

Liberty Utilities (Midstates Natural Gas) Corp. - Missouri
Test Year Ending December 31, 2022
GR-2024-0106
Schedule 7 - Explanation of Income Statement Adjustments

Line No.	Description (a)	Reference		Adjustment Amount (d)
		Sch/WP (b)	Witness (c)	
OPERATING REVENUES				
1	To remove PGA related revenues for the test year.	REV ADJ 1	Emery	\$ (35,163,589)
2	To remove the unbilled revenues for Missouri.	REV ADJ 2	Emery	198,991
3	To adjust revenues for ISRS Reconciliation	REV ADJ 3	Emery	1,253,169
4	To normalize revenues for weather normalization	REV ADJ 4	Emery	224,924
5	To normalize revenues for Large Customer Contract Revision	REV ADJ 5	Emery	698,172
6	To normalize large customer revenue for EDR Discount and anticipated customer loss.	REV ADJ 6	Emery	(415,663)
7	Total Adjustments to Operating Revenues:			<u>\$ (33,203,996)</u>
OPERATING EXPENSES				
8	To remove the PGA Expenses.	EXP ADJ 1	Emery	\$ (35,170,425)
9	To annualize amortization expense associated with the Property Tax Tracker	EXP ADJ 2	Emery	344,473
10	To annualize uncollectible expense and include the portion of expected uncollectible expense from the proposed rate case increase.	EXP ADJ 3	Emery	177,727
11	To annualize the amount of amortization expense related to the regulatory assets and liabilities to the update period.	EXP ADJ 4	Emery	43,078
12	To annualize rate case expense	EXP ADJ 5	Emery	229,508
13	To reflect a normalized level of expected insurance premium expense at the update period.	EXP ADJ 6	Emery	(91,097)
14	To remove non-recoverable expenses, such as donations, that were included in the test year.	EXP ADJ 7	Emery	2,246
15	To annualize payroll and payroll taxes at the update period.	EXP ADJ 8	Emery	787,206
16	To determine an annualized amount of employee benefits at the test year.	EXP ADJ 9	Emery	43,918
17	To annualize the Public Service Commission Assessment for 2023.	EXP ADJ 10	Emery	1,919
18	To annualize the amount of depreciation expense at the update period.	EXP ADJ 11	Emery	1,740,240
19	To annualize the property taxes related to pro forma plant.	EXP ADJ 12	Emery	2,441,716
20	To include interest on customer deposits as an operating cost.	EXP ADJ 13	Emery	161,613
21	To include an annualized amount of Customer First O&M expenses.	EXP ADJ 14	Emery	925,800
22	Adjustment is normalize the training and travel expenses.	EXP ADJ 15	Emery	9,220
23	To reflect the balances in the Pension and OPEB accounts at the end of the update period.	EXP ADJ 16	Emery	(211,130)
24	To normalize federal/state taxes at the update.	EXP ADJ 17	Emery	(2,205,896)
25	Total Adjustments to Operating Expenses:			<u>\$ (30,769,884)</u>

Source: See column (b).

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