

The Empire District Electric Company

Test Year Ending September 30, 2020

ER-2021-0312

Schedule 7 - Explanation of Income Statement Adjustments - Update

Line No.	Description (a)	Reference		Adjustment Amount (d)
		Sch/WP (b)	Witness (c)	
OPERATING REVENUES				
1	To remove FAC related revenues for the test year.	REV ADJ 1	Emery	\$ 69,190
2	To remove the unbilled revenues for Missouri.	REV ADJ 2	Emery	9,802,736
3	To adjust revenues based on an annualized amount of customers.	REV ADJ 3	Tillman	3,673,246
4	To normalize revenues for weather normalization, demand billing, estimated bills, net metering, and the effects of COVID.	REV ADJ 4	Tillman	5,660,376
5	To annualize revenues for large customer load growth.	REV ADJ 5	Tillman	5,934,722
6	To reverse the amount of test year revenues being offset for the Asbury AAO liability.	REV ADJ 6	Sanderson	13,890,879
7	To reflect an annual amount of revenues received from customers who have opted out of using the AMI meters.	REV ADJ 7	Sanderson	315,900
8	To increase revenues by the discount for customers using the Economic Development Rider.	REV ADJ 8	Emery	330,495
9	To adjust the test year revenue balances with the pro forma Missouri jurisdictional allocation factors, which incorporate the annualized effect of the loss of three wholesale customers.	REV ADJ 9	Emery	516,787
10	To remove the Franchise Fees revenues for Missouri.	REV ADJ 10	Emery	(9,148,128)
11	To remove SPP IM test revenues related to the wind projects from the test years.	REV ADJ 11	Emery	(5,292)
12	To determine the balances in the fuel and purchased power revenue accounts at the end of the update period.	REV ADJ 12	Emery	176,388,157
13	To increase test year retail revenues to include additional revenue received as a result of the Commission's Amended Report and Order in ER-2019-0374.	REV ADJ 13	Emery	945,265
14	To include non-FAC operating revenues in the Company's revenue requirement for the wind projects.	REV ADJ 14	Emery/Sanderson	2,323,941
15	To normalize the late fees and disconnect revenues to a five-year average.	REV ADJ 15	Emery	423,505
16	Total Adjustments to Operating Revenues:			<u>\$ 211,121,781</u>
OPERATING EXPENSES				
17	To determine the balances in the fuel and purchased power expense accounts at the end of the update period.	EXP ADJ 1	Emery	\$ 123,469,283
18	To normalize non-labor O&M generation expenses.	EXP ADJ 2	Emery	2,834,936
19	To normalize the department 110, 115, and 150 non-labor, non-fuel O&M costs.	EXP ADJ 3	Emery	(185,185)
20	To remove SPP IM test expenses related to the wind projects from the test year.	EXP ADJ 4	Emery	(38)
21	To reflect the increase in the Plum Point Contract, effective September 2021.	EXP ADJ 5	Emery	451,205
22	To reflect a normalized level of electronic customer payment fees expected to be incurred at the update period.	EXP ADJ 6	Emery	710,173
23	This adjustment is to reverse the test year amount of depreciation expense associated with the PISA Regulatory Asset, as the Company is seeking recovery of all of it's depreciation expense.	EXP ADJ 7	Emery	5,482
24	To annualize uncollectible expense and include the portion of expected uncollectible expense from the proposed rate case increase.	EXP ADJ 8	Emery	779,558
25	To annualize the amount of amortization expense related to the regulatory assets and liabilities to the update period.	EXP ADJ 9	Emery/Sanderson	(1,609,930)
26	To determine an annualized amount of rate case expense incurred throughout the current rate case docket.	EXP ADJ 10	Emery	1,600,652
27	To remove all acquisition costs.	EXP ADJ 11	Emery	(23,391)
28	To reflect a normalized level of expected insurance premium expense at the update period.	EXP ADJ 12	Emery	1,029,057
29	To normalize the amount of injuries and damages and workers' comp claims paid out.	EXP ADJ 13	Emery	1,301,379
30	To include an annualized amount of customer education expenses as it relates to Time of Use rates.	EXP ADJ 14	Sanderson	166,965
31	To remove non-recoverable expenses, such as donations, that were included in the test year.	EXP ADJ 15	Emery	(93,528)
32	To annualize payroll and payroll taxes at the update period.	EXP ADJ 16	Emery	10,225,633
33	To determine an annualized amount of employee benefits at the update period.	EXP ADJ 17	Emery	549,937
34	To adjust the test year expense balances with the pro forma Missouri jurisdictional allocation factors, which incorporate the annualized effect of losing three wholesale customers.	EXP ADJ 18	Emery	5,450,263
35	To annualize the Public Service Commission Assessment for 2020.	EXP ADJ 19	Emery	88,457
36	To annualize the amount of depreciation expense at the update period.	EXP ADJ 20	Emery	27,978,317

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37	To annualize the amount of amortization expense at the update period.	EXP ADJ 21	Emery	5,478,414
38	To annualize the property taxes related to non-wind pro forma plant.	EXP ADJ 22	Emery	1,855,510
39	To remove the test year level of franchise fee expenses.	EXP ADJ 23	Emery	(9,148,128)
40	To include interest on customer deposits as an operating cost.	EXP ADJ 24	Emery	601,033
41	To include non-FAC operating expenses in the Company's revenue requirement for the wind projects.	EXP ADJ 25	Emery/Sanderson	19,655,829
42	To include outside service expenses needed for the AMI project based on pricing sheets from third-party vendors.	EXP ADJ 26	Sanderson	1,188,728
43	Due to the travel restrictions surrounding COVID-19, the travel and training expenses captured in the test year reflect a lower than normal balance; this adjustment is normalize the training and travel expenses to a five-year average.	EXP ADJ 27	Emery	77,006
44	To reflect the balances in the Pension and OPEB accounts at the end of the update period.	EXP ADJ 28	Fallert	3,918,129
45	To reflect the savings related to the reduction of meter readers needed after deployment of the AMI meters.	EXP ADJ 29	Sanderson	(1,005,247)
45	To normalize federal/state taxes at the update.	EXP ADJ 30	Emery	410,510
46	Total Adjustments to Operating Expenses:			\$ 197,761,012

Source: See column (b).

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