

The Empire District Gas Company  
Test Year Ending December 31, 2020  
GR-2021-0320  
Schedule 7 - Explanation of Income Statement Adjustments

Line No.	Description (a)	Reference		Adjustment Amount (d)
		Sch/WP (b)	Witness (c)	
<b>OPERATING REVENUES</b>				
1	To remove PGA related revenues for the test year.	<a href="#">REV ADJ 1</a>	Liner	\$ (12,214,427)
2	To remove the unbilled revenues for Missouri.	<a href="#">REV ADJ 2</a>	Liner	(169,795)
3	To remove franchise fee revenues from the cost of service.	<a href="#">REV ADJ 3</a>	Liner	(1,379,048)
4	This adjustment normalizes revenues for weather.	<a href="#">REV ADJ 4</a>	Lyons	575,694
5	This adjustment reflects revenues based on a increase or decrease in customer growth.	<a href="#">REV ADJ 5</a>	Liner	
<b>OPERATING EXPENSES</b>				
1	Open	<a href="#">EXP ADJ 1</a>	Liner	-
2	To annualize uncollectible expense and include the portion of expected uncollectible expense from the proposed rate case increase.	<a href="#">EXP ADJ 2</a>	Liner	2,721
3	This adjustment calculates the credit card fees incurred by customers for payments with credit cards.	<a href="#">EXP ADJ 3</a>	Liner	(4,839)
4	To annualize the amount of amortization expense related to the regulatory assets and liabilities to the true-up period.	<a href="#">EXP ADJ 4</a>	Liner	2,354,647
5	To determine the pro forma balance of rate case expense incurred throughout the current rate case docket.	<a href="#">EXP ADJ 5</a>	Liner	(252,821)
6	To remove all acquisition costs.	<a href="#">EXP ADJ 6</a>	Liner	709
7	To include actuals/projected insurance premium increases.	<a href="#">EXP ADJ 7</a>	Liner	(857)
8	This adjustment normalizes the amount of expenses in the test year that relate to injuries and damages to a five year average.	<a href="#">EXP ADJ 8</a>	Liner	(192,935)
9	To determine an annualized amount of employee payroll for the listing of employees at the test year end.	<a href="#">EXP ADJ 9</a>	Liner	(776,257)
10	To annualize the medical/dental/vision expense for the expected 2020 increase in claim expense.	<a href="#">EXP ADJ 10</a>	Liner	(329,584)
11	To annualize the Public Service Commission Assessment for 2020.	<a href="#">EXP ADJ 11</a>	Liner	2,932
12	To present the depreciation expense at the update period with proposed depreciation rates.	<a href="#">EXP ADJ 12</a>	Liner	1,232,164
13	To capture the amount of accumulated amortization that will be included in the balance at the end of the true-up period.	<a href="#">EXP ADJ 13</a>	Liner	19,868
14	To reflect property tax expense on the pro forma plant balance that is expected to be used and useful at December 31, 2020.	<a href="#">EXP ADJ 14</a>	Liner	29,263
15	To remove the test year level of franchise tax expense.	<a href="#">EXP ADJ 15</a>	Liner	1,379,048
16	To include interest on customer deposit as an operating cost.	<a href="#">EXP ADJ 16</a>	Liner	(85,507)
17	To reflect the balances in the Pension and OPEB accounts at the end of the update period.	<a href="#">EXP ADJ 17</a>	Fallert	(1,525,880)
18	To normalize federal/state taxes.	<a href="#">EXP ADJ 18</a>	Liner	(575,755)
19	To remove PGA expense	<a href="#">EXP ADJ 18</a>	Liner	12,214,427
20	<b>Total Adjustments to Operating Income:</b>			<b>\$ 303,769</b>

**Source:** See column (b).

**Purpose:** To provide a description for the income statement adjustments.

ck to Sch. 6	(0)
ck to WP 6-1	-
ck to WP 6-2	0
ck to WP 6-3	-
Ck to Sch. 10	-