



The Empire District Electric Company d/b/a Liberty
Case No. ER-2024-0261
Office Public Counsel Data Request - 8016

Data Request Received: 2025-02-03

Response Date: 2025-02-04

Request No. 8016

Witness/Respondent: Tim Lyons

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REQUEST:

Did Liberty complete a proof of revenue analysis to check for whether the revenues produced by the rates on its proposed tariff sheets and its normalized billing determinants would match the revenue requirement shown on its 2024 MO Revenue Requirement Model workpaper, Schedule 1 Rev Req? If Liberty did that analysis, please provide the workpapers for it. If Liberty did not perform that analysis, please explain in detail why Liberty did not perform that analysis.

RESPONSE:

Yes. The Company prepared a proof of revenue analysis to check whether the revenues produced by the rates on its proposed tariff sheets would match the revenue requirement in its 2024 revenue requirement model workpaper, Schedule 1 Rev Req.

Please refer to the Company's cost of service study which was provided as a Confidential workpaper to the parties in the case via its SharePoint site on November 6, 2024. Refer to the folder for "Lyons". The specific model is titled: 'EDE MO 2024 COSS Model_vFiling (CONFIDENTIAL).xlsx', Tab: 'Revenue Proof – Proposed'.

- Proposed base revenues as calculated utilizing the proposed rates in Columns D and H and normalized billing determinants in Columns C and G are included in Column J.
- Proposed base revenues as designed of \$600,001,517 are included in Column K.
- Other revenues are included in Column L.
- Revenue Adjustments – including test year Fuel Adjustment Clause (FAC) and Energy Efficiency Cost Recovery (EECR) revenues – are included in Column M.
- Proforma Revenues of \$668,375,888 are included in Column N, which match the revenue requirement on the Company's 2024 revenue requirement model workpaper, Schedule 1 Rev Req.

In reviewing the cost of service study workpaper it will show that the proposed rates were inadvertently designed without rebasing test year FAC and EECR revenues. Specifically, the proposed base revenues as designed in Column K should have included the rebasing of test year FAC and EECR revenues of \$60,718,585. The rebasing amounts were derived as:

- Test year FAC revenues of \$60,277,613, adjusted for an LP load adjustment of (\$522,096); and
- Test year EECR revenues of \$961,220, adjusted for an LP load adjustment of \$1,848.

Consequently, the proposed base revenues as designed in Column K should have been \$660,720,102 (an increase of \$60,718,585) and the Revenue Adjustments in Column M should have been \$3,213,852 (a decrease of \$60,718,585). Proforma Revenues in Column N would remain unchanged. This issue has now been addressed and the Company substituted its tariff sheets (filed February 3, 2025) and has also supplied a corrected cost of service study that has been provided as a Confidential workpaper to the parties in the case via its SharePoint site. Refer to the folder for “Lyons – Substitute Tariff Filed 020325 Workpaper – Confidential”.

After properly reflecting the rebase test year FAC and EECR revenues within the cost of service model, the proposed base revenues as designed in Column K reflect \$660,720,102. The amount represents a base rate increase of \$152,855,209, of which \$60,718,585 is related to rebasing test year FAC and EECR revenues and \$92,136,624 is related to an increase in net operating revenues. Furthermore, the rate increase is supported in the Company’s revenue requirement model as reconciled below:

Tab: “WP 6.1 Rev”	Total Residential Base Revenues:	\$271,047,790	
Tab: “WP 6.1 Rev”	Total Commercial Base Revenues:	+\$189,921,753	
Tab: “WP 6.1 Rev”	Total Industrial Base Revenues:	+\$93,760,768	
Tab: “WP 6.1 Rev”	Total Public Street & Hwy Lighting Base Revenues:	+\$4,215,697	
Tab: “WP 6.1 Rev”	Total Other Public Authorities Base Revenues:	+\$12,026,633	
Tab: “WP 6.1 Rev”	Total Interdepartmental Base Revenues:	<u>+\$824,689</u>	
Total Rev. Req. Amt. of Base Rev. Before Company Proposed Increase		=	\$571,797,330
Tab: “Sch 1 Rev Req”	Plus: Total Rev. Req. Add’t. Needed Rev:	+	\$92,136,624
Total Rev. Req. amounts to be collected through Base Revenues:		=	<u>\$663,933,954</u> (A)
Less:	Rate Design Adjustments for Other Revenues	-	\$(3,213,852)
Total Company Proposed Increase in Base Rate Revenues:		=	<u>\$660,720,102</u>
Total Rev. Req amounts to be collected through Base Revenues		(A)	\$663,933,954
Tab: “WP 6.1 Rev”	Total Other Revenues	+	<u>\$4,441,934</u>
Tab: “Sch 1 Rev Req”	Total Revenue Requirement	=	<u>\$668,375,888</u>