



January 31, 2018

Ms. Amy L. Green, Secretary
Kansas Corporation Commission
1500 S.W. Arrowhead Road
Topeka, KS 66604-4027

18-EPDE-327-TAR

RE: Liberty Utilities - The Empire District Electric Company Ad Valorem Tax Surcharge, 2018 Annual True Up

Dear Ms. Green:

The Commission's February 19, 2015 Order in Docket No. 15-EPDE-313-TAR approved The Empire District Electric Company's ("Empire") Ad Valorem Tax Surcharge ("AVTS") Rider. The order instructed Empire to file an annual true-up in January of each calendar year.

This letter transmits the required true-up, including previously unrecovered/over-received Ad Valorem taxes charged to Empire, plus the recently received 2017 assessments. Empire has calculated the 2018 surcharge to be charged to Empire's customers, as specified under AVTS Rider.

Attachment 1 is a spreadsheet showing the calculation of the new AVTS Rider. Attachment 2 is an itemized listing of taxes assessed by each taxing entity. Two flash drive's containing the supporting documents will be sent to the Utilities Division by overnight courier. Also enclosed is the AVTS Rider Tariff, Empire would appreciate it if you would provide us with a filed stamp copy of the tariff upon approval of the Commission.

Sincerely,

Jill Schwartz, Senior Manager
Rates and Regulatory Affairs

Enclosures

cc: James G. Flaherty

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 4THE EMPIRE DISTRICT ELECTRIC COMPANYSCHEDULE AVTS

(Name of Issuing Utility)

Replacing Schedule AVTS Sheet 11ALL TERRITORYwhich was filed 02/28/17

(Territory to which schedule is applicable)

AD VALOREM TAX SURCHARGE RIDER
RIDER AVTSSheet 1 of 1 Sheets

AD VALOREM TAX SURCHARGE RIDER

APPLICABILITY

This rider is applicable to every bill for service provided under each of the Company's rate schedules.

RATE

The Ad Valorem Tax Surcharge shall be applied to the energy charge on a customer's regular monthly bill. The surcharge shall be computed as follows:

The sum of:	The total Ad Valorem taxes levied for the year
Minus:	The Ad Valorem taxes included in the Company's current rates as approved by the Commission in Docket No. 10-EPDE-314-RTS
Plus:	Any amount under-collected by prior Ad Valorem Tax Surcharges, or
Minus:	Any amount over-collected by prior Ad Valorem Tax Surcharges
Divided by:	The total estimated kWh sales for the recovery period

2018 Ad Valorem Tax Surcharge\$0.00221 per kWh

DEFINITIONS AND CONDITIONS

1. The Ad Valorem Tax Surcharge is intended to recover changes in the real estate and personal property taxes pursuant to K.S.A. 66-117(f).
2. The Ad Valorem Tax Surcharge shall become a part of the total bill for electric service and need not be itemized separately on the customer's bill.
3. All provisions of this rider are subject to changes made by order of the Commission

Issued January 31 2018
Month Day Year

Effective _____
Month Day Year

By Christina 11/30/18 Day Year
Signature Director of Rates & Regulatory Affairs
Title

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 4

THE EMPIRE DISTRICT ELECTRIC COMPANY

SCHEDULE AVTS

(Name of Issuing Utility)

Replacing Schedule AVTS Sheet 11

ALL TERRITORY

(Territory to which schedule is applicable)

which was filed 02/0228/1617AD VALOREM TAX SURCHARGE RIDER
RIDER AVTSSheet 1 of 1 Sheets

AD VALOREM TAX SURCHARGE RIDER

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Minus:	Any amount over-collected by prior Ad Valorem Tax Surcharges
Divided by:	The total estimated kWh sales for the recovery period

~~2017-2018~~ Ad Valorem Tax Surcharge \$0.~~00250~~—~~00221~~
per kWh

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Issued	February January	28 31	2017 2018
	Month	Day	Year
Effective	February	28	2017
	Month	Day	Year
By	Director of Rates & Regulatory Affairs		
	Signature	Title	

Year Ended December 31, 2017

Line No.	Description	Reference	Balance
1	State		
2	Missouri	WP-7.1 MO Tax Liability	\$ 19,004,548
3	Kansas	WP-8 KS Tax Liability	2,831,008
4	Oklahoma	WP-9 OK Tax Liability	505,729
5	Arkansas	WP-10 AR Tax Liability	424,969
6	Total		22,766,254
			F
7	Less:-Property Taxes Capitalized	2017 Capitalized PT Computation	(34,945)
8	Net Ad Valorem Tax Expense		22,731,309
			F
9	Kansas Jurisdictional percentage	4ST11-17	5.09% (1)
10	Kansas Jurisdictional expense	Line 8 * Line 9	1,157,075
			F
11	Less: Ad Valorem Taxes in Base Rates (Docket No. 10-EPDE-314-RTS)		740,210
12	True-up of Prior AVTS Rider recoveries	WP-3 True Up	92,171
13	Balance to be recovered through the AVTS Rider	Line 10 minus Line 11 plus Line 12	509,037
			F
14	Estimated Kansas kWh sales for recovery period	2018 Revenue Model	230,286,000
15	AVTS Rider Surcharge per kWh sold	Line 13 / Line 14	\$ 0.00221
			F

(1) 12-month rolling average of plant investment

The Empire District Electric Company
Ad Valorem Tax Surcharge Annual True up
18-EPDE-XXX-TAR
Attachment 2
WP-7.1 MO Tax Liability
Page 1 of 1

Year Ended December 31, 2017

Line No.	County	Reference	Tax
1	Barry	WP-15	\$ 265,173
2	Barton	WP-15	203,973
3	Cedar	WP-15	208,638
4	Christian	WP-15	1,390,734
5	Dade	WP-15	375,337
6	Dallas	WP-15	385,359
7	Greene	WP-15	1,552,938
8	Hickory	WP-15	235,076
9	Jasper	WP-15	5,058,962
10	Lawrence	WP-15	1,684,625
11	McDonald	WP-15	508,463
12	Newton	WP-15	3,184,021
13	Platte	WP-15	1,024,686
14	Polk	WP-15	958,370
15	St Clair	WP-15	90,617
16	Stone	WP-15	342,832
17	Taney	WP-15	1,528,229
18	Webster	WP-15	6,516
19	Total Missouri		<u>\$ 19,004,548</u>

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Source: Electric and Water Property Tax Summary - provided by Travis Grey

Purpose: To provide the total tax liability of real and personal property by jurisdiction

The Empire District Electric Company
Ad Valorem Tax Surcharge Annual True up
18-EPDE-XXX-TAR
Attachment 2
WP-8 KS Tax Liability
Page 1 of 1

Year Ended December 31, 2017

Line No.	County	Reference	Tax
1	Cherokee	WP-15	\$ 2,778,643
2	Crawford	WP-15	35,531
3	Labette	WP-15	16,834
4	Total Kansas		<u>\$ 2,831,008</u>

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Source: Electric and Water Property Tax Summary - provided by Travis Grey

Purpose: To provide the total tax liability of real and personal property by jurisdiction

Year Ended December 31, 2017

Line No.	County	Reference	Tax
1	Craig	WP-15	\$ 77,351
2	Delaware	WP-15	6,294
3	Ottawa	WP-15	422,084
4	Total Oklahoma		<u>\$ 505,729</u>

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Source: Electric and Water Property Tax Summary - provided by Travis Grey

Purpose: To provide the total tax liability of real and personal property by jurisdiction

Year Ended December 31, 2017

Line No.	County	Reference	Tax
1	Benton 2017 Estimate	WP-15	\$ 338,959
2	Osceola	WP-15	84,388
3	Subtotal		<u>423,347</u>
4	Benton 2016 Estimate	WP-25	(340,620)
5	Benton 2016 Actual	WP-26	342,241
6	Total Arkansas		<u>\$ 424,969</u>

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Source: Electric and Water Property Tax Summary - provided by Travis Grey

Purpose: To provide the total tax liability of real and personal property by jurisdiction

Empire does not receive the Arkansas Property Tax Assessment statements for the previous year (2017) until March of the current year (2018). Because of this we do a calculation with a true up factor.