

The Empire District Electric Company
 Test Year Ending September 30, 2020
 ER-2021-0312
 Schedule 4 - Explanation of Rate Base Adjustments - Update

Line No.	Description (a)	Reference		Effect on Rate Base (d)
		Sch/WP (b)	Witness (c)	
PLANT IN SERVICE				
1	To include plant additions for assets that will be used and useful by June 30, 2021. - Plant in Service	RB ADJ 1	Emery/Sanderson	737,698,482
2	To remove the non-electric portion of certain general plant assets that are shared between multiple entities, as 100 percent of shared general plant facilities are reflected on The Empire District Electric Company's general ledger at the test year end. - Plant in Service - Accumulated Depreciation	RB ADJ 2 RB ADJ 2	Emery Emery	(6,206,809) 3,529,166
3	To adjust the test year level of accumulated depreciation to the expected pro forma balances at the update period	RB ADJ 3	Emery	(10,296,664)
4	To adjust the test year level of accumulated amortization to the expected pro forma balances at the update period	RB ADJ 4	Emery	(4,512,067)
5	To determine the amount of capital expenditures related to Iatan & PCB Transformer/Sub Transformer environmental activities that have been settled or are expected to be settled and paid by the end of the update period.	RB ADJ 13	Emery	5,633,873
6	To properly reflect the balance of accumulated depreciation related to the stranded meters that will be requested in a regulatory asset. The test year balance of accumulated depreciation is understated as the stranded meters were not removed out; therefore this adjustment is to increase accumulated depreciation by the amount of stranded meters at the test year. - Accumulated Depreciation	RB ADJ 15	Sanderson	(9,631,010)
WORKING CAPITAL				
7	To include a cash working capital amount in the cost of service.	RB ADJ 5	Emery	(6,765,451)
8	To adjust prepayments included in rate base to the 13 month average balance.	RB ADJ 6	Emery	(624,201)
9	To adjust materials and supplies included in rate base to the 13 month average balance.	RB ADJ 6	Emery	(5,793,642)
10	The remove the water company balances from the 13 month average materials inventory account.	RB ADJ 7	Emery	-
11	To determine a normalized level of fuel inventories.	RB ADJ 8	Emery	(511,636)
ADDITIONS AND DEDUCTIONS				
12	To adjust customer deposits and advances included in rate base to the 13 month average balance.	RB ADJ 6	Emery	(357,643)
13	To present the expected balances of the regulatory assets at the update period.	RB ADJ 9	Emery/Sanderson/Fallert	(135,537,992)
14	To present the expected balances of the regulatory liabilities at the update period.	RB ADJ 10	Emery/Sanderson/Fallert	(351,070)
15	To project out ADIT balances at the end of the update period.	RB ADJ 11	Emery/Sanderson	(57,633,685)
16	To adjust the rate base test year balances with the pro forma Missouri jurisdictional allocation factors, which incorporate the annualized effect of losing three wholesale customers.	RB ADJ 12	Emery	22,916,774
17	To remove the portion of ADIT related to the retired Asbury assets to a regulatory liability.	RB ADJ 14	Sanderson	32,338,406
18	Total Adjustments to Rate Base:			<u>\$ 563,894,829</u>

Source: See column (b).

Purpose: To provide a description for the rate base adjustments.