

Empire District Electric Company
ER-2016-0023
Revenue Requirement Reconciliation
May 18, 2016

Line No.		
1	Company Revenue Requirement Per Reconciliation	\$33,397,350
2	Unreconciled Difference (due to Rounding)	\$13
3	Company Revenue Requirement	\$33,397,363
4		
5	Riverton 12 Estimate	\$20,624,411
6		
7	Rate of Return & Capital Structure	
8	Value of Capital Structure Issue - Staff / Company	(490,130)
9	Capital Structure impact on Interest Expense Deduction	3,209,777
10	Rev. Req. Value of Return on Equity	(1,709,826)
11	Sub-Total Rate of Return and Capital Structure Differences	\$1,009,820
12		
13	Rate Base Issues :	
14	Riverton 12	(19,524,865)
15	Large Vehicle Purchase	(355,468)
16	Plant not at Issue	911,569
17	(1) Stopped depreciation	(313,421)
18	(1) Depreciation Reserve not at issue	(797,621)
19	Cash Working Capital	(13,085)
20	Materials and Supplies	93,068
21	Prepayments	(12,176)
22	Fuel Inventory	153,117
23	Vegetation/Infrastructure Trackers	154,766
24	May 2011 Tomado Storm Deferral	(378,877)
25	Regulatory Asset/Carrying Costs-latan 1	(112,800)
26	Regulatory Asset/Carrying Costs-latan 2	(901,539)
27	Regulatory Asset/Carrying Costs-Plum Point	(5,654)
28	O&M Tracker latan-Common	204,970
29	DSM/Pre-MEEIA Costs	26,878
30	Peoplesoft Costs ER-2011-0004	(3,612)
31	Pension Tracker	43,260
32	MO Solar Initiative	(217,335)
33	Asbury/Riverton Reserve Deficiency	(1,172,726)
34	Prepaid Pension Asset	30,269
35	Federal Tax Offset	87,829
36	State Tax Offset	(16,550)
37	Interest Expense Offset	74,448
38	Fuel Construction Accounting	943,630
39	OPEB Tracker	53,249
40	Customer Advances	(25,443)
41	Customer Deposits	(29,113)
42	Deferred Income Taxes-Accumulated	(2,071,187)
43	Plum Point O&M ER-2011-0004 Tracker	11,143
44	SWPA Capacity Loss Reimbursement	77,720
45	latan 2 O&M ER-2011-0004 Tracker	(136,886)
46	Amortization from Intangibles	199,119
47	Sub Total - Rate Base Issues	(\$23,023,324)
48		
49	Income Statement - Revenue Issues	
50	Booked Revenue - Unadjusted	8,878,328
51	Include Excess Facilities	(2,384,382)
52	Annualize and Normalize Large Customer Growth	724,265
53	Adjust for Customers Who Switched Rate Classes	(758,493)
54	Adjust Energy Efficiency Pre-MEEIA	(1,472,923)
55	Normalize Weather to a 30-Year Normal and 365-Day Consumption	4,906,632
56	Annualize Rate Case	4,083,525
57	Annualize and Normalize Revenues for Customer Growth	809,377
58	Adjust REC's	(75,116)
59	Normalize SPP Transmission Revenue	(3,323,301)
60	Adjust Rent for from Electric Property	(123,113)
61	To remove Missouri non-jurisdictional revenue	1,916,745
62	Sub Total - Revenue Adjustments	\$13,181,544
63		
64	Income Statement - Expense Issues	
65	Test Year Allocation Differences	(2,327,241)
66	Fuel/Purchased Power Expense	(6,348,694)
67	Annualize Plum Point Entergy Transmission Contract Expense	123,274
68	Annualize Postage Expense	(7,884)

69	Normalize Bad Debt Expense	(39,266)	
70	True-Up Construction Amortization for Iatan/Plum Point	53,978	
71	Normalize Outside Services	(187,875)	
72	Annualize Insurance	(94,731)	
73	Normalize Depreciation Study Expense	(3,773)	
74	Reflect Annualized PSC Assessment Fee	976,877	
75	Normalize Rate Case Expense	(26,793)	
76	Normalize Line Loss Study	(2,487)	
77	Remove Costs Related to EDI	(1,034,932)	
78	Normalize SPP Transmission Expense	(597,685)	
79	Normalize Injuries and Damages on Actual Payments	(114,573)	
80	Adjust Test Year 401k Expense to Staff's Annualized Level	(30,929)	
81	Interest on Customer Deposits	434,192	
82	Annualize Employee Benefits	524,773	
83	Adjust Test Year Consumables Level	(520,013)	
84	Adjust DSM Programs	(25,000)	
85	Annualize Software Maintenance Expense	(150,388)	
86	Payroll Annualization	(3,048,426)	
87	Pensions & OPEBS	(482,370)	
88	Plant Maintenance & Operating Expense	(84,736)	
89	Riverton 12 Tracker	(1,200,000)	
90	Workman's Compensation Annualization	27,737	
91	Amortize Vegetation Tracker Over Five Years	254,853	
92	Remove A&G Expenses Related to Water	(394,681)	
93	Remediation & Inspection Expense	112,175	
94	Annualize Construction Accounting	1,210	
95	Depreciation Expense	(2,967,726)	
96	Amortization Expense	(911,501)	
97	Taxes Other Than Income Taxes	(1,501,641)	
98	Annualize Payroll Taxes	(111,044)	
99	Total Oper. & Maint. Expense		(\$19,705,321)
100			
101	Impact on Income Tax Expense of Depreciation Difference	103,751	
102	Sub Total - Expense Adjustments		\$103,751
103			
104	Tax Depreciation in Excess of S/L	(3,482,638)	
105	Nondeductible Expenses	21,945	
106	Intangible Amortization	220,725	
107	Tax Depreciation in Excess of S/L	3,482,638	
108	Corporate Deferred Taxes (Rate Base Impact)	(89,135)	
109	Amortization of Deferred Income Tax	(971,731)	
110	Total of Deferred Tax & Amortization		(\$818,197)
111	Total Value of All Issues		(\$8,627,314)
112	Unreconciled Difference-due to Rounding		\$1,479
113	Staff Revenue Requirement		\$24,771,527
114			
115	OPC Issues		
116			
117	Rate Base Issues :		
118	Prepayments	(233,377)	
119	Fuel Inventory	(2,153,415)	
120	Vegetation/Infrastructure Trackers	(348,660)	
121	Regulatory Asset/Carrying Costs-Iatan 1	(523,098)	
122	Regulatory Asset/Carrying Costs-Iatan 2	(284,495)	
123	Regulatory Asset/Carrying Costs-Plum Point	(13,303)	
124	O&M Tracker Iatan-Common	(139,413)	
125	Peoplesoft Costs ER-2011-0004	(23,952)	
126	Pension Tracker	(344,380)	
127	OPEB Tracker	99,526	
128	SWPA Capacity Loss Reimbursement	1,354,210	
129	Plum Point O&M ER-2011-0004 Tracker	3,894	
130	Iatan 2 O&M ER-2011-0004 Tracker	40,689	
131	Sub-Total Rate of Return and Capital Structure Differences		(\$2,565,774)
132			
133	Income Statement - Expense Issues		
134	Vegetation Tracker Amortization	(168,817)	
135	Advanced Coal Project ITC over-collection	25,699	
136	Iatan 2/Iatan Common/Plum Point O&M Amortization	(33,249)	
137	Bad Debt Expense	(60,795)	
138	SERP	14,641	
139	Sub Total - Expense Adjustments		(\$222,520)
140	Total Value of All Issues		(\$2,788,295)
141	Unreconciled Difference-due to Rounding		

- (1) OPC does not necessarily agree with the dollar amount of depreciation reserve reflected in this reconciliation. OPC recommends an audit of Empire's depreciation reserve and depreciation expense practices to determine the revenue requirement impact of any potential violations that should be credited to a regulatory liability account and returned to Empire's shareholders.