

Liberty Utilities (Missouri Water) LLC d/b/a Liberty Utilities (Liberty)
Test Year Ending December 31, 2022
WR-2024-0104; SR-2024-0105
Schedule 7 - Explanation of Income Statement Adjustments

Line No.	Description (a)	Reference		Adjustment Amount (d)
		Sch/WP (b)	Witness (c)	
<u>OPERATING REVENUES</u>				
1	To remove the unbilled revenues for Missouri Water	REV ADJ 1	Wilson	\$ (299,944)
2	To remove passthrough revenues for Missouri Water	REV ADJ 2	Wilson	(73,418)
3	To annualize the revenue associated with Bolivar (8656) as Bolivar was acquired during the test yea	REV ADJ 3	Wilson	781,546
4	To normalize the revenue associated with Noel (8149) to account for the closure of the Tyson Plan	REV ADJ 4	Wilson	(274,440)
5	To capture the reclass of certain sewer revenues that were recorded to a water revenue account	REV ADJ 5	Wilson	-
6	To remove Non-Recurring Revenue	REV ADJ 6	Wilson	(417,196)
7	<u>Total Adjustments to Operating Revenues:</u>			\$ (283,452)
<u>OPERATING EXPENSES</u>				
8	To remove expenses associated with the Tyson Plant due to the plant's closure	EXP ADJ 1	Wilson	\$ (56,036)
9	To annualize the operating expenses associated with Bolivar (8656) as Bolivar was acquired during the test yea	EXP ADJ 2	Wilson	431,359
10	To annualize the amount of amortization expense related to the regulatory assets.	EXP ADJ 3	Wilson	625,161
11	To annualize the amount of amortization expense related to the regulatory liabilities.	EXP ADJ 4	Wilson/McCuen	(755)
12	To determine an annualized amount of rate case expense incurred throughout the current rate case docket	EXP ADJ 5	Wilson	337,708
13	To reflect a normalized level of expected insurance premium expense at the update period.	EXP ADJ 6	Wilson	(15,297)
14	To annualize payroll and payroll taxes at the update period	EXP ADJ 7	Wilson	460,327
15	To determine an annualized amount of employee benefits at the test year.	EXP ADJ 8	Wilson	36,666
16	To annualize the amount of depreciation expense at the update period.	EXP ADJ 9	Wilson	1,340,738
17	To annualize the property taxes	EXP ADJ 10	Wilson	932,525
18	To annualize the amount of training and travel expense included in the test yea	EXP ADJ 11	Wilson	5,402
19	To reflect the balances in the Pension and OPEB accounts at the end of the update period	EXP ADJ 12	Wilson	(30,499)
20	To capture an annualized amount of expenses associated with customer first	EXP ADJ 13	Wilson	157,199
21	To capture the expense associated with the normalized balance of customer deposit:	EXP ADJ 14	Wilson	12,402
22	To include customer payment fees in the cost of service	EXP ADJ 15	Wilson/Preston	14,317
23	To remove all acquisition costs.	EXP ADJ 16	Wilson	(228,632)
24	To allocated certain shared service expenses, as of 10/31/2023, to the Missouri Water service areas	EXP ADJ 17	Wilson	4,363
25	To reclass the CIAC Amortization from 2710 to 4030	EXP ADJ 18	Wilson	(41,841)
26	To capture the reclass of certain sewer expenses that were recorded to a water revenue account	EXP ADJ 19	Wilson	-
27	To normalize federal/state taxes at the update.	EXP ADJ 20	Wilson	(1,065,809)
28	<u>Total Adjustments to Operating Expenses:</u>			\$ 2,919,299

Source: See column (b).

Purpose: To provide a description for the income statement adjustments