

The Empire District Electric Company
Test Year Ending September 30, 2023
ER-2024-0261
Schedule 7 - Explanation of Income Statement Adjustments

Line No.	Description (a)	Reference		Adjustment Amount (d)
		Sch/WP (b)	Witness (c)	
OPERATING REVENUES				
1	This adjustment is to remove the revenues related to the FAC and EECR.	REV ADJ 1	Emery	\$ (61,240,674)
2	To remove the unbilled revenues for Missouri.	REV ADJ 2	Emery	3,043,488
3	To adjust revenues based on an annualized amount of customers.	REV ADJ 3	Emery	861,041
4	To normalize revenues for weather.	REV ADJ 4	Emery	1,689,042
5	To annualize revenues for large customer load growth.	REV ADJ 5	Emery	(1,791,435)
6	To reverse the amount of test year revenues being offset for the Asbury AAO liability.	REV ADJ 6	Emery	14,789,877
7	To remove the Missouri jurisdiction franchise fees from the revenue requirement.	REV ADJ 7	Emery	(11,321,242)
8	To remove MEEIA revenue recovered through EO-2022-0078.	REV ADJ 8	Emery	(3,314,624)
9	To annualize Non-FAC wind operating revenues in the Company's revenue requirement.	REV ADJ 9	Emery	(4,316,661)
10	To remove revenues credited to account 407450 for the MO Property Tax Tracker.	REV ADJ 10	Emery	(5,233,740)
11	To reclass the customer interruptible credit entries that were inadvertently left in the revenue account during the test year.	REV ADJ 12	Emery	365,712
12	Total Adjustments to Operating Revenues:			<u>\$ (66,469,215)</u>
OPERATING EXPENSES				
13	To determine the balances in the fuel and purchased power expense accounts at the end of the update period.	REV ADJ 11/EXP ADJ 1	Emery	\$ (24,321,298)
14	To normalize non-labor O&M generation expenses.	EXP ADJ 2	Emery	3,331,146
15	To adjust and normalize expected vegetation management costs as compared to test year balances.	EXP ADJ 3	Emery	484,198
16	An inventory adjustment was incorrectly made in the test year, causing account 587038 to have a large credit. A three year average was prepared, excluding the test year, to show a normal year. This entry is only normalizing the entries for project related to stores overhead and not the full account balance.	EXP ADJ 4	Emery	512,080
17	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 5	Emery	10,564,101
18	To annualize uncollectible expense and include the portion of expected uncollectible expense from the proposed rate case increase.	EXP ADJ 6	Emery	1,185,166
19	To annualize the amount of amortization expense related to the regulatory assets and liabilities to the update period.	EXP ADJ 7	Emery	27,403,521
20	To determine an annualized amount of rate case expense incurred throughout the current rate case docket.	EXP ADJ 8	Emery	(894,055)

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21	To reflect a normalized level of expected insurance premium expense at the update period.	EXP ADJ 9	Emery	1,289,207
22	To normalize the amount of injuries and damages and workers' comp claims paid out.	EXP ADJ 10	Emery	212,815
23	To remove non-recoverable expenses, such as donations, that were included in the test year.	EXP ADJ 11	Schwartz	(624,067)
24	To annualize payroll and payroll taxes at the update period.	EXP ADJ 12	Emery	14,086,507
25	To determine an annualized amount of employee benefits at the test year.	EXP ADJ 13	Emery	162,439
26	To annualize the Public Service Commission Assessment for 2023-2024.	EXP ADJ 14	Emery	(91,085)
27	To annualize the amount of depreciation expense at the update period.	EXP ADJ 15	Emery	5,673,084
28	To annualize the amount of amortization expense at the update period.	EXP ADJ 16	Emery	10,983,122
29	To annualize the property taxes related to non-wind pro forma plant.	EXP ADJ 17	Emery	3,683,037
30	To remove the test year level of franchise fee expenses.	EXP ADJ 18	Emery	(11,321,145)
31	To include interest on customer deposits as an operating cost.	EXP ADJ 19	Emery	1,465,043
32	To include non-FAC operating expenses in the Company's revenue requirement for the wind projects.	EXP ADJ 20	Emery	261,074
33	Due to a refund being issued in the test year for the Moody's Investor invoices, a pro forma adjustment is being made for the budgeted amount of Moody's fees expected to be paid in 2024.	EXP ADJ 21	Emery	210,700
34	To reflect the balances in the Pension and OPEB accounts at the end of the update period.	EXP ADJ 22	Fallert	(13,239,327)
35	To normalize expenses related to the LTM contracts for Riverton/Stalene	EXP ADJ 23	Emery	3,714,158
36	To annualize America Water expense incurred in operation of Stalene power plant.	EXP ADJ 24	Emery	542,343
37	To adjust and normalize test year balances for Dept 115 Wind O&M costs as compared to 2024 budget figures.	EXP ADJ 25	Emery	215,715
38	To calculate the expected on-going Customer First Expenses.	EXP ADJ 26	Emery	5,165,203
39	Income Tax True-Up	EXP ADJ 27	Emery	(26,777,262)
40	Total Adjustments to Operating Expenses:			<u>\$ 13,876,419</u>

Source: See column (b).

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