

**The Empire District Electric Company**  
Test Year Ending September 30, 2020  
ER-2021-0312  
Schedule 4 - Explanation of Rate Base Adjustments

Line No.	Description (a)	Reference		Effect on Rate Base (d)
		Sch/WP (b)	Witness (c)	
<b>PLANT IN SERVICE</b>				
1	To include plant additions and the related accumulated depreciation/amortization for assets that will be used and useful by June 30, 2021. - Plant in Service - Accumulated Depreciation/Amortization	<a href="#">RB ADJ 1</a> <a href="#">RB ADJ 1</a>	Emery/Sanderson Emery/Sanderson	818,368,908 (6,975,920)
2	To remove the non-electric portion of certain general plant assets that are shared between multiple entities, as 100 percent of shared general plant facilities are reflected on The Empire District Electric Company's general ledger at the test year end. - Plant in Service - Accumulated Depreciation	<a href="#">RB ADJ 2</a> <a href="#">RB ADJ 2</a>	Emery Emery	(5,769,113) 3,446,718
3	To adjust the test year level of accumulated depreciation to the expected pro forma balances at the update period.	<a href="#">RB ADJ 3</a>	Emery	(47,996,852)
4	To adjust the test year level of accumulated amortization to the expected pro forma balances at the update period.	<a href="#">RB ADJ 4</a>	Emery	(4,291,168)
5	To determine the amount of capital expenditures related to latan & PCB Transformer/Sub Transformer environmental activities that have been settled or are expected to be settled and paid by the end of the update period.	<a href="#">RB ADJ 13</a>	Emery	5,374,200
6	To properly reflect the balance of accumulated depreciation related to the stranded meters that will be requested in a regulatory asset. The test year balance of accumulated depreciation is understated as the stranded meters were not removed out; therefore this adjustment is to increase accumulated depreciation by the amount of stranded meters at the test year.  - Plant in Service - Accumulated Depreciation	<a href="#">RB ADJ 15</a> <a href="#">RB ADJ 15</a>	Sanderson Sanderson	(8,608,472) (402,170)
<b>WORKING CAPITAL</b>				
7	To include a cash working capital amount in the cost of service.	<a href="#">RB ADJ 5</a>	Emery	(8,314,971)
8	To adjust prepayments included in rate base to the 13 month average balance.	<a href="#">RB ADJ 6</a>	Emery	(525,646)
9	To adjust materials and supplies included in rate base to the 13 month average balance.	<a href="#">RB ADJ 6</a>	Emery	(8,890,319)
10	The remove the water company balances from the 13 month average materials inventory account.	<a href="#">RB ADJ 7</a>	Emery	(54,374)
11	To determine a normalized level of fuel inventories.	<a href="#">RB ADJ 8</a>	Emery	(708,947)
<b>ADDITIONS AND DEDUCTIONS</b>				
12	To adjust customer deposits and advances included in rate base to the 13 month average balance.	<a href="#">RB ADJ 6</a>	Emery	1,127,117
13	To present the expected balances of the regulatory assets at the update period.	<a href="#">RB ADJ 9</a>	Emery/Sanderson/Fallert	206,616,912
14	To present the expected balances of the regulatory liabilities at the update period.	<a href="#">RB ADJ 10</a>	Emery/Sanderson/Fallert	(67,220,420)
15	To project out ADIT balances at the end of the update period.	<a href="#">RB ADJ 11</a>	Emery/Sanderson	(37,486,372)
16	To adjust the rate base test year balances with the pro forma Missouri jurisdictional allocation factors, which incorporate the annualized effect of losing three wholesale customers.	<a href="#">RB ADJ 12</a>	Emery	22,916,774
17	To remove the portion of ADIT related to the retired Asbury assets to a regulatory liability.	<a href="#">RB ADJ 14</a>	Sanderson	32,338,406
18	<b>Total Adjustments to Rate Base:</b>			\$ 892,944,289

**Source:** See column (b).

**Purpose:** To provide a description for the rate base adjustments.