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FEB 28 2005

Missouri Public
Service Commission

William L. Gipson
President and Chief Executive Officer

January 12, 2005

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JAN 18 2005

The Honorable Steve Gaw
Missouri Public Service Commission
PO Box 360
Jefferson City, MO 65102

Steve Gaw

Dear Commissioner Gaw:

During the hearing in Case No. ER-2004-0570, Commissioner Gaw requested information regarding Empire's cost of service compared to the Company's Missouri peers. This is an effort to comply with that request.

Enclosed are three graphs depicting and comparing average costs for the Missouri jurisdictional electric utilities on a cents per kWh basis for residential, commercial and industrial classes. In addition, four graphs are enclosed depicting and comparing costs for what we believe are more typical customers in terms of usage (residential: 750 and 1,000 kWh monthly; commercial: 10,000 kWh monthly; and industrial: 400,000 kWh monthly with 1,000 kW demand). The source for this data is the Edison Electric Institute and has been provided for the time period 1994-2003.

As this data should not be viewed in a vacuum, also enclosed are graphs (over the same time period) depicting a two-fold increase in Empire's net plant, a nearly twenty-three-fold increase in the mWhs generated by natural gas on Empire's system, the 37 percent increase experienced by Empire in dollars per mWh for fuel and purchased power, the two-fold increase in the Company's cost per mWh for non-contract energy, the nearly two-fold increase in Empire's cost of natural gas fuel and, lastly, a comparison of the Company's dividends versus earnings.

I hope you will find this information helpful. A copy of this correspondence and enclosures will be provided to each party of record.

Sincerely,

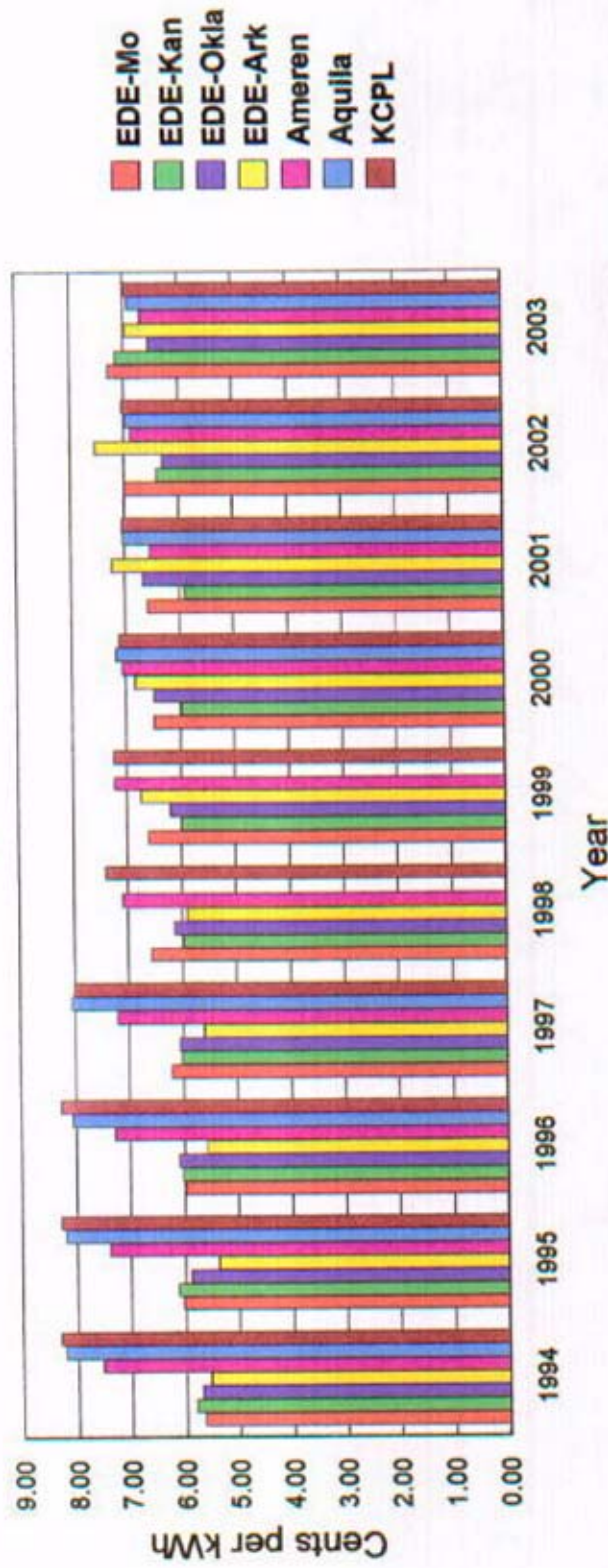
Bill Gipson

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Enclosures

Data from EEI Typical Bills and Average Rates Report

Comparison of Average Rates Residential Average Cents per kWh

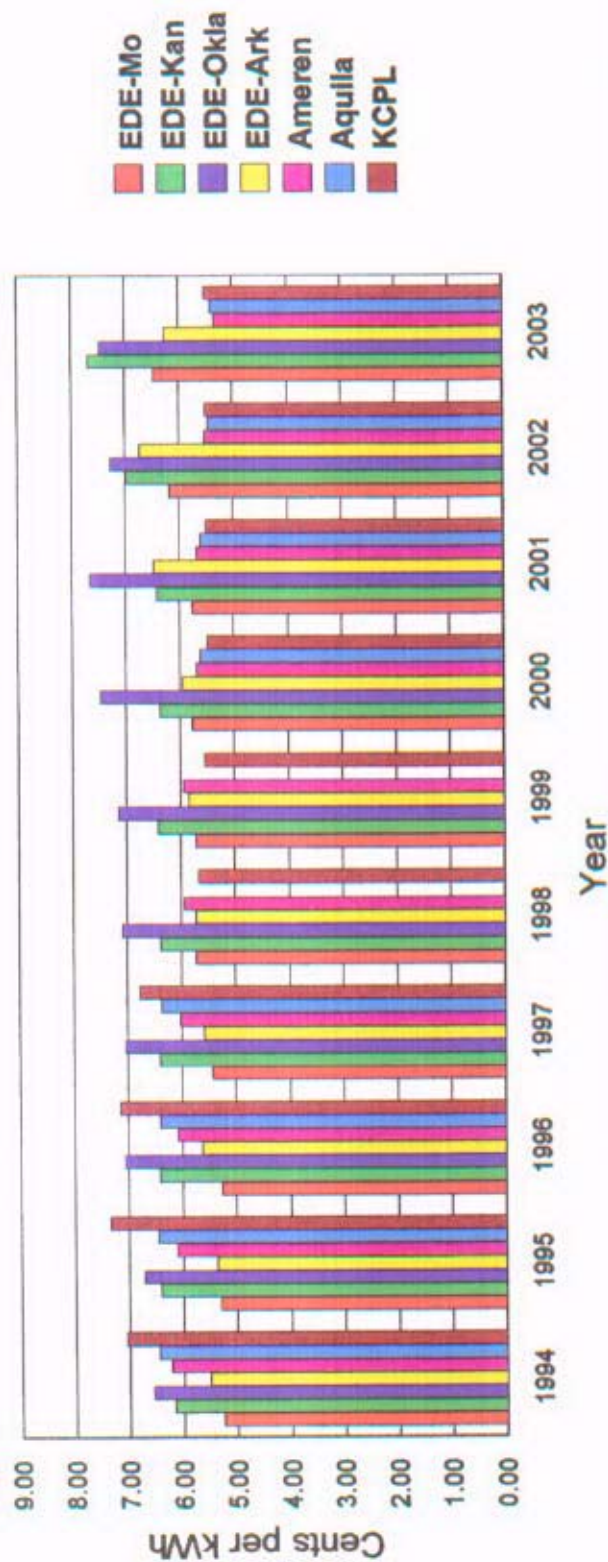


Aquila not available in 98/99
MO 2001, 2002 adjusted to remove IEC
Total revenue/Total kWh per class

Data from EEI Typical Bills and Average Rates Report

Comparison of Average Rates

Commercial Average Cents per kWh

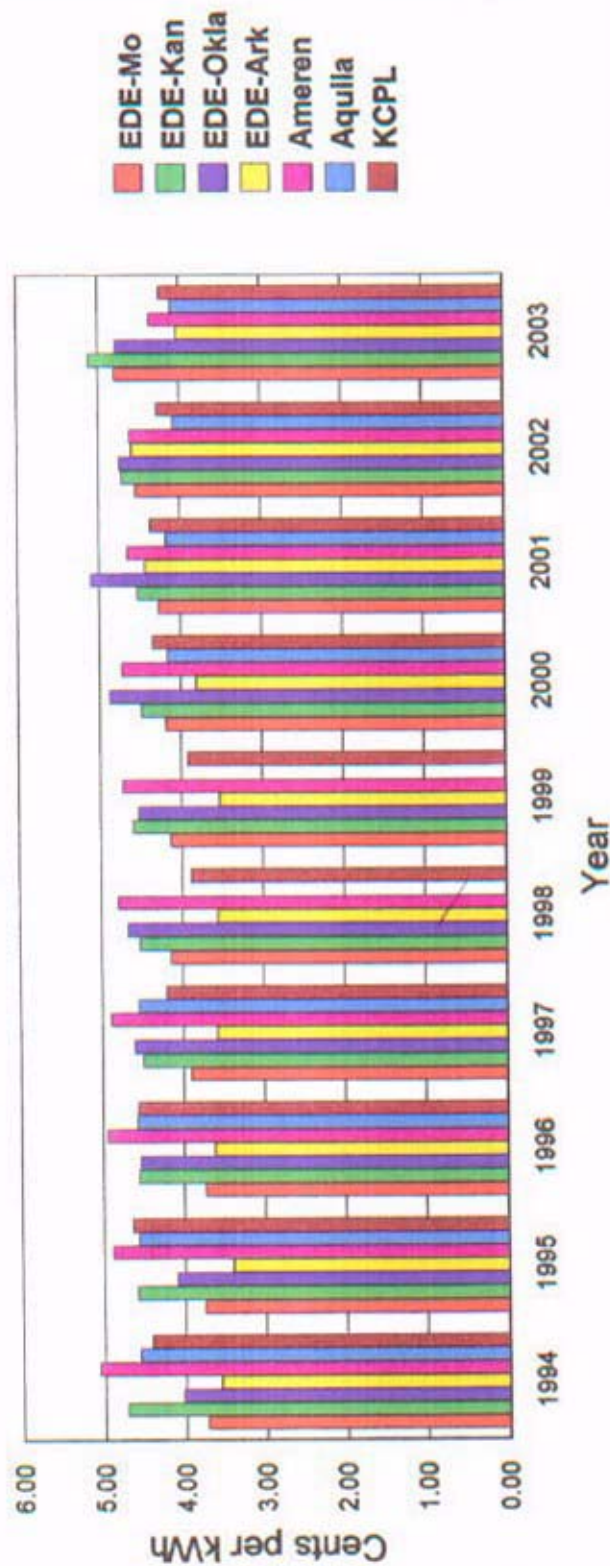


Aquila not available in 98/99
 MO 2001, 2002 adjusted to remove IEC
 Total revenue/Total kWh per class

Data from EEI Typical Bills and Average Rates Report

Comparison of Average Rates

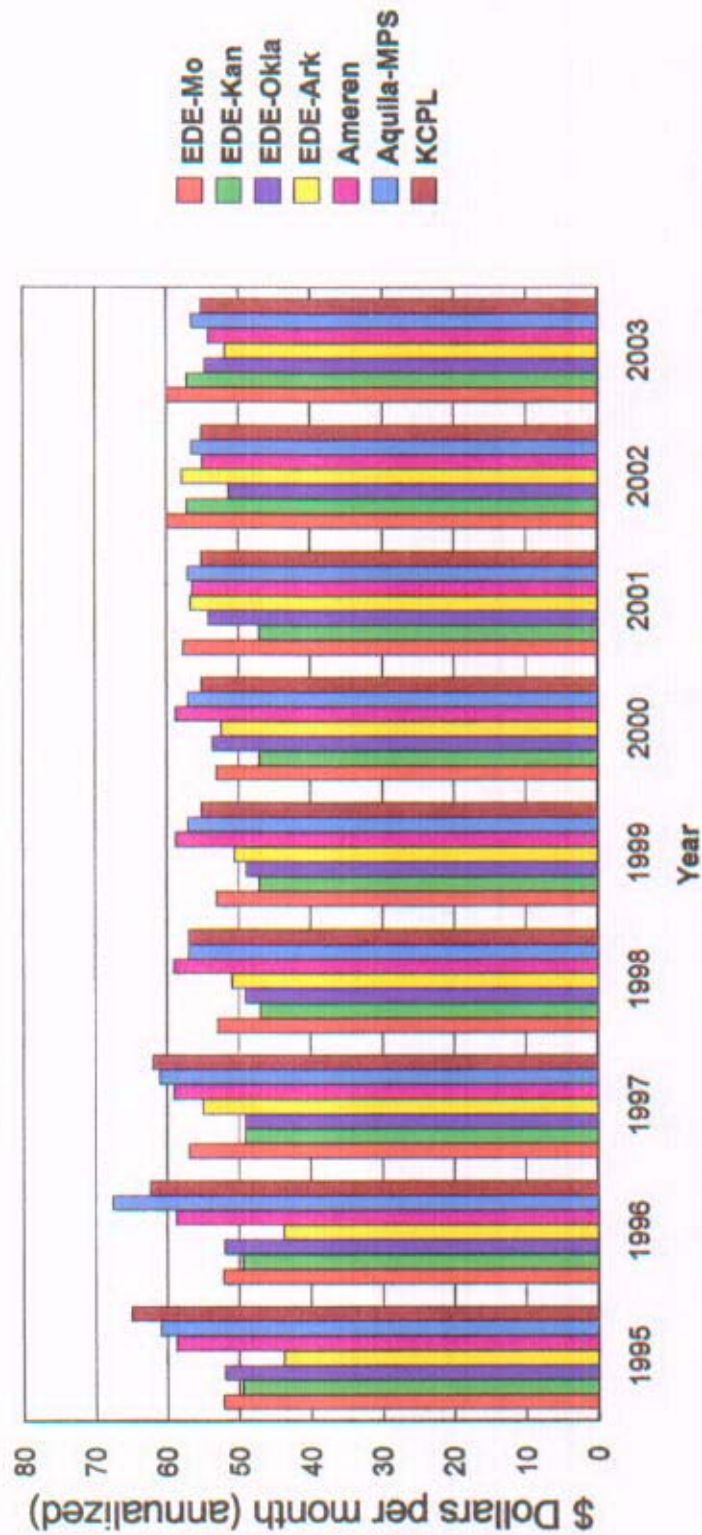
Industrial Average Cents per kWh



Aquila not available in 98/99
 MO 2001, 2002 adjusted to remove IEC
 Total revenue/Total kWh per class

From EEI Typical Bills for Investor Owned Utilities

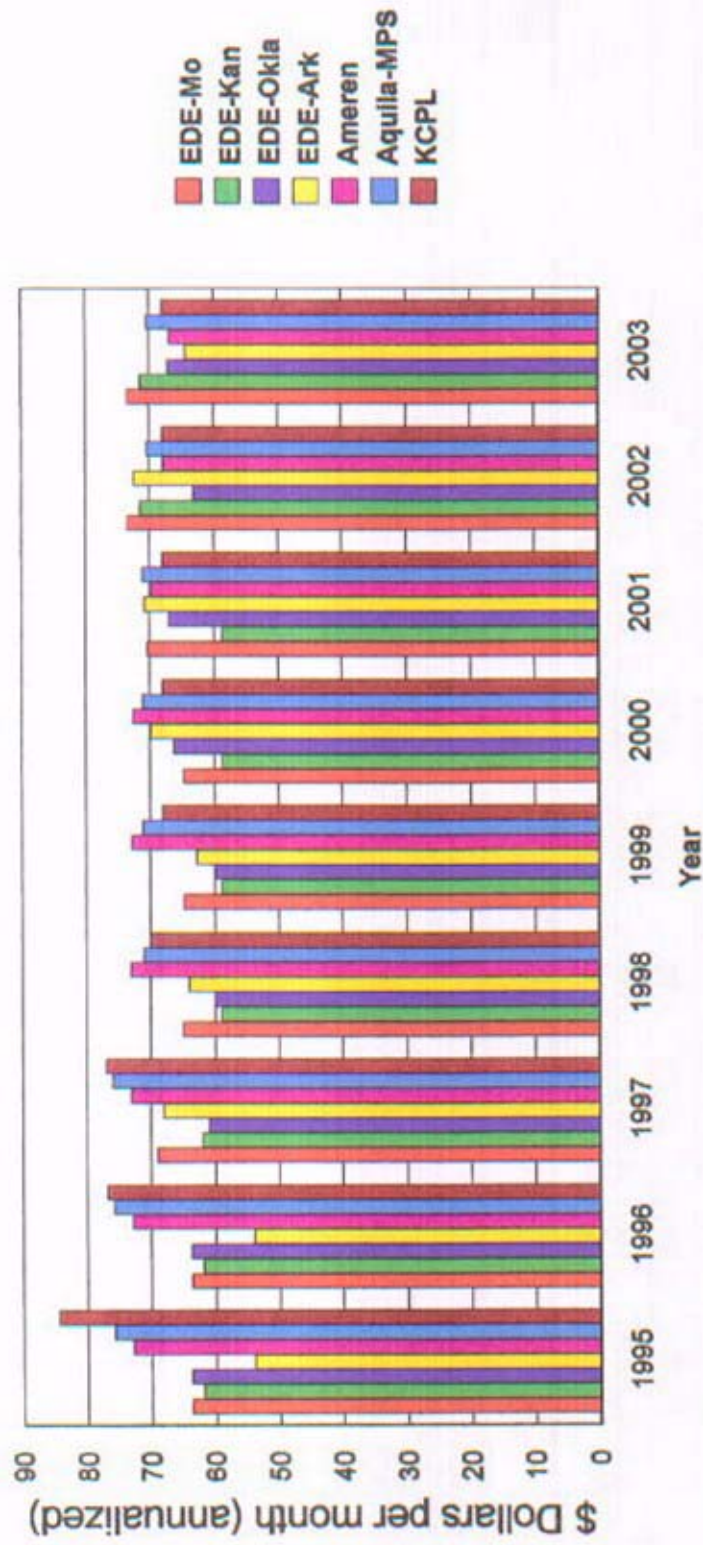
Monthly Bill Residential Customer using 750 kWh



IEC removed from 2001 MO rate

From EEI Typical Bills for Investor Owned Utilities

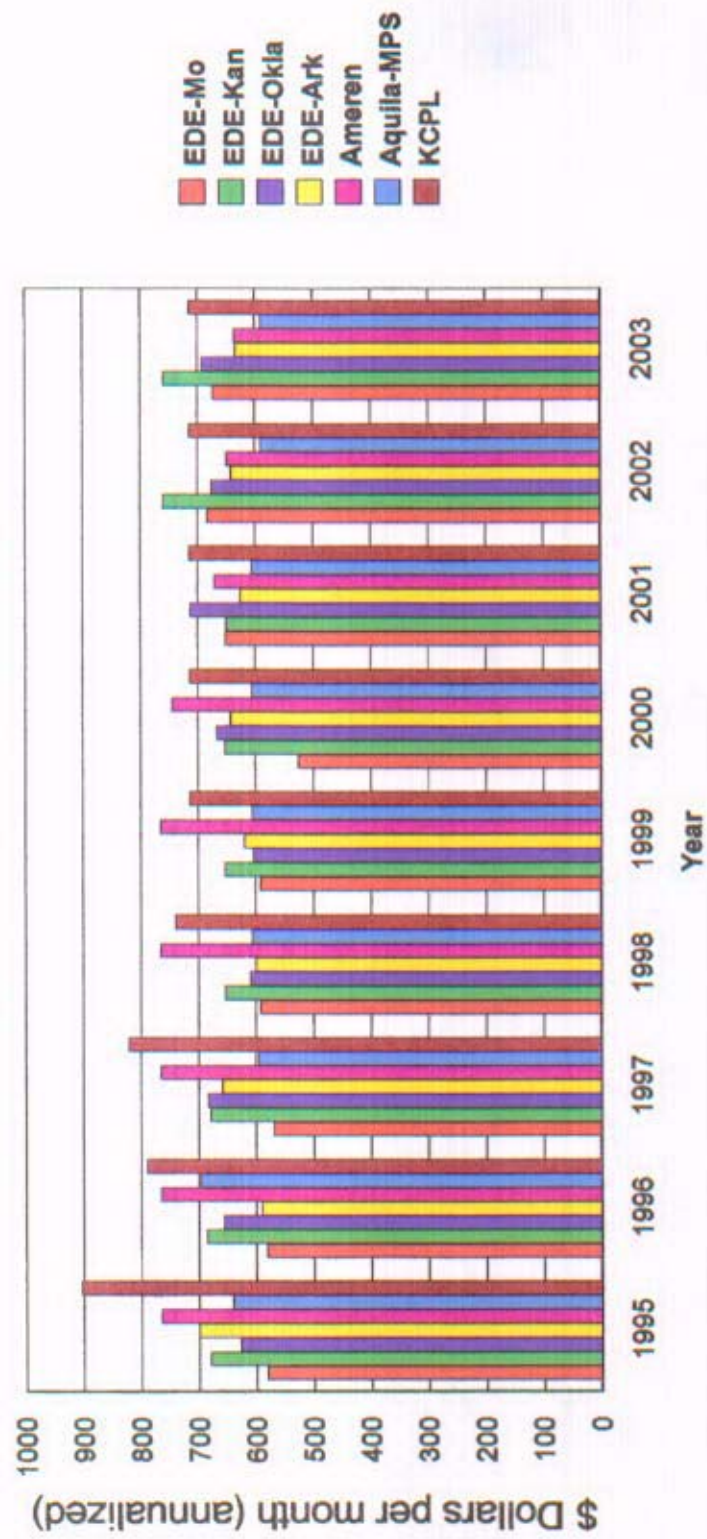
Monthly Bill Residential Customer using 1000 kWh



IEC removed from 2001 MO rate

From EEI Typical Bills for Investor Owned Utilities

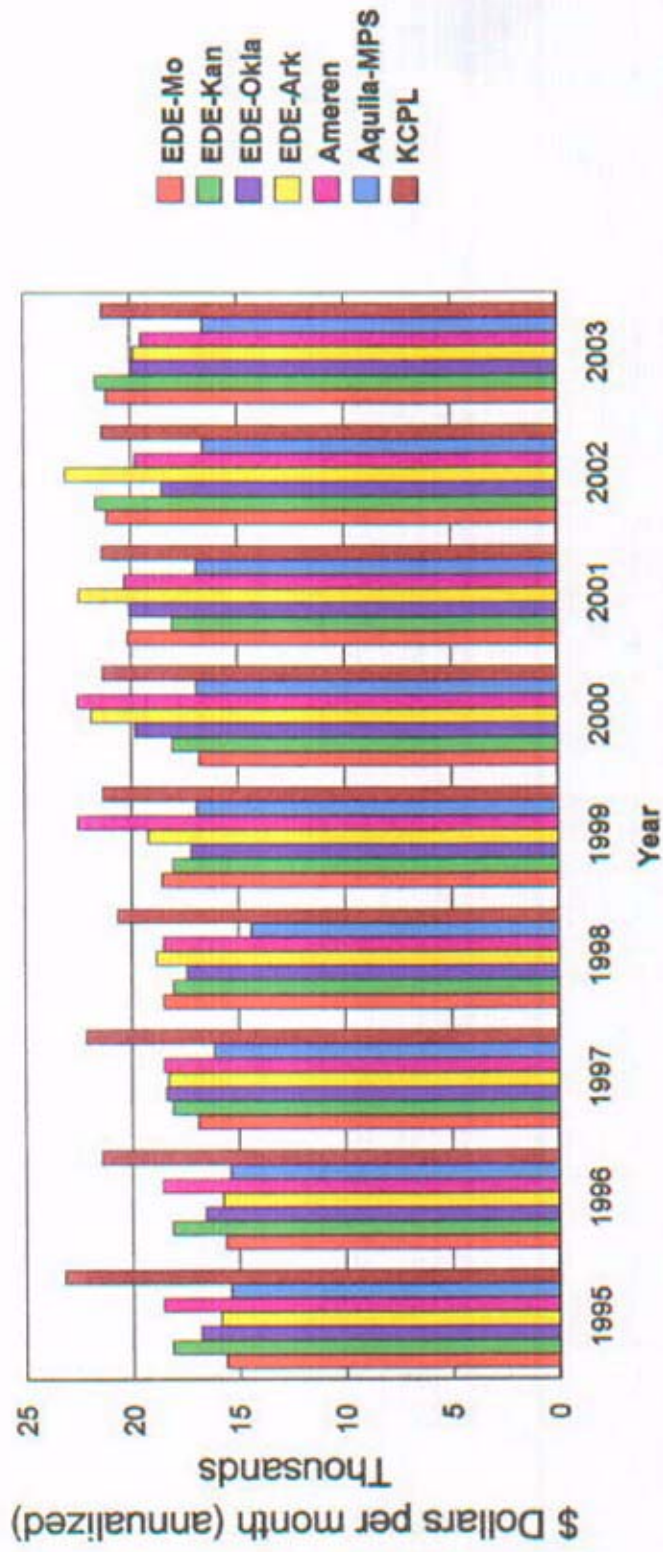
Monthly Bill Commercial Customer using 10,000 kWh



IEC removed from 2001 MO rate

From EEI Typical Bills for Investor Owned Utilities

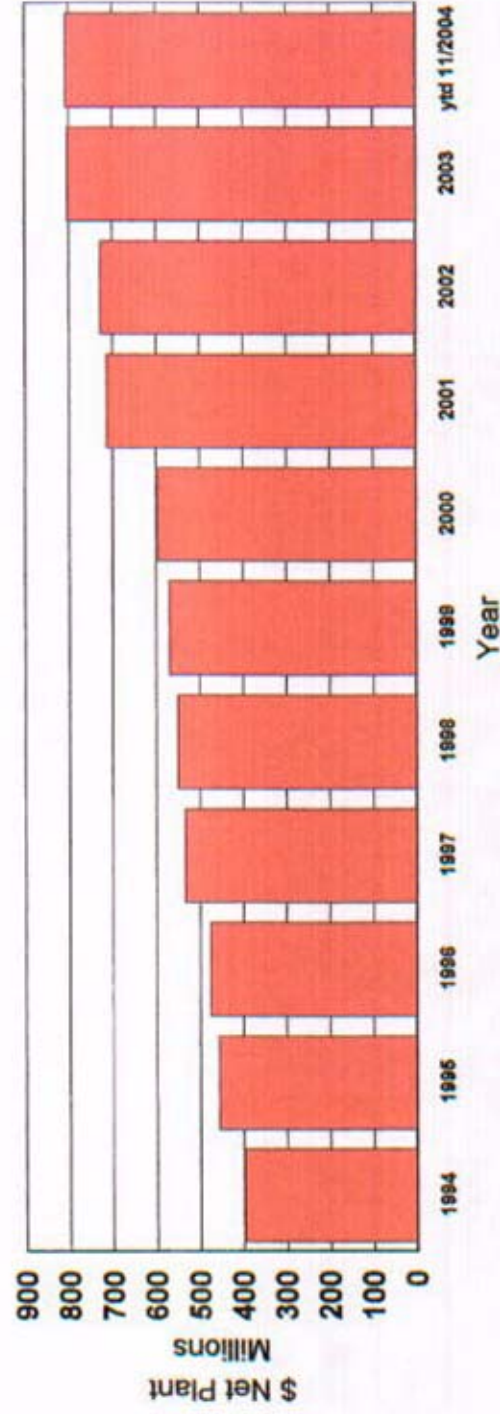
Monthly Bill Industrial Customer using 400,000 kWh with 1,000 kW demand



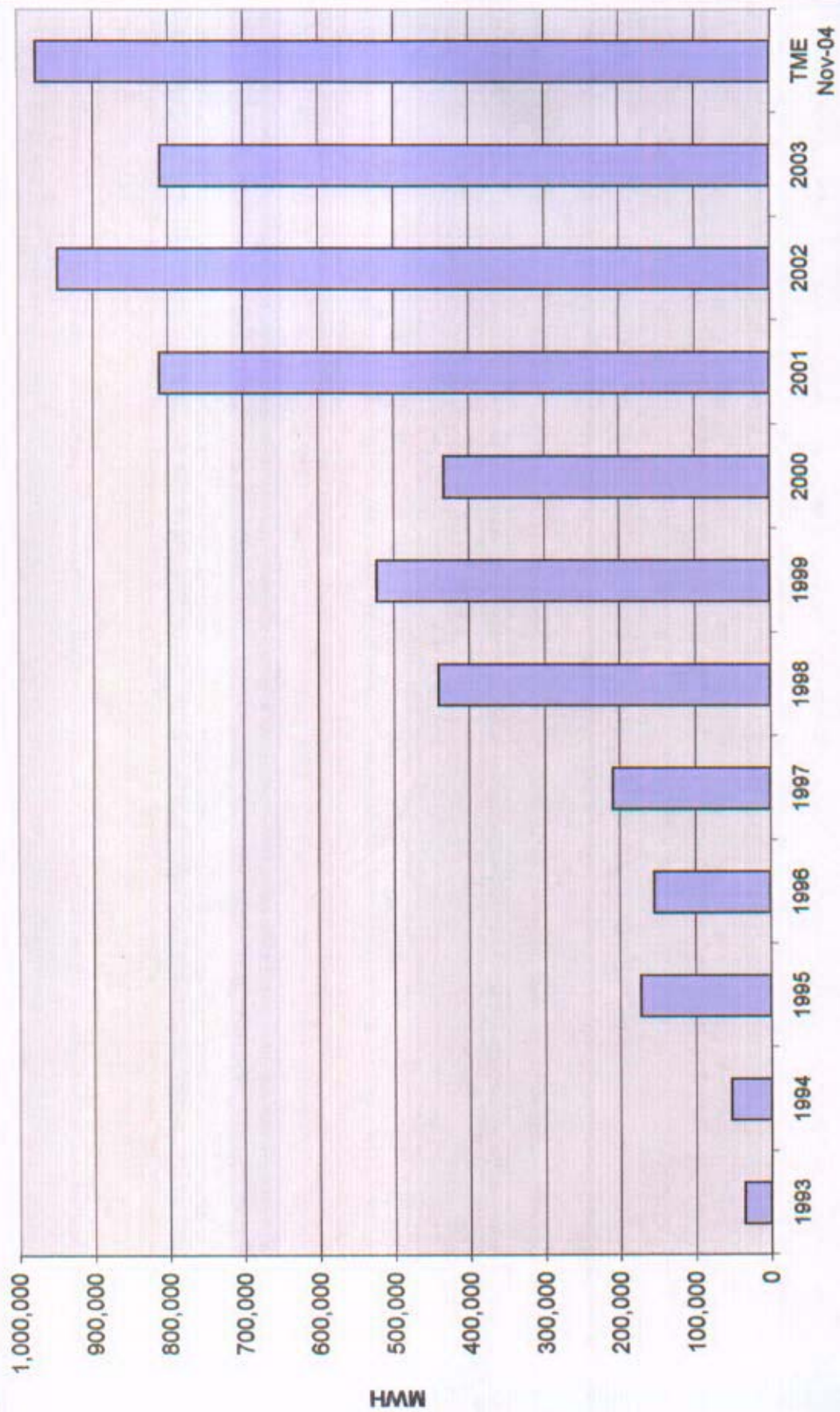
IEC removed from 2001 MO rate

Data from Annual Report (Plant) and Form 1 (Schedule 9 depreciation)

The Empire District Electric Company Net Plant



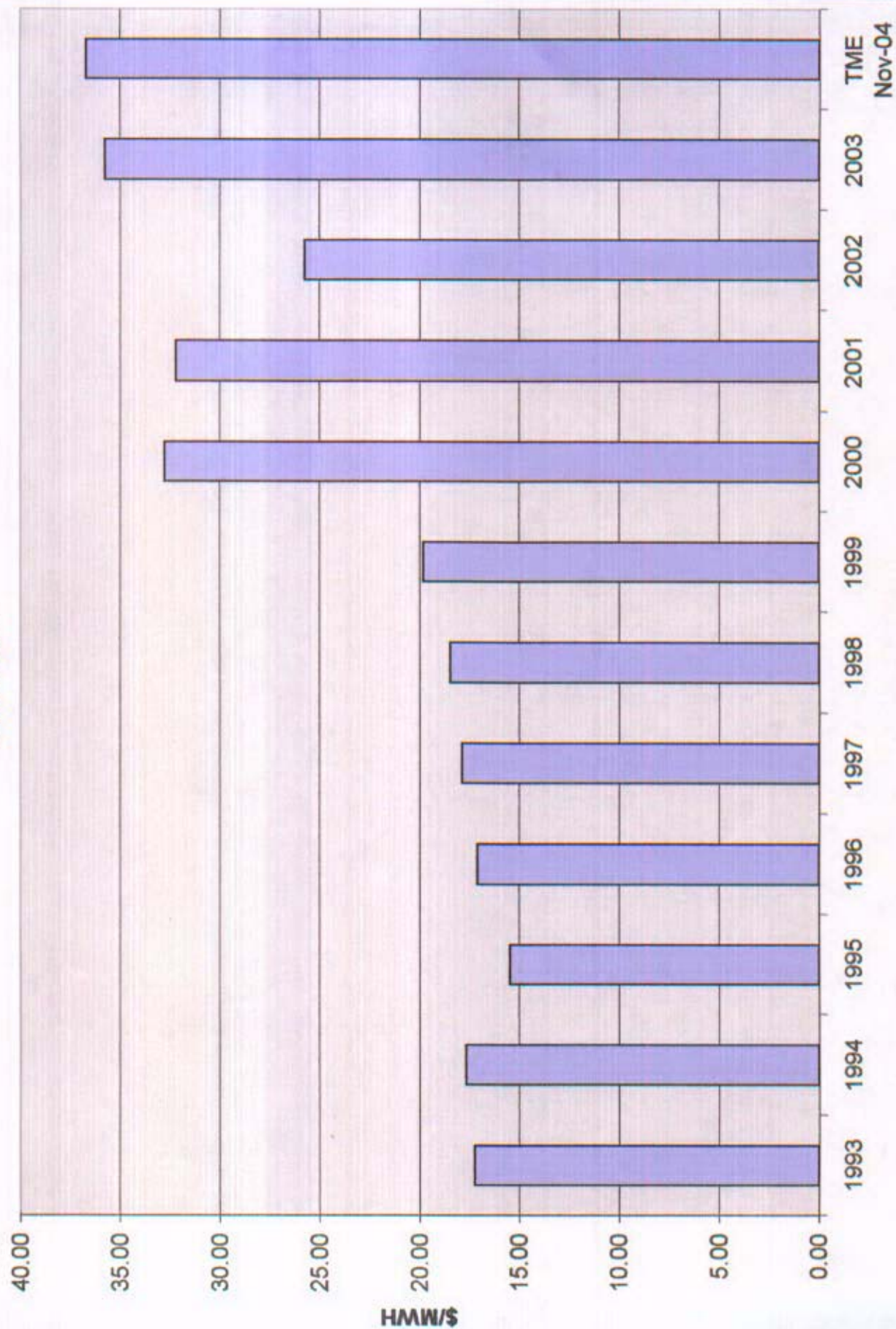
MWH Generated by Natural Gas



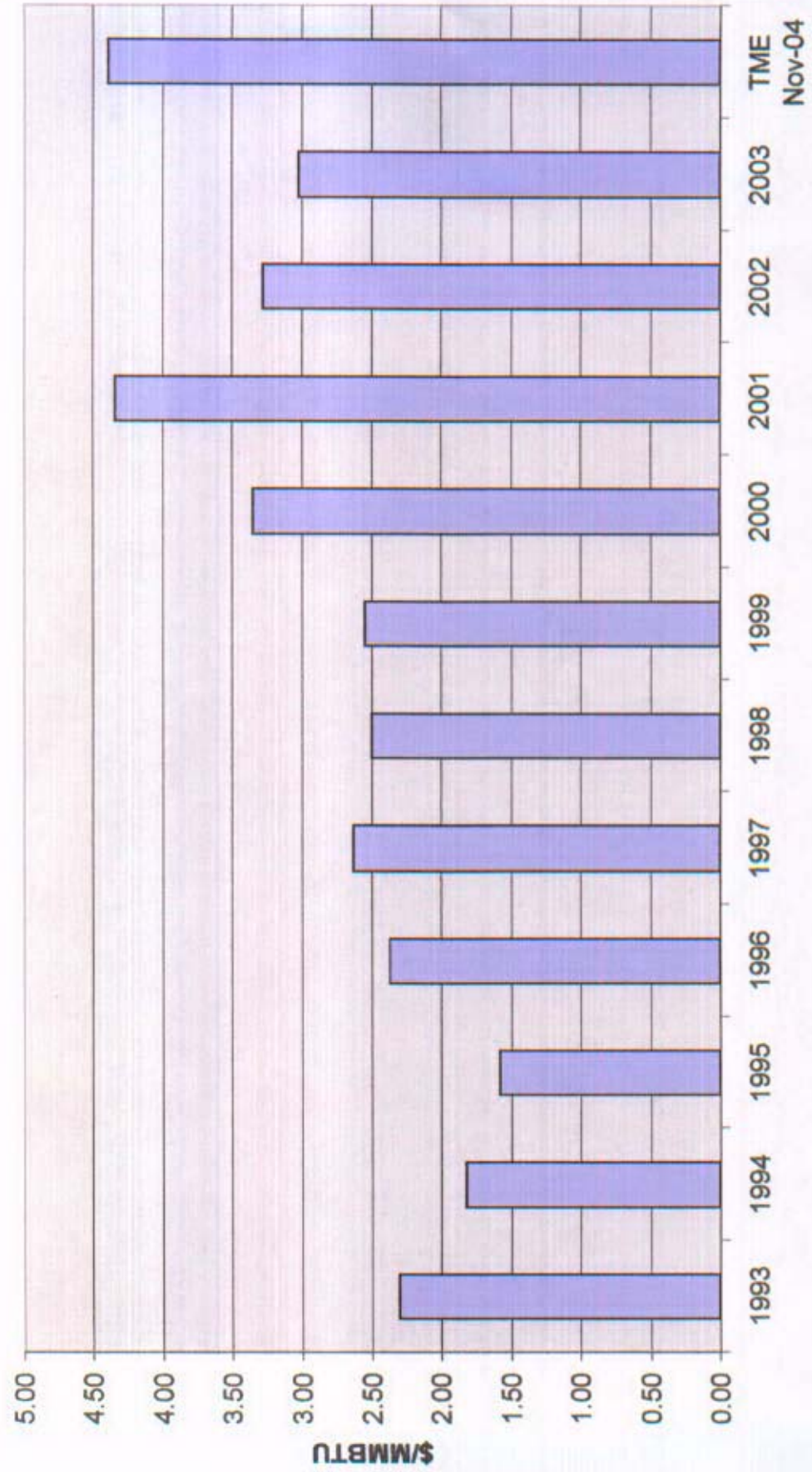
Fuel & Purchased Power NSI \$/MWH (with Demand)



Noncontract Purchase for NSI \$/MWH



Natural Gas \$/MMBTU



Data from Annual Report (11/2004 from November financials)

The Empire District Electric company Dividends vs. Earnings

