

**ARKANSAS PUBLIC SERVICE COMMISSION**

APSC FILED Time: 8/17/2020 12:05:55 PM: Recvd 8/17/2020 11:53:39 AM: Docket 20-045-TF-Doc. 3

ORIGINAL \_\_\_\_\_ Sheet No. 49.1

Replacing: \_\_\_\_\_ Sheet No. \_\_\_\_\_

The Empire District Electric Company d/b/a Liberty-Empire  
Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 21

Title: **TAX ADJUSTMENT RIDER (TA)**

PSC File Mark Only

**21. TAX ADJUSTMENT RIDER**

**21.1 APPLICABLE SERVICE AREA:**

Applicable to all customers located within the corporate limits of a municipality that imposes a franchise tax or fee upon The Empire District Electric Company ("Company") and which are served under rate schedules subject to the jurisdiction of the Arkansas Public Service Commission ("APSC").

**21.2 BILLING:**

Billings under said rate schedules to customers located within the municipal limits of a municipality imposing a franchise tax or fee upon the Company will be increased by an amount sufficient to compensate Company for any charges (including, but not limited to, licenses, fees, charges, impositions or taxes of any kind other than special mileage taxes or general taxes applicable to all citizens and taxpayers) levied or imposed by any municipality on or against the Company as provided in the standard Franchise Agreement between Company and said municipality or in special ordinances passed by said municipality.

**21.3 TOWN / CITY ORDINANCE RATES**

The franchise rates contained in each ordinance town or city from which the Company has obtained a Municipal Franchise Agreement are shown in Attachment A to this Rider.

**21.4 OTHER PROVISIONS**

Except as modified herein, all terms and conditions of the rate schedules applicable within any municipality and the applicable riders remain unchanged and shall apply.

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ORIGINAL \_\_\_\_\_ Sheet No. 49.2

Replacing: \_\_\_\_\_ Sheet No. \_\_\_\_\_

The Empire District Electric Company d/b/a Liberty-Empire  
Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 21

Title: **TAX ADJUSTMENT RIDER (TA)**

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**ATTACHMENT A  
TAX ADJUSTMENT RIDER (TA)**

Table of Town / City Ordinance Rates

<u>Town / City</u>	<u>Ordinance Rate - %</u>
Decatur	4.00 %
Gentry	4.00 %
Gravette	4.00 %
Springtown	4.00 %
Sulphur Springs	5.00 %

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ORIGINAL \_\_\_\_\_ Sheet No. 49.3

Replacing: \_\_\_\_\_ Sheet No. \_\_\_\_\_

The Empire District Electric Company d/b/a Liberty-Empire  
Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 21

Title: \_\_\_\_\_

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ORIGINAL \_\_\_\_\_ Sheet No. 49.4

Replacing: \_\_\_\_\_ Sheet No. \_\_\_\_\_

The Empire District Electric Company d/b/a Liberty-Empire  
Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 22

Title: **TAX ADJUSTMENT RIDER**

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22. TAX ADJUSTMENT RIDER (“TA Rider”)

22.1. PURPOSE

The purpose of this rider is to provide retail customers with certain tax benefits associated with the Tax Cut and Jobs Act of 2017 (“TCJA”). The TCJA reduced the maximum corporate income tax rate from 35 percent to 21 percent beginning January 1, 2018. The Tax Adjustment (“TA Rider”) returns to customers the reduced tax expense reflecting the change in the corporate tax rate from 35 percent to 21 percent including carrying charges and the Excess Accumulated Deferred Income Tax (“ADIT”) amounts.

22.2. APPLICATION

The TA Rider applies to all electric service provided under any retail rate schedule, whether metered or unmetered including rates under Special Contracts, which are subject to the jurisdiction of the Arkansas Public Service Commission.

Monthly credits shall appear as a line item on the bill titled, “Tax Cuts & Jobs Act Credit.”

22.3. ANNUAL REDETERMINATION AND TRUE-UP ADJUSTMENT

On or before January 1 of each year beginning in 2020 and continuing until such time as new base rates become effective, the Company shall file a revised Attachment A with testimony, supporting workpapers to incorporate the annualized tax expense reduction, the estimated amount of Excess Protected and Unprotected ADIT that the Company proposes to be collected or returned to customers in the following period, the true-up adjustment, and appropriate carrying charges. If the Excess Unprotected ADIT has a debit balance, no recovery will exceed the rate reduction due to the Excess Protected ADIT amortization.

The resulting net refund will be allocated among the classes based on the class allocation approved in the Company’s most recent rate case, Docket 13-111-U.

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ORIGINAL \_\_\_\_\_ Sheet No. 49.4a

Replacing: \_\_\_\_\_ Sheet No. \_\_\_\_\_

The Empire District Electric Company d/b/a Liberty-Empire  
Name of Company

Kind of Service: Electric Class of Service: All

Part III Rate Schedule No. 22

Title: **TAX ADJUSTMENT RIDER**

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The Company will include a True-up Adjustment and supporting workpapers in its Annual Redetermination. The True-Up Adjustment will reconcile any estimated tax refund amounts to the actual amounts refunded in the previous period by class.

Any over or under refunded amounts, except Excess ADIT will include carrying charges at the Company's pre-tax rate of return from its most recent rate case.

The effects of TCJA will be incorporated in base rates in the Company's next general rate case and recovery effects of the TCJA through Rider TA shall cease when new rates become effective except for the Final True-Up described below.

Final True-Up

The Company will file a Final True-Up in order to determine any residual amounts to be collected from, or returned to, customers when the effects of the TCJA are incorporated into base rates. The Final True-Up will be flowed through the TA Rider over an appropriate period of time based on the amount to be collected or refunded. The Final True-Up will be allocated to the classes based on the allocation approved in Docket No. 13-111-U and collected or refunded reflecting percentages determined based on the new rate case. Any residual amounts remaining after the Final True-Up will be flowed through the Energy Cost Recovery Rider (Rider ECR).

The TA Rider will terminate when the Final True-Up is completed.

22.4. Attachment A Adjustments

All base rate billing components will be (decreased)/increased by the percentages listed in Attachment A. These adjustments will become effective for bills rendered on and after February 1 of each year and remain in effect until January 31 of the following year.

Attachment A  
Rate Schedule No. 22

**Tax Adjustment Rider (“TA Rider”) – Attachment A (Errata)**

In addition to the rates and charges applicable to service under other rate schedules and riders, monthly base rate billings will be reduced by the percentage rates below:

<b>Rate Class</b>	<b>Rate Schedules</b>	<b>TA % Credit</b>
Residential	Schedule RG	(5.45%)
Commercial	Schedule CB	(5.49%)
General Power	Schedule GP	(4.87%)
Transmission	Schedule PT	(6.13%)
Municipal Lighting	Schedule SPL	(6.13%)
Private Lights	Schedule PL	(5.84%)
Special Lights	Schedule LS	(11.17%)

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