deferred Tax Asset	190125	1,050,395					(1,050,395)		-	-	-	-	-	-	-	Unprotected
8	Def Inc Tx - Disallow Plant	190211	1,540,695				(1,540,695)			-	-	-	-	-	-	-	Possibly partially protected
9	Def Tx Net Operating Loss	190230	5,380,769			(5,380,769)				-	-	-	-	-	-	-	This mat be possibly protected if generated by bonus depreciation
10	Def Fd Inc Tx-Of & Dir Def Com	190260	183,750							183,750	6,391	239	157,439	9,359	4,968	5,354	Unprotected
11	Def Fd Inc Tx-Contrib-Aid Const	190310	10,524,787							10,524,787	366,046	13,710	9,017,734	536,089	284,529	306,679	Unprotected
12	Def Inc Tx-Def Tx Asset Fas109	190320	12,647,861	(12,647,861)						-	-	-	-	-	-	-	Unprotected
13	Def Inc Tx-Pbop Costs	190330	(623,455)							(623,455)	(21,683)	(812)	(534,182)	(31,756)	(16,855)	(18,167)	Unprotected
14	Def Inc Tx-Postret Ben-Pension	190331	(7,353,448)							(7,353,448)	(255,749)	(9,579)	(6,300,502)	(374,554)	(198,794)	(214,270)	Unprotected
15	Acm Def Inc Tx-Int Capitalized	190340	17,596,138							17,596,138	611,983	22,922	15,076,533	896,274	475,697	512,730	Unprotected
16	Acm Def Inc Tx - Alt Minmn Tax	190350	637,414					(637,414)		-	-	-	-	-	-	-	Unprotected
17	Deferred Tax - FAS 158	190356	22,969,188	(22,969,188)						-	-	-	-	-	-	-	Unprotected
18	SWPA Oz Beach Def Tx -AR	190410	242,761							242,761	8,443	316	208,000	12,365	6,563	7,074	Unprotected
19	SWPA Oz Beach Def Tx -KS	190420	194,943							194,943	6,780	254	167,029	9,930	5,270	5,680	Unprotected
20	SWPA Oz Beach Def Tx -MO	190430	2,371,851							2,371,851	82,492	3,090	2,032,224	120,812	64,121	69,113	Unprotected
21	SWPA Oz Beach Def Tx -OK	190440	107,353							107,353	3,734	140	91,981	5,468	2,902	3,128	Unprotected
22	SWPA Oz Beach Def Tx -FERC	190450	662,449							662,449	23,040	863	567,593	33,742	17,909	19,303	Unprotected
23	Accum Def Fed Inc Tx-Ld Elect	282100	(434,316,360)			5,380,769	1,540,695			(427,394,897)	(14,864,543)	(556,747)	(366,195,869)	(21,769,720)	(11,554,264)	(12,453,754)	Possibly partially protected
24	Accum Def Fed Inc Tx-Ld Ks Jur	282120	(646,629)							(646,629)	(22,489)	(842)	(554,038)	(32,937)	(17,481)	(18,842)	Possibly partially protected

25	Acc Def Fed Inc Tx-LD NonUt DR	282130	60,000	(60,000)										Possibly partially protected		
26	Acc Def Fed Inc Tx-LD NonUT CR	282135	48,055	(48,055)										Possibly partially protected		
27	Accum Def Fed Inc Tx-Ld Ok Jur	282140	(147,755)			(147,755)	(5,139)	(192)	(126,598)	(7,526)	(3,994)	(4,305)		Possibly partially protected		
28	Accm Def Fed Inc Tx-Ld Ferc Jr	282150	(339,226)			(339,226)	(11,798)	(442)	(290,652)	(17,279)	(9,171)	(9,885)		Possibly partially protected		
29	Accm Def Fed Inc Tx-2Nd 5Yr Mn	283100	(47,159)			(47,159)	(1,640)	(61)	(40,406)	(2,402)	(1,275)	(1,374)		Unprotected		
30	Acc Def Tax-Repair Allowance	283103	(4,057,281)			(4,057,281)	(141,110)	(5,285)	(3,476,315)	(206,661)	(109,685)	(118,224)		Unprotected		
31	Def Tax Liab-latan Def Charges	283116	(5,395,854)			(5,395,854)	(187,665)	(7,029)	(4,623,217)	(274,842)	(145,872)	(157,228)		Unprotected		
32	Def Inc Tax - Hedge Trans Loss	283123	(2,293,711)		1,946,242	(347,469)	(12,085)	(453)	(297,715)	(17,699)	(9,394)	(10,125)		Unprotected		
33	Deferred Tax Liab Fuel Costs	283139	(4,783,673)			(4,783,673)	(166,373)	(6,231)	(4,098,695)	(243,660)	(129,323)	(139,390)		Unprotected		
34	Def Tx-ITC Tx Basis Red-latan	283366	(9,310,443)	9,310,443		-	-	-	-	-	-	-		Unprotected		
35	Accm Def Fed Inc Tx-Lic Softwr	283400	(3,635,426)			(3,635,426)	(126,438)	(4,736)	(3,114,866)	(185,174)	(98,281)	(105,932)		Unprotected		
36	Acc Def Tx-Loss Reacq Debt	283900	(3,059,033)			(3,059,033)	(106,391)	(3,985)	(2,621,008)	(155,814)	(82,698)	(89,136)		Unprotected		
37	Def Inc Tax - FAS158	283914	(22,969,188)	22,969,188		-	-	-	-	-	-	-		Unprotected		
38	Def Inc Tax-DefTx Liab Fas 109	283915	(13,333,421)	13,333,421		-	-	-	-	-	-	-		Unprotected		
39	Def Tx Liab-Equity AFUDC	283917	(24,196,411)	24,195,572	839	(0)	(0)	(0)	(0)	(0)	(0)	(0)		Unprotected		
40	Def Inc Tx Ice Storm Exp	283921	(139,517)			(139,517)	(4,852)	(182)	(119,540)	(7,106)	(3,772)	(4,065)		Unprotected		
41	Total Accumulated Deferred Income Taxes:		(461,708,666)	32,383,093	(107,216)	-	-	(637,414)	895,847	(429,174,356)	(14,926,431)	(559,065)	(367,720,526)	(21,860,358)	(11,602,370)	(12,505,605)
42	Current Composite Tax Rate:								38.09%	38.09%	38.09%	38.09%	38.09%	38.09%	38.09%	38.09%
43	Line 42 / Line 43								(1,126,811,567)	(39,189,843)	(1,467,845)	(965,462,489)	(57,395,099)	(30,462,409)	(32,833,883)	
44	Proposed Composite Tax Rate:								25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%
45	Estimated Balance of ADIT after Reform:								(288,920,599)	(10,048,488)	(376,363)	(247,549,820)	(14,716,415)	(7,810,727)	(8,418,786)	
46	Estimated Excess ADIT (Regulatory Liability):	254430							(140,253,757)	(4,877,943)	(182,702)	(120,170,706)	(7,143,944)	(3,791,643)	(4,086,819)	
47	Composite Gross Up Conversion Factor								1.3448	1.3448	1.3448	1.3448	1.3448	1.3448	1.3448	1.3448
48	Estimated Excess ADIT (Gross-Up)								(188,615,788)	(6,559,946)	(245,701)	(161,607,738)	(9,607,305)	(5,099,070)	(5,496,029)	
49	Gross Up Regulatory Portion:	254100							(48,362,031)	(1,682,003)	(62,999)	(41,437,032)	(2,463,361)	(1,307,427)	(1,409,209)	

ADIT Allocator:		
Missouri	85.68%	WP PIS
Kansas	5.09%	WP PIS
Arkansas	2.91%	WP PIS
Oklahoma	2.70%	WP PIS
MO - Resale	3.48%	WP PIS
KS - Resale	0.13%	WP PIS
Total:	100.00%	WP PIS

MO - Resale	96.39%	WP PIS
KS - Resale	3.61%	WP PIS

Based on total percentage allocation of jurisdictional portion of Total Plant

Line No.	Description	Account	Balance	Non-Cash	Non-Electric	Net NDL Against Plant	Disallowed Plant	Exclude as Already Tax Effected	Excluded In MO Last Case Per Staff EMS	Include in Rate Base	Wholesale		Retail				Protected Unprotected (2)
											Missouri	Kansas	Missouri	Kansas	Oklahoma	Arkansas	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
1	Acc Df Tx-Ozark Beach Loss Gen	190112	(5,245,691)							(5,245,691)	(182,442)	(6,833)	(4,494,556)	(267,194)	(141,813)	(152,853)	Possibly partially protected
2	Def Fd Inc Tx-Acr Rate Ref-Ark	190122	3,652							3,652	127	5	3,129	186	99	106	Possibly partially protected
3	Def Inc Tx - Disallow Plant	190211	1,540,695				(1,540,695)			-	-	-	-	-	-	-	Possibly partially protected
4	Def Tx Net Operating Loss	190230	5,380,769			(5,380,769)				-	-	-	-	-	-	-	This may be possibly protected if generated by bonus depreciation
5	Accum Def Fed Inc Tx-Ld Elect	282100	(434,316,360)			5,380,769	1,540,695			(427,394,897)	(14,864,543)	(556,747)	(366,195,869)	(21,769,720)	(11,554,264)	(12,453,754)	Possibly partially protected
6	Accum Def Fed Inc Tx-Ld Ks Jur	282120	(646,629)							(646,629)	(22,489)	(842)	(554,038)	(32,937)	(17,481)	(18,842)	Possibly partially protected
7	Acc Def Fed Inc Tx-LD NonUt DR	282130	60,000		(60,000)					-	-	-	-	-	-	-	Possibly partially protected
8	Acc Def Fed Inc Tx-LD NonUT CR	282135	48,055		(48,055)					-	-	-	-	-	-	-	Possibly partially protected
9	Accum Def Fed Inc Tx-Ld Ok Jur	282140	(147,755)							(147,755)	(5,139)	(192)	(126,598)	(7,526)	(3,994)	(4,305)	Possibly partially protected
10	Accm Def Fed Inc Tx-Ld Ferc Jr	282150	(339,226)							(339,226)	(11,798)	(442)	(290,652)	(17,279)	(9,171)	(9,885)	Possibly partially protected
11	Total Accumulated Deferred Income Taxes:		(433,662,491)		(108,055)	-	-	-	-	(433,770,546)	(15,086,284)	(565,053)	(371,658,583)	(22,094,469)	(11,726,624)	(12,639,532)	
12	Current Composite Tax Rate:									38.09%	38.09%	38.09%	38.09%	38.09%	38.09%	38.09%	
13	Line 42 / Line 43									(1,138,879,017)	(39,609,541)	(1,483,565)	(975,801,991)	(58,009,765)	(30,788,642)	(33,185,513)	
14	Proposed Composite Tax Rate:									25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	
15	Estimated Balance of ADIT after Reform:									(292,014,758)	(10,156,101)	(380,394)	(250,200,924)	(14,874,018)	(7,894,375)	(8,508,946)	
16	Estimated Excess ADIT (Regulatory Liability):	254430								(141,755,787)	(4,930,183)	(184,659)	(121,457,659)	(7,220,451)	(3,832,249)	(4,130,587)	
17	Composite Gross Up Conversion Factor									1.3448	1.3448	1.3448	1.3448	1.3448	1.3448	1.3448	
18	Estimated Excess ADIT (Gross-Up)									(190,635,746)	(6,630,199)	(248,332)	(163,338,456)	(9,710,193)	(5,153,678)	(5,554,888)	
19	Gross Up Regulatory Portion:	254100								(48,879,958)	(1,700,016)	(63,674)	(41,880,797)	(2,489,742)	(1,321,429)	(1,424,301)	

<b>ADIT Allocator:</b>		
Missouri	85.68%	WP PIS
Kansas	5.09%	WP PIS
Arkansas	2.91%	WP PIS
Oklahoma	2.70%	WP PIS
MO - Resale	3.48%	WP PIS
KS - Resale	0.13%	WP PIS
Total:	100.00%	WP PIS
MO - Resale	96.39%	WP PIS
KS - Resale	3.61%	WP PIS
Based on total percentage allocation of jurisdictional portion of Total Plant		

Line No.	Description	Account	Balance	Non-Cash	Non-Electric	Net NOL Against Plant	Disallowed Plant	Exclude as Already Tax Effected	Excluded in MO Last Case Per Staff EMS	Include in Rate Base	Wholesale		Retail				Protected Unprotected (2)
											Missouri	Kansas	Missouri	Kansas	Oklahoma	Arkansas	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)	(m)	(n)	(o)	(p)	(q)	
1	Def ITC Cr-Adv Coal	190113	1,808,482	(1,808,482)													Unprotected
2	Def Tax Asset - Reg Plan Amort	190114	7,928,326						7,928,326	275,742	10,328	6,793,062	403,836	214,336	231,022		Unprotected
3	Def Inc Tax - Hedge Trans Gain	190123	1,065,910						1,065,910	37,072	1,389	913,282	54,293	28,816	31,059		Unprotected
4	Def Fd Tax Asset - Misc	190124	(6,839,765)						(6,839,765)	(237,883)	(8,910)	(5,860,373)	(348,389)	(184,907)	(199,302)		Unprotected
5	FAS123 Deferred Tax Asset	190125	1,050,395					(1,050,395)									Unprotected
6	Def Fd Inc Tx-Of & Dir Def Com	190260	183,750						183,750	6,391	239	157,439	9,359	4,968	5,354		Unprotected
7	Def Fd Inc Tx-Contrib-Aid Const	190310	10,524,787						10,524,787	366,046	13,710	9,017,734	536,089	284,529	306,679		Unprotected
8	Def Inc Tx-Def Tx Asset Fas109	190320	12,647,861	(12,647,861)													Unprotected
9	Def Inc Tx-Pbop Costs	190330	(623,455)						(623,455)	(21,683)	(812)	(534,182)	(31,756)	(16,855)	(18,167)		Unprotected
10	Def Inc Tx-Postret Ben-Pension	190331	(7,353,448)						(7,353,448)	(255,749)	(9,579)	(6,300,502)	(374,554)	(198,794)	(214,270)		Unprotected
11	Acm Def Inc Tx-Int Capitalized	190340	17,596,138						17,596,138	611,983	22,922	15,076,533	896,274	475,697	512,730		Unprotected
12	Acm Def Inc Tx - Alt Minmn Tax	190350	637,414					(637,414)									Unprotected
13	Deferred Tax - FAS 158	190356	22,969,188	(22,969,188)													Unprotected
14	SWPA Oz Beach Def Tx -AR	190410	242,761						242,761	8,443	316	208,000	12,365	6,563	7,074		Unprotected
15	SWPA Oz Beach Def Tx - KS	190420	194,943						194,943	6,780	254	167,029	9,930	5,270	5,680		Unprotected
16	SWPA Oz Beach Def Tx -MO	190430	2,371,851						2,371,851	82,492	3,090	2,032,224	120,812	64,121	69,113		Unprotected
17	SWPA Oz Beach Def Tx -OK	190440	107,353						107,353	3,734	140	91,981	5,468	2,902	3,128		Unprotected
18	SWPA Oz Beach Def Tx -FERC	190450	662,449						662,449	23,040	863	567,593	33,742	17,909	19,303		Unprotected
19	Accm Def Fed Inc Tx-2Nd 5Yr Mn	283100	(47,159)						(47,159)	(1,640)	(61)	(40,406)	(2,402)	(1,275)	(1,374)		Unprotected
20	Acc Def Tax-Repair Allowance	283103	(4,057,281)						(4,057,281)	(141,110)	(5,285)	(3,476,315)	(206,661)	(109,685)	(118,224)		Unprotected
21	Def Tax Liab-latan Def Charges	283116	(5,395,854)						(5,395,854)	(187,665)	(7,029)	(4,623,217)	(274,842)	(145,872)	(157,228)		Unprotected
22	Def Inc Tax - Hedge Trans Loss	283123	(2,293,711)					1,946,242	(347,469)	(12,085)	(453)	(297,715)	(17,699)	(9,394)	(10,125)		Unprotected
23	Deferred Tax Liab Fuel Costs	283139	(4,783,673)						(4,783,673)	(166,373)	(6,231)	(4,098,695)	(243,660)	(129,323)	(139,390)		Unprotected
24	Def Tx-ITC Tx Basis Red-latan	283366	(9,310,443)	9,310,443													Unprotected
25	Accm Def Fed Inc Tx-Lic Softwr	283400	(3,635,426)						(3,635,426)	(126,438)	(4,736)	(3,114,866)	(185,174)	(98,281)	(105,932)		Unprotected
26	Acc Def Tx-Loss Reacq Debt	283900	(3,059,033)						(3,059,033)	(106,391)	(3,985)	(2,621,008)	(155,814)	(82,698)	(89,136)		Unprotected
27	Def Inc Tax - FAS158	283914	(22,969,188)	22,969,188													Unprotected
28	Def Inc Tax-DefTx Liab Fas 109	283915	(13,333,421)	13,333,421													Unprotected
29	Def Tx Liab-Equity AFUDC	283917	(24,196,411)	24,195,572	839				(0)	(0)	(0)	(0)	(0)	(0)	(0)		Unprotected
30	Def Inc Tx Ice Storm Exp	283921	(139,517)						(139,517)	(4,852)	(182)	(119,540)	(7,106)	(3,772)	(4,065)		Unprotected
31	Total Accumulated Deferred Income Taxes:		(28,046,175)	32,383,093	839			(637,414)	895,847	4,596,190	159,853	5,987	3,938,058	234,111	124,254	133,927	
32	Current Composite Tax Rate:								38.09%	38.09%	38.09%	38.09%	38.09%	38.09%	38.09%		
33	Line 42 / Line 43								12,067,450	419,699	15,720	10,339,502	614,666	326,233	351,630		
34	Proposed Composite Tax Rate:								25.64%	25.64%	25.64%	25.64%	25.64%	25.64%	25.64%		



35	Estimated Balance of ADIT after Reform:	
36	Estimated Excess ADIT (Regulatory Liability):	254430
37	Composite Gross Up Conversion Factor	
38	Estimated Excess ADIT (Gross-Up)	
39	Gross Up Regulatory Portion:	254100

3,094,160	107,613	4,031	2,651,104	157,604	83,648	90,160
1,502,030	52,240	1,957	1,286,953	76,507	40,606	43,767
1.3448	1.3448	1.3448	1.3448	1.3448	1.3448	1.3448
2,019,958	70,253	2,631	1,730,718	102,888	54,608	58,859
517,927	18,013	675	443,765	26,381	14,002	15,092

<b>ADIT Allocator:</b>		
Missouri	85.68%	WP PIS
Kansas	5.09%	WP PIS
Arkansas	2.91%	WP PIS
Oklahoma	2.70%	WP PIS
MO - Resale	3.48%	WP PIS
KS - Resale	0.13%	WP PIS
Total:	100.00%	WP PIS
MO - Resale	96.39%	WP PIS
KS - Resale	3.61%	WP PIS
Based on total percentage allocation of jurisdictional portion of Total Plant		

The Empire District Electric Company  
 Tax Reform Calculation-21%  
 Gross Revenue Conversion Factor  
 Page 1 of 1

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Line No.	Description (a)	Rate (b)	Factor (c)
<b>Total Company Composite</b>			
1	State Income Tax	5.87%	5.87414%
2	Federal Taxable Income		94.13%
3	Federal Income Tax	21.00%	19.76640%
4	Operating Income		74.36%
5	Gross Revenue Conversion Factor		1.3448