

**MISSOURI PUBLIC SERVICE COMMISSION**

**STAFF REPORT**

**COST OF SERVICE**

**REVENUE REQUIREMENT**

**APPENDIX 2**

**Support for Staff  
Cost of  
Capital Recommendations**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2014-0351**

*Jefferson City, Missouri  
January 2015*

**AN ANALYSIS OF THE COST OF CAPITAL**

**FOR**

**THE EMPIRE DISTRICT ELECTRIC COMPANY**

**CASE NO. ER-2014-0351**

**SCHEDULES**

**BY**

**SHANA GRIFFIN**

**REGULATORY REVIEW DIVISION - UTILITY SERVICES**

**MISSOURI PUBLIC SERVICE COMMISSION**

**JANUARY 2015**

**The Empire District Electric Company  
Case No. ER-2014-0351**

**List of Schedules**

<b>Schedule Number</b>	<b>Description of Schedule</b>
1	List of Schedules
2-1	Federal Reserve Discount Rate and Federal Reserve Funds Rate Changes
2-2	Graph of Federal Reserve Discount Rates and Federal Funds Rates Changes
3-1	Rate of Inflation
3-2	Graph of Rate of Inflation
4-1	Average Yields on AA, A and BBB Public Utility Bonds
4-2	Average Yields on Thirty-Year U.S. Treasury Bonds
4-3	Graph of Average Yields on Public Utility Bonds and Thirty-Year U.S. Treasury Bonds
4-4	Graph of Monthly Spreads Between Yields on Public Utility Bonds and Thirty-Year U.S. Treasury Bonds
4-5	Graph of Moody's Baa Corporate Bond Yields
5	Historical Consolidated Capital Structures for The Empire District Electric Company
6	Embedded Cost of Long-Term Debt as of August 31, 2014 for The Empire District Electric Company
7	Capital Structure as of August 31, 2014 for The Empire District Electric Company
8	Criteria for Selecting Comparable Electric Utility Companies
9	Comparable Electric Utility Companies for The Empire District Electric Company
10-1	Dividends Per Share for the Fourteen Comparable Electric Utility Companies
10-2	Earnings Per Share for the Fourteen Comparable Electric Utility Companies
10-3	Book Value Per Share for the Fourteen Comparable Electric Utility Companies
10-4	Ten-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates for the Fourteen Comparable Co
10-5	Five-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates for the Fourteen Comparable Cc
10-6	Historical and Projected Growth Rates for the Fourteen Comparable Electric Utility Companies
11	Average High / Low Stock Price for October 2014 through December 2014 for the Comparable Electric Utility Companies
12	Constant-Growth Discount Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies
13-1	Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 3.00%
13-2	Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 3.50%
13-3	Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 4.00%
13-4	Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies
14-1	Central Region Electric Utility Proxy Group EPS Ten year Compound Growth Rate Averages (1968-1999)
14-2	Central Region Electric Utility Proxy Group DPS Ten year Compound Growth Rate Averages (1968-1999)
14-3	Central Region Electric Utility Proxy Group BVPS Ten year Compound Growth Rate Averages (1968-1999)
14-4	Central Region Electric Utility Proxy Group DPS, EPS, BVPS & GDP Ten Year Compound Growth Rate Averages (1968-1999)
15-1	Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for "the 2012 Rate Cases" Comparable Electric Utility Companies, Growth in Perpetuity of 3.00%
15-2	Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for "the 2012 Rate Cases" Comparable Electric Utility Companies, Growth in Perpetuity of 3.50%
15-3	Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for "the 2012 Rate Cases" Comparable Electric Utility Companies, Growth in Perpetuity of 4.00%
16-1	Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 3.00%
16-2	Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 3.50%
16-3	Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity for the Comparable Electric Utility Companies, Growth in Perpetuity of 4.00%
17	Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries for the Comparable Electric Utility Companies
18	Recommended Allowed Rate of Return as of August 31, 2014 for The Empire District Electric Company

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Federal Reserve Discount Rate and Federal Reserve Funds Rate Changes**

Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate	Date	Federal Reserve Discount Rate	Federal Reserve Funds Rate
01/01/83	8.50%		06/30/99	4.50%	5.00%
<u>12/31/83</u>	<u>8.50%</u>		08/24/99	4.75%	5.25%
04/09/84	9.00%		11/16/99	5.00%	5.50%
11/21/84	8.50%		02/02/00	5.25%	5.75%
<u>12/24/84</u>	<u>8.00%</u>		03/21/00	5.50%	6.00%
05/20/85	7.50%		05/19/00	6.00%	6.50%
03/07/86	7.00%		01/03/01	5.75%	6.00%
04/21/86	6.50%		01/04/01	5.50%	6.00%
07/11/86	6.00%		01/31/01	5.00%	5.50%
08/21/86	5.50%		03/20/01	4.50%	5.00%
09/04/87	6.00%		04/18/01	4.00%	4.50%
08/09/88	6.50%		05/15/01	3.50%	4.00%
02/24/89	7.00%		06/27/01	3.25%	3.75%
07/13/90		8.00% *	08/21/01	3.00%	3.50%
10/29/90		7.75%	09/17/01	2.50%	3.00%
11/13/90		7.50%	10/02/01	2.00%	2.50%
12/07/90		7.25%	11/06/01	1.50%	2.00%
12/18/90		7.00%	12/11/01	1.25%	1.75%
<u>12/19/90</u>	<u>6.50%</u>		11/06/02	0.75%	1.25%
01/09/91		6.75%	01/09/03	2.25%**	1.25%
02/01/91	6.00%	6.25%	06/25/03	2.00%	1.00%
03/08/91		6.00%	06/30/04	2.25%	1.25%
04/30/91	5.50%	5.75%	08/10/04	2.50%	1.50%
08/06/91		5.50%	09/21/04	2.75%	1.75%
09/13/91	5.00%	5.25%	11/10/04	3.00%	2.00%
10/31/91		5.00%	12/14/04	3.25%	2.25%
11/06/91	4.50%	4.75%	02/02/05	3.50%	2.50%
12/06/91		4.50%	03/22/05	3.75%	2.75%
12/20/91	3.50%	4.00%	05/03/05	4.00%	3.00%
04/09/92		3.75%	06/30/05	4.25%	3.25%
07/02/92	3.00%	3.25%	08/09/05	4.50%	3.50%
09/04/92		3.00%	09/20/05	4.75%	3.75%
01/01/93			11/01/05	5.00%	4.00%
12/31/93	No Changes	No Changes	12/13/05	5.25%	4.25%
02/04/94		3.25%	01/31/06	5.50%	4.50%
03/22/94		3.50%	03/28/06	5.75%	4.75%
04/18/94		3.75%	05/10/06	6.00%	5.00%
05/17/94	3.50%	4.25%	06/29/06	6.25%	5.25%
08/16/94	4.00%	4.75%	08/17/07	5.75%	5.25%
11/15/94	4.75%	5.50%	09/18/07	5.25%	4.75%
02/01/95	5.25%	6.00%	10/31/07	5.00%	4.50%
07/06/95		5.75%	12/11/07	4.75%	4.25%
12/19/95		5.50%	01/22/08	4.00%	3.50%
01/31/96	5.00%	5.25%	01/30/08	3.50%	3.00%
03/25/97		5.50%	03/16/08	3.25%	
12/12/97	5.00%		03/18/08	2.50%	2.25%
01/09/98	5.00%		04/30/08	2.25%	2.00%
03/06/98	5.00%		10/08/08	1.75%	1.50%
09/29/98		5.25%	10/28/08	1.25%	1.00%
10/15/98	4.75%	5.00%	12/30/08	0.50%	0% - .25%
11/17/98	4.50%	4.75%	02/19/10	0.75%	

\* Staff began tracking the Federal Funds Rate.

\*\*Revised discount window program begins. Reflects rate on primary credit. This revised discount window policy results in incomparability of the discount rates after January 9, 2003 to discount rates before January 9, 2003.

Source:

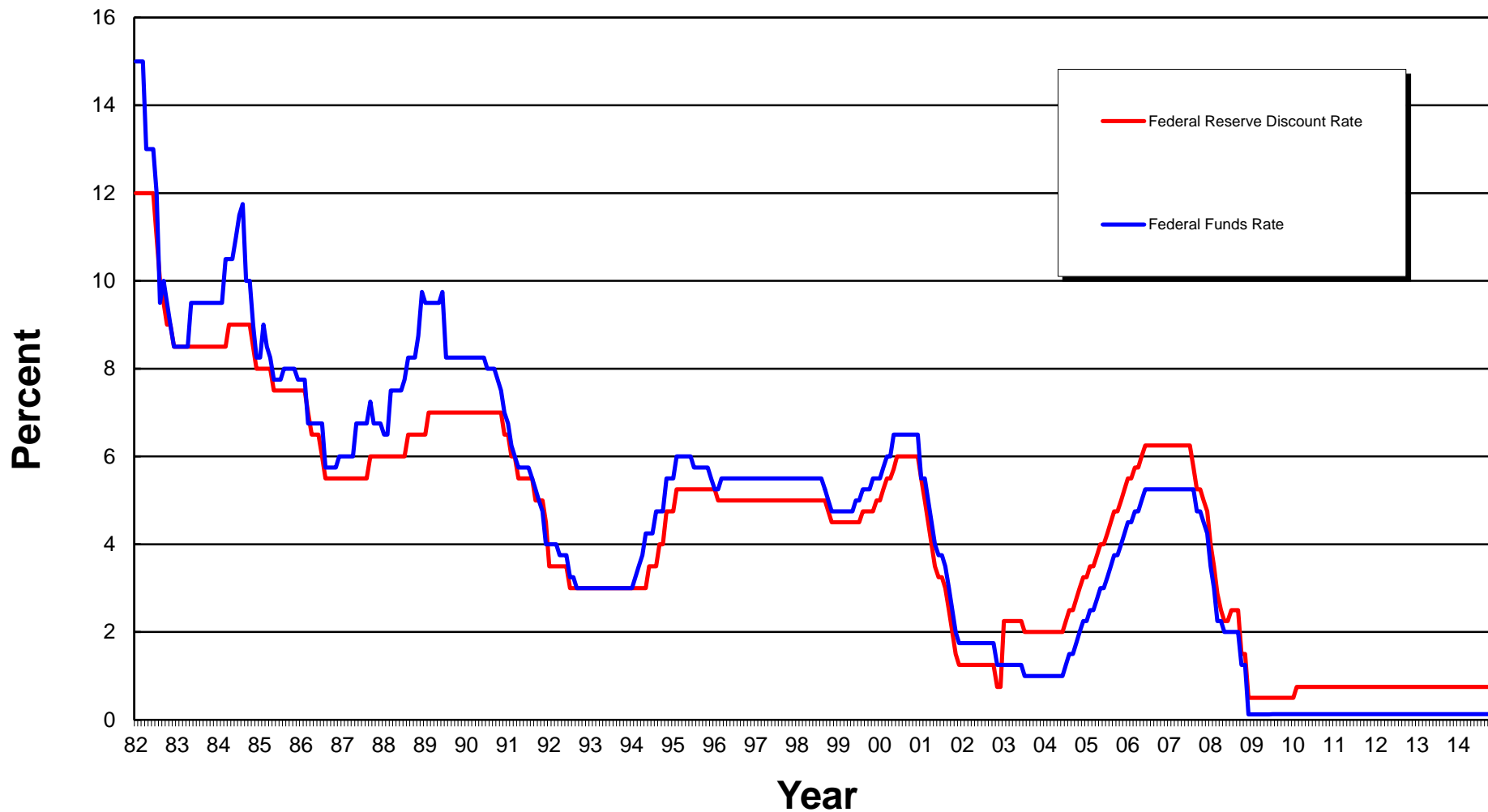
Federal Reserve Discount rate <http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

Federal Reserve Funds rate <http://www.newyorkfed.org/markets/statistics/dlyrates/fedrate.html>

Note: Interest rates as of December 31 for each year are underlined.

The Empire District Electric Company  
Case No. ER-2014-0351

Federal Reserve Discount Rates and Federal Funds Rates Changes  
1982 - 2014



The Empire District Electric Company  
Case No. ER-2014-0351

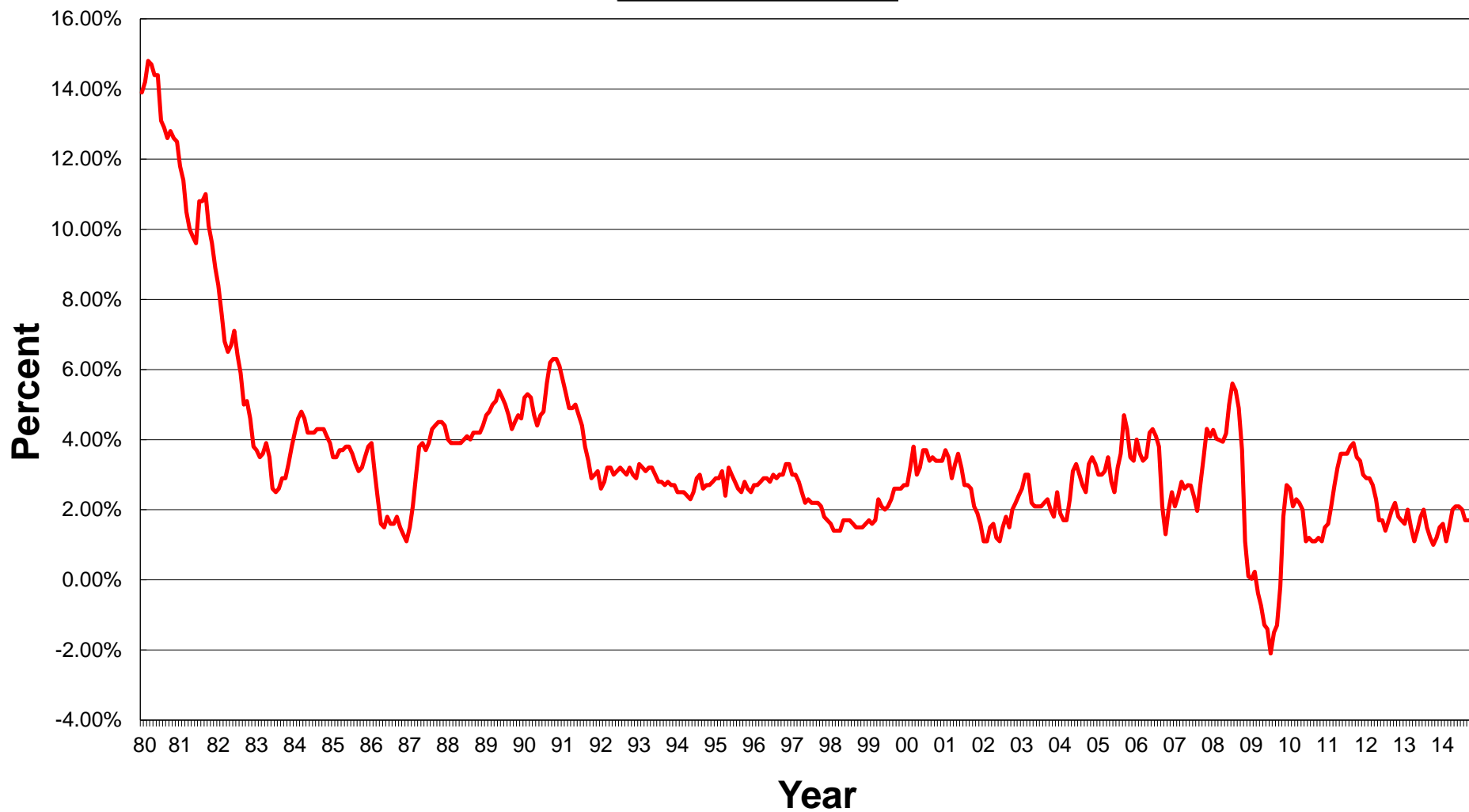
Rate of Inflation

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	13.90	Jan 1984	4.20	Jan 1988	4.00	Jan 1992	2.60	Jan 1996	2.70	Jan 2000	2.70	Jan 2004	1.90	Jan 2008	4.30	Jan 2012	2.90		
Feb	14.20	Feb	4.60	Feb	3.90	Feb	2.80	Feb	2.70	Feb	3.20	Feb	1.70	Feb	4.00	Feb	2.90		
Mar	14.80	Mar	4.80	Mar	3.90	Mar	3.20	Mar	2.80	Mar	3.70	Mar	1.70	Mar	4.00	Mar	2.70		
Apr	14.70	Apr	4.60	Apr	3.90	Apr	3.20	Apr	2.90	Apr	3.00	Apr	2.90	Apr	3.90	Apr	2.30		
May	14.40	May	4.20	May	3.90	May	3.00	May	2.90	May	3.20	May	3.10	May	4.20	May	1.70		
Jun	14.40	Jun	4.20	Jun	4.00	Jun	3.10	Jun	2.80	Jun	3.70	Jun	3.30	Jun	5.00	Jun	1.70		
Jul	13.10	Jul	4.20	Jul	4.10	Jul	3.20	Jul	3.00	Jul	3.20	Jul	3.00	Jul	5.60	Jul	1.40		
Aug	12.90	Aug	4.30	Aug	4.00	Aug	3.10	Aug	2.90	Aug	3.40	Aug	2.70	Aug	5.40	Aug	1.70		
Sep	12.60	Sep	4.30	Sep	4.20	Sep	3.00	Sep	3.00	Sep	3.50	Sep	2.50	Sep	4.90	Sep	2.00		
Oct	12.80	Oct	4.30	Oct	4.20	Oct	3.20	Oct	3.00	Oct	3.40	Oct	3.30	Oct	3.70	Oct	2.20		
Nov	12.60	Nov	4.10	Nov	4.20	Nov	3.00	Nov	3.30	Nov	3.40	Nov	3.50	Nov	1.10	Nov	1.80		
Dec	12.50	Dec	3.90	Dec	4.40	Dec	2.90	Dec	3.30	Dec	3.40	Dec	3.30	Dec	0.10	Dec	1.70		
Jan 1981	11.80	Jan 1985	3.50	Jan 1989	4.70	Jan 1993	3.30	Jan 1997	3.00	Jan 2001	3.70	Jan 2005	3.00	Jan 2009	0.00	Jan 2013	1.60		
Feb	11.40	Feb	3.50	Feb	4.80	Feb	3.20	Feb	3.00	Feb	3.50	Feb	3.00	Feb	0.20	Feb	2.00		
Mar	10.50	Mar	3.70	Mar	5.00	Mar	3.10	Mar	2.80	Mar	2.90	Mar	3.10	Mar	-0.40	Mar	1.50		
Apr	10.00	Apr	3.70	Apr	5.10	Apr	3.20	Apr	2.50	Apr	3.30	Apr	3.50	Apr	-0.70	Apr	1.10		
May	9.80	May	3.80	May	5.40	May	3.20	May	2.20	May	3.60	May	2.80	May	-1.28	May	1.40		
Jun	9.60	Jun	3.80	Jun	5.20	Jun	3.00	Jun	2.30	Jun	3.20	Jun	2.50	Jun	-1.40	Jun	1.80		
Jul	10.80	Jul	3.60	Jul	5.00	Jul	2.80	Jul	2.20	Jul	2.70	Jul	2.20	Jul	-2.10	Jul	2.00		
Aug	10.80	Aug	3.30	Aug	4.70	Aug	2.80	Aug	2.20	Aug	2.70	Aug	3.60	Aug	-1.50	Aug	1.50		
Sep	11.00	Sep	3.10	Sep	4.30	Sep	2.70	Sep	2.20	Sep	2.60	Sep	4.70	Sep	-1.30	Sep	1.20		
Oct	10.10	Oct	3.20	Oct	4.50	Oct	2.80	Oct	2.10	Oct	2.10	Oct	4.30	Oct	-0.20	Oct	1.00		
Nov	9.60	Nov	3.50	Nov	4.70	Nov	2.70	Nov	1.80	Nov	1.90	Nov	3.50	Nov	1.80	Nov	1.20		
Dec	8.90	Dec	3.80	Dec	4.60	Dec	2.70	Dec	1.70	Dec	1.60	Dec	3.40	Dec	2.70	Dec	1.50		
Jan 1982	8.40	Jan 1986	3.90	Jan 1990	5.20	Jan 1994	2.50	Jan 1998	1.60	Jan 2002	1.10	Jan 2006	4.00	Jan 2010	2.60	Jan 2014	1.60		
Feb	7.60	Feb	3.10	Feb	5.30	Feb	2.50	Feb	1.40	Feb	1.10	Feb	3.60	Feb	2.10	Feb	1.10		
Mar	6.80	Mar	2.30	Mar	5.20	Mar	2.50	Mar	1.40	Mar	1.50	Mar	3.40	Mar	2.30	Mar	1.50		
Apr	6.50	Apr	1.60	Apr	4.70	Apr	2.40	Apr	1.40	Apr	1.60	Apr	3.50	Apr	2.20	Apr	2.00		
May	6.70	May	1.50	May	4.40	May	2.30	May	1.70	May	1.20	May	4.20	May	2.00	May	2.10		
Jun	7.10	Jun	1.80	Jun	4.70	Jun	2.50	Jun	1.70	Jun	1.10	June	4.30	Jun	1.10	Jun	2.10		
Jul	6.40	Jul	1.60	Jul	4.80	Jul	2.90	Jul	1.70	Jul	1.50	July	4.10	Jul	1.20	Jul	2.00		
Aug	5.90	Aug	1.60	Aug	5.60	Aug	3.00	Aug	1.60	Aug	1.80	Aug	3.80	Aug	1.10	Aug	1.70		
Sep	5.00	Sep	1.80	Sep	6.20	Sep	2.60	Sep	1.50	Sep	1.50	Sep	2.10	Sep	1.10	Sep	1.70		
Oct	5.10	Oct	1.50	Oct	6.30	Oct	2.70	Oct	1.50	Oct	2.00	Oct	1.30	Oct	1.20	Oct	1.70		
Nov	4.60	Nov	1.30	Nov	6.30	Nov	2.70	Nov	1.50	Nov	2.20	Nov	2.00	Nov	1.10	Nov	1.30		
Dec	3.80	Dec	1.10	Dec	6.10	Dec	2.80	Dec	1.60	Dec	2.40	Dec	2.50	Dec	1.50	Dec	0.80		
Jan 1983	3.70	Jan 1987	1.50	Jan 1991	5.70	Jan 1995	2.90	Jan 1999	1.70	Jan 2003	2.60	Jan 2007	2.10	Jan 2011	1.60				
Feb	3.50	Feb	2.10	Feb	5.30	Feb	2.90	Feb	1.60	Feb	3.00	Feb	2.40	Feb	2.10				
Mar	3.60	Mar	3.00	Mar	4.90	Mar	3.10	Mar	1.70	Mar	3.00	Mar	2.80	Mar	2.70				
Apr	3.90	Apr	3.80	Apr	4.90	Apr	2.40	Apr	2.30	Apr	2.20	Apr	2.60	Apr	3.20				
May	3.50	May	3.90	May	5.00	May	3.20	May	2.10	May	2.10	May	2.70	May	3.60				
Jun	2.60	Jun	3.70	Jun	4.70	Jun	3.00	Jun	2.00	Jun	2.10	Jun	2.70	Jun	3.60				
Jul	2.50	Jul	3.90	Jul	4.40	Jul	2.80	Jul	2.10	Jul	2.10	Jul	2.40	Jul	3.60				
Aug	2.60	Aug	4.30	Aug	3.80	Aug	2.60	Aug	2.30	Aug	2.20	Aug	2.00	Aug	3.80				
Sep	2.90	Sep	4.40	Sep	3.40	Sep	2.50	Sep	2.60	Sep	2.30	Sep	2.80	Sep	3.90				
Oct	2.90	Oct	4.50	Oct	2.90	Oct	2.80	Oct	2.60	Oct	2.00	Oct	3.50	Oct	3.50				
Nov	3.30	Nov	4.50	Nov	3.00	Nov	2.60	Nov	2.60	Nov	1.80	Nov	4.30	Nov	3.40				
Dec	3.80	Dec	4.40	Dec	3.10	Dec	2.50	Dec	2.70	Dec	1.90	Dec	4.10	Dec	3.00				

Source: U.S. Dept of Labor, Bureau of Labor Statistics, Consumer Price Index - All Urban Consumers, Change for 12-Month Period, Bureau of Labor Statistics, [http://www.bls.gov/schedule/archives/cpi\\_nr.htm](http://www.bls.gov/schedule/archives/cpi_nr.htm)

The Empire District Electric Company  
Case No. ER-2014-0351

Rate of Inflation  
1980 - 2014



**The Empire District Electric Company  
Case No. ER-2014-0351  
Average Yields on AA, A and BBB Public Utility Bonds**

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	12.12	Jan 1984	13.40	Jan 1988	10.75	Jan 1992	8.67	Jan 1996	7.20	Jan 2000	8.22	Jan 2004	6.23	Jan 2008	6.08	Jan 2012	4.97
Feb	13.48	Feb	13.50	Feb	10.11	Feb	8.77	Feb	7.37	Feb	8.10	Feb	6.17	Feb	6.28	Feb	4.99
Mar	14.33	Mar	14.03	Mar	10.11	Mar	8.84	Mar	7.72	Mar	8.14	Mar	6.01	Mar	6.29	Mar	5.13
Apr	13.50	Apr	14.30	Apr	10.53	Apr	8.79	Apr	7.88	Apr	8.14	Apr	6.38	Apr	6.36	Apr	5.05
May	12.17	May	14.95	May	10.75	May	8.72	May	7.99	May	8.55	May	6.68	May	6.38	May	4.84
Jun	11.87	Jun	15.16	Jun	10.71	Jun	8.64	Jun	8.07	Jun	8.22	Jun	6.53	Jun	6.50	Jun	4.67
Jul	12.12	Jul	14.92	Jul	10.96	Jul	8.46	Jul	8.02	Jul	8.17	Jul	6.34	Jul	6.50	Jul	4.56
Aug	12.82	Aug	14.29	Aug	11.09	Aug	8.34	Aug	7.84	Aug	8.05	Aug	6.18	Aug	6.48	Aug	4.71
Sep	13.29	Sep	14.04	Sep	10.56	Sep	8.32	Sep	8.01	Sep	8.16	Sep	6.01	Sep	6.59	Sep	4.75
Oct	13.53	Oct	13.68	Oct	9.92	Oct	8.44	Oct	7.76	Oct	8.08	Oct	5.95	Oct	7.70	Oct	4.69
Nov	14.07	Nov	13.15	Nov	9.89	Nov	8.53	Nov	7.48	Nov	8.03	Nov	5.97	Nov	7.80	Nov	4.53
Dec	14.48	Dec	12.96	Dec	10.02	Dec	8.36	Dec	7.58	Dec	7.79	Dec	5.93	Dec	6.87	Dec	4.28
Jan 1981	14.22	Jan 1985	12.88	Jan 1989	10.02	Jan 1993	8.23	Jan 1997	7.79	Jan 2001	7.76	Jan 2005	5.80	Jan 2009	6.77	Jan 2013	4.45
Feb	14.84	Feb	13.00	Feb	10.02	Feb	8.00	Feb	7.68	Feb	7.69	Feb	5.64	Feb	6.72	Feb	4.49
Mar	14.86	Mar	13.66	Mar	10.16	Mar	7.85	Mar	7.92	Mar	7.59	Mar	5.86	Mar	6.85	Mar	4.45
Apr	15.32	Apr	13.42	Apr	10.14	Apr	7.76	Apr	8.08	Apr	7.81	Apr	5.72	Apr	6.90	Apr	4.19
May	15.84	May	12.89	May	9.92	May	7.78	May	7.94	May	7.88	May	5.60	May	6.83	May	4.36
Jun	15.27	Jun	11.91	Jun	9.49	Jun	7.68	Jun	7.77	Jun	7.75	Jun	5.39	June	6.54	Jun	4.70
Jul	15.87	Jul	11.88	Jul	9.34	Jul	7.53	Jul	7.52	Jul	7.71	Jul	5.50	July	6.15	Jul	4.90
Aug	16.33	Aug	11.93	Aug	9.37	Aug	7.21	Aug	7.57	Aug	7.57	Aug	5.51	Aug	5.80	Aug	5.00
Sep	16.89	Sep	11.95	Sep	9.43	Sep	7.01	Sep	7.50	Sep	7.73	Sep	5.54	Sep	5.60	Sep	5.05
Oct	16.76	Oct	11.84	Oct	9.37	Oct	6.99	Oct	7.37	Oct	7.64	Oct	5.79	Oct	5.64	Oct	4.94
Nov	15.50	Nov	11.33	Nov	9.33	Nov	7.30	Nov	7.24	Nov	7.61	Nov	5.88	Nov	5.71	Nov	5.04
Dec	15.77	Dec	10.82	Dec	9.31	Dec	7.33	Dec	7.16	Dec	7.86	Dec	5.83	Dec	5.86	Dec	5.09
Jan 1982	16.73	Jan 1986	10.66	Jan 1990	9.44	Jan 1994	7.31	Jan 1998	7.03	Jan 2002	7.69	Jan 2006	5.77	Jan 2010	5.83	Jan 2014	4.91
Feb	16.72	Feb	10.16	Feb	9.66	Feb	7.44	Feb	7.09	Feb	7.62	Feb	5.83	Feb	5.94	Feb	4.79
Mar	16.07	Mar	9.33	Mar	9.75	Mar	7.83	Mar	7.13	Mar	7.83	Mar	5.98	Mar	5.90	Mar	4.74
Apr	15.82	Apr	9.02	Apr	9.87	Apr	8.20	Apr	7.12	Apr	7.74	Apr	6.28	Apr	5.87	Apr	4.62
May	15.60	May	9.52	May	9.89	May	8.32	May	7.11	May	7.76	May	6.39	May	5.59	May	4.46
Jun	16.18	Jun	9.51	Jun	9.69	Jun	8.31	Jun	6.99	Jun	7.67	June	6.39	June	5.62	Jun	4.48
Jul	16.04	Jul	9.19	Jul	9.66	Jul	8.47	Jul	6.99	Jul	7.54	July	6.37	July	5.41	Jul	4.37
Aug	15.22	Aug	9.15	Aug	9.84	Aug	8.41	Aug	6.96	Aug	7.34	Aug	6.20	Aug	5.10	Aug	4.29
Sep	14.56	Sep	9.42	Sep	10.01	Sep	8.65	Sep	6.88	Sep	7.23	Sep	6.03	Sep	5.10	Sep	4.37
Oct	13.88	Oct	9.39	Oct	9.94	Oct	8.88	Oct	6.88	Oct	7.43	Oct	6.01	Oct	5.20	Oct	4.20
Nov	13.58	Nov	9.15	Nov	9.76	Nov	9.00	Nov	6.96	Nov	7.31	Nov	5.82	Nov	5.45	Nov	4.25
Dec	13.55	Dec	8.96	Dec	9.57	Dec	8.79	Dec	6.84	Dec	7.20	Dec	5.83	Dec	5.61	Dec	4.12
Jan 1983	13.46	Jan 1987	8.77	Jan 1991	9.56	Jan 1995	8.77	Jan 1999	8.77	Jan 2003	7.13	Jan 2007	5.96	Jan 2011	5.69		
Feb	13.60	Feb	8.81	Feb	9.31	Feb	8.56	Feb	6.07	Feb	6.92	Feb	5.91	Feb	5.82		
Mar	13.28	Mar	8.75	Mar	9.39	Mar	8.41	Mar	7.18	Mar	6.80	Mar	5.87	Mar	5.74		
Apr	13.03	Apr	9.30	Apr	9.30	Apr	8.30	Apr	7.16	Apr	6.68	Apr	6.01	Apr	5.76		
May	13.00	May	9.82	May	9.29	May	7.93	May	7.42	May	6.35	May	6.03	May	5.57		
Jun	13.17	Jun	9.87	Jun	9.44	Jun	7.62	Jun	7.70	Jun	6.21	June	6.34	June	5.52		
Jul	13.28	Jul	10.01	Jul	9.40	Jul	7.73	Jul	7.66	Jul	6.54	July	6.28	July	5.61		
Aug	13.50	Aug	10.33	Aug	9.16	Aug	7.86	Aug	7.86	Aug	6.78	Aug	6.28	Aug	5.26		
Sep	13.35	Sep	11.00	Sep	9.03	Sep	7.62	Sep	7.87	Sep	6.58	Sep	6.24	Sep	5.01		
Oct	13.19	Oct	11.32	Oct	8.99	Oct	7.46	Oct	8.02	Oct	6.50	Oct	6.17	Oct	5.11		
Nov	13.33	Nov	10.82	Nov	8.93	Nov	7.40	Nov	7.86	Nov	6.44	Nov	6.04	Nov	5.00		
Dec	13.48	Dec	10.99	Dec	8.76	Dec	7.21	Dec	8.04	Dec	6.36	Dec	6.23	Dec	4.96		

Source: [Mergent Bond Record](#) (through November 2010); [BondsOnline](#) (December 2010 to present)



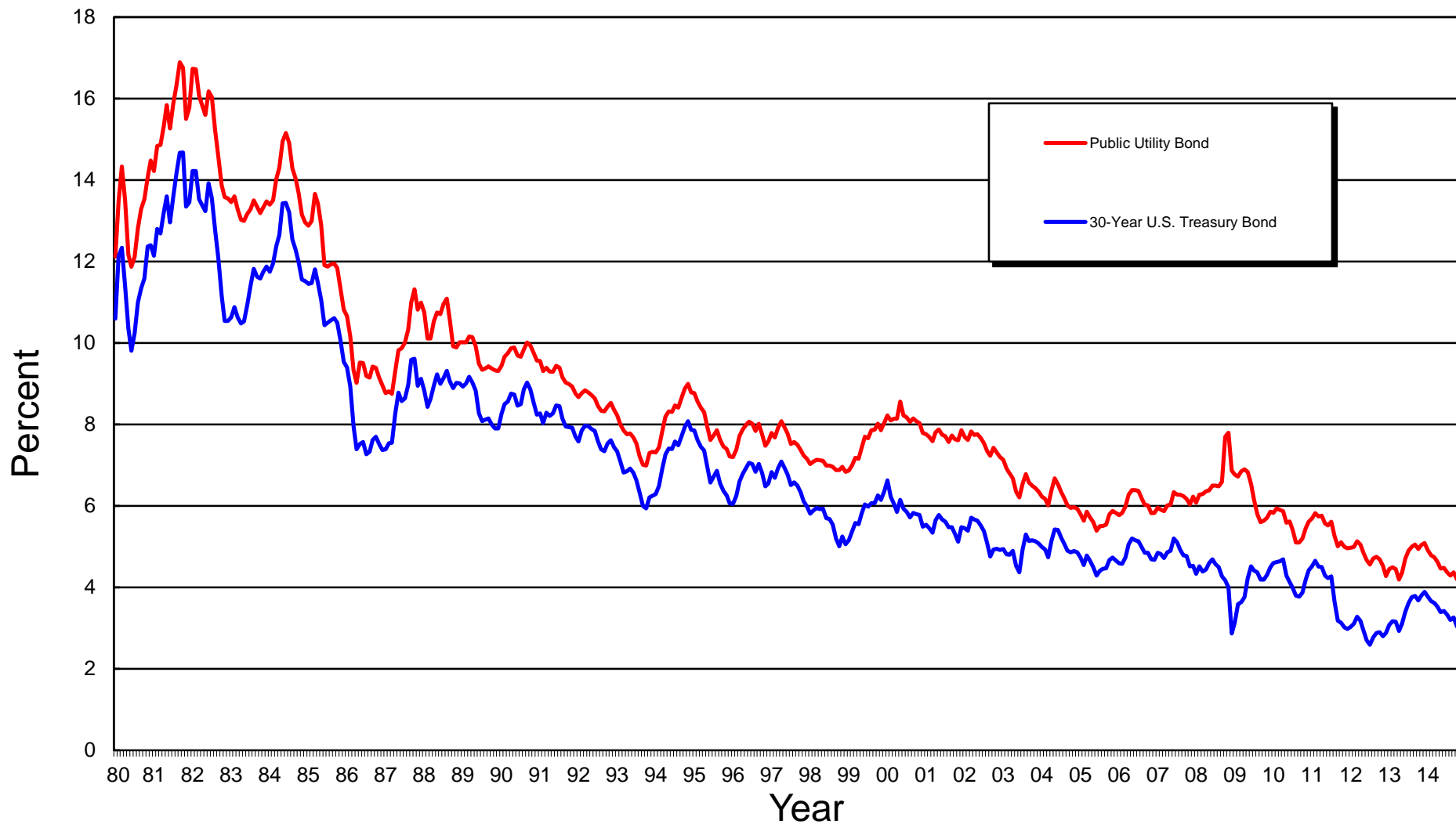
**The Empire District Electric Company**  
**Case No. ER-2014-0351**  
**Average Yields on Thirty-Year U.S. Treasury Bonds**

Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)	Mo/Year	Rate (%)
Jan 1980	10.60	Jan 1984	11.75	Jan 1988	8.83	Jan 1992	7.58	Jan 1996	6.05	Jan 2000	6.63	Jan 2004	4.99	Jan 2008	4.33	Jan 2012	3.03
Feb	12.13	Feb	11.95	Feb	8.43	Feb	7.85	Feb	6.24	Feb	6.23	Feb	4.93	Feb	4.52	Feb	3.11
Mar	12.34	Mar	12.38	Mar	8.63	Mar	7.97	Mar	6.60	Mar	6.05	Mar	4.74	Mar	4.39	Mar	3.28
Apr	11.40	Apr	12.65	Apr	8.95	Apr	7.96	Apr	6.79	Apr	5.85	Apr	5.14	Apr	4.44	Apr	3.18
May	10.36	May	13.43	May	9.23	May	7.89	May	6.93	May	6.15	May	5.42	May	4.60	May	2.93
Jun	9.81	Jun	13.44	Jun	9.00	Jun	7.84	Jun	7.06	Jun	5.93	Jun	5.41	Jun	4.69	Jun	2.70
Jul	10.24	Jul	13.21	Jul	9.14	Jul	7.60	Jul	7.03	Jul	5.85	Jul	5.22	Jul	4.57	Jul	2.57
Aug	11.00	Aug	12.54	Aug	9.32	Aug	7.39	Aug	6.84	Aug	5.72	Aug	5.06	Aug	4.50	Aug	2.99
Sep	11.34	Sep	12.29	Sep	9.06	Sep	7.34	Sep	7.03	Sep	5.83	Sep	4.90	Sep	4.27	Sep	2.88
Oct	11.59	Oct	11.98	Oct	8.89	Oct	7.53	Oct	6.81	Oct	5.80	Oct	4.86	Oct	4.17	Oct	2.90
Nov	12.37	Nov	11.56	Nov	9.02	Nov	7.61	Nov	6.48	Nov	5.78	Nov	4.89	Nov	4.00	Nov	2.80
Dec	12.40	Dec	11.52	Dec	9.01	Dec	7.44	Dec	6.55	Dec	5.49	Dec	4.86	Dec	2.87	Dec	2.88
Jan 1981	12.14	Jan 1985	11.45	Jan 1989	8.93	Jan 1993	7.34	Jan 1997	6.83	Jan 2001	5.54	Jan 2005	4.73	Jan 2009	3.13	Jan 2013	3.08
Feb	12.80	Feb	11.47	Feb	9.01	Feb	7.09	Feb	6.69	Feb	5.45	Feb	4.55	Feb	3.59	Feb	3.17
Mar	12.69	Mar	11.81	Mar	9.17	Mar	6.82	Mar	6.93	Mar	5.34	Mar	4.78	Mar	3.64	Mar	3.16
Apr	13.20	Apr	11.47	Apr	9.03	Apr	6.85	Apr	7.09	Apr	5.65	Apr	4.65	Apr	3.76	Apr	2.93
May	13.60	May	11.05	May	8.83	May	6.92	May	6.94	May	5.78	May	4.49	May	4.23	May	3.11
Jun	12.96	Jun	10.44	Jun	8.27	Jun	6.81	Jun	6.77	Jun	5.67	Jun	4.29	Jun	4.52	Jun	3.40
Jul	13.59	Jul	10.50	Jul	8.08	Jul	6.63	Jul	6.51	Jul	5.61	Jul	4.41	Jul	4.41	Jul	3.61
Aug	14.17	Aug	10.56	Aug	8.12	Aug	6.32	Aug	6.58	Aug	5.48	Aug	4.46	Aug	4.37	Aug	3.76
Sep	14.67	Sep	10.61	Sep	8.15	Sep	6.00	Sep	6.50	Sep	5.48	Sep	4.47	Sep	4.19	Sep	3.79
Oct	14.68	Oct	10.50	Oct	8.00	Oct	5.94	Oct	6.33	Oct	5.32	Oct	4.67	Oct	4.19	Oct	3.68
Nov	13.35	Nov	10.06	Nov	7.90	Nov	6.21	Nov	6.11	Nov	5.12	Nov	4.73	Nov	4.31	Nov	3.80
Dec	13.45	Dec	9.54	Dec	7.90	Dec	6.25	Dec	5.99	Dec	5.48	Dec	4.66	Dec	4.49	Dec	3.89
Jan 1982	14.22	Jan 1986	9.40	Jan 1990	8.26	Jan 1994	6.29	Jan 1998	5.81	Jan 2002	5.44	Jan 2006	4.59	Jan 2010	4.60	Jan 2014	3.77
Feb	14.22	Feb	8.93	Feb	8.50	Feb	6.49	Feb	5.89	Feb	5.39	Feb	4.58	Feb	4.62	Feb	3.66
Mar	13.53	Mar	7.96	Mar	8.56	Mar	6.91	Mar	5.95	Mar	5.71	Mar	4.73	Mar	4.64	Mar	3.62
Apr	13.37	Apr	7.39	Apr	8.76	Apr	7.27	Apr	5.92	Apr	5.67	Apr	5.06	Apr	4.69	Apr	3.52
May	13.24	May	7.52	May	8.73	May	7.41	May	5.93	May	5.64	May	5.20	May	4.29	May	3.39
Jun	13.92	Jun	7.57	Jun	8.46	Jun	7.40	Jun	5.70	Jun	5.52	Jun	5.16	Jun	4.13	Jun	3.42
Jul	13.55	Jul	7.27	Jul	8.50	Jul	7.58	Jul	5.68	Jul	5.38	Jul	5.13	Jul	3.99	Jul	3.33
Aug	12.77	Aug	7.33	Aug	8.86	Aug	7.49	Aug	5.54	Aug	5.08	Aug	5.00	Aug	3.80	Aug	3.20
Sep	12.07	Sep	7.62	Sep	9.03	Sep	7.71	Sep	5.20	Sep	4.76	Sep	4.85	Sep	3.77	Sep	3.26
Oct	11.17	Oct	7.70	Oct	8.86	Oct	7.94	Oct	5.01	Oct	4.93	Oct	4.85	Oct	3.87	Oct	3.04
Nov	10.54	Nov	7.52	Nov	8.54	Nov	8.08	Nov	5.25	Nov	4.95	Nov	4.69	Nov	4.19	Nov	3.68
Dec	10.54	Dec	7.37	Dec	8.24	Dec	7.87	Dec	5.06	Dec	4.92	Dec	4.68	Dec	4.42	Dec	2.83
Jan 1983	10.63	Jan 1987	7.39	Jan 1991	8.27	Jan 1995	7.85	Jan 1999	5.16	Jan 2003	4.94	Jan 2007	4.85	Jan 2011	4.52		
Feb	10.88	Feb	7.54	Feb	8.03	Feb	7.61	Feb	5.37	Feb	4.81	Feb	4.82	Feb	4.65		
Mar	10.63	Mar	7.55	Mar	8.29	Mar	7.45	Mar	5.58	Mar	4.80	Mar	4.72	Mar	4.51		
Apr	10.48	Apr	8.25	Apr	8.21	Apr	7.36	Apr	5.55	Apr	4.90	Apr	4.86	Apr	4.50		
May	10.53	May	8.78	May	8.27	May	6.95	May	5.81	May	4.53	May	4.90	May	4.29		
Jun	10.93	Jun	8.57	Jun	8.47	Jun	6.57	Jun	6.04	Jun	4.37	Jun	5.20	Jun	4.23		
Jul	11.40	Jul	8.64	Jul	8.45	Jul	6.72	Jul	5.98	Jul	4.93	Jul	5.11	Jul	4.27		
Aug	11.82	Aug	8.97	Aug	8.14	Aug	6.86	Aug	6.07	Aug	5.30	Aug	4.93	Aug	3.65		
Sep	11.63	Sep	9.59	Sep	7.95	Sep	6.55	Sep	6.07	Sep	5.14	Sep	4.79	Sep	3.18		
Oct	11.58	Oct	9.61	Oct	7.93	Oct	6.37	Oct	6.26	Oct	5.16	Oct	4.77	Oct	3.13		
Nov	11.75	Nov	8.95	Nov	7.92	Nov	6.26	Nov	6.15	Nov	5.13	Nov	4.52	Nov	3.02		
Dec	11.88	Dec	9.12	Dec	7.70	Dec	6.06	Dec	6.35	Dec	5.08	Dec	4.53	Dec	2.98		

Sources:  
<http://finance.yahoo.com/q/hp?s=TYX>  
<http://research.stlouisfed.org/fred2/data/GS30.txt>

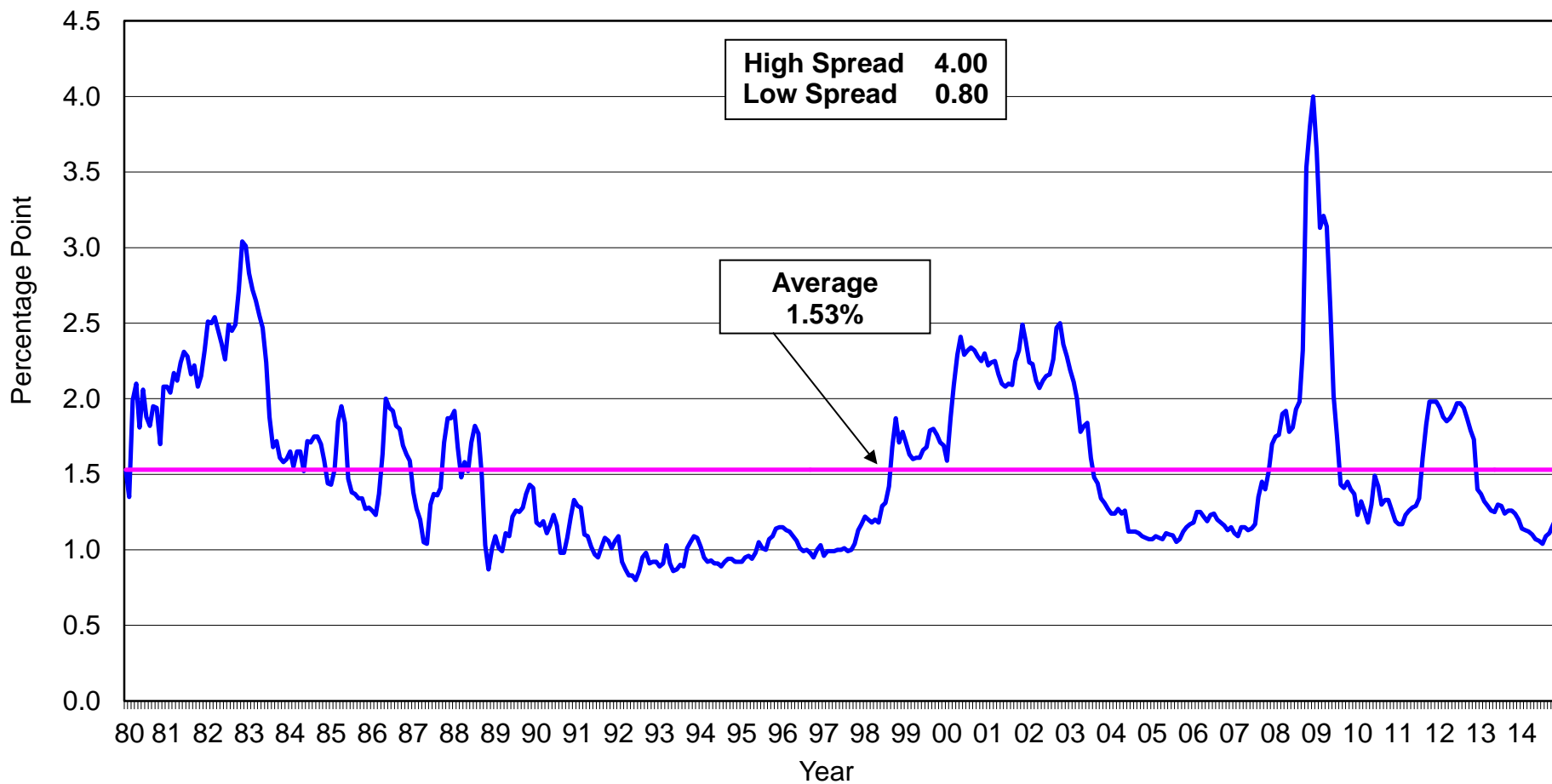
The Empire District Electric Company  
Case No. ER-2014-0351

Average Yields on Public Utility Bonds and  
Thirty-Year U.S. Treasury Bonds (1980 - 2014)



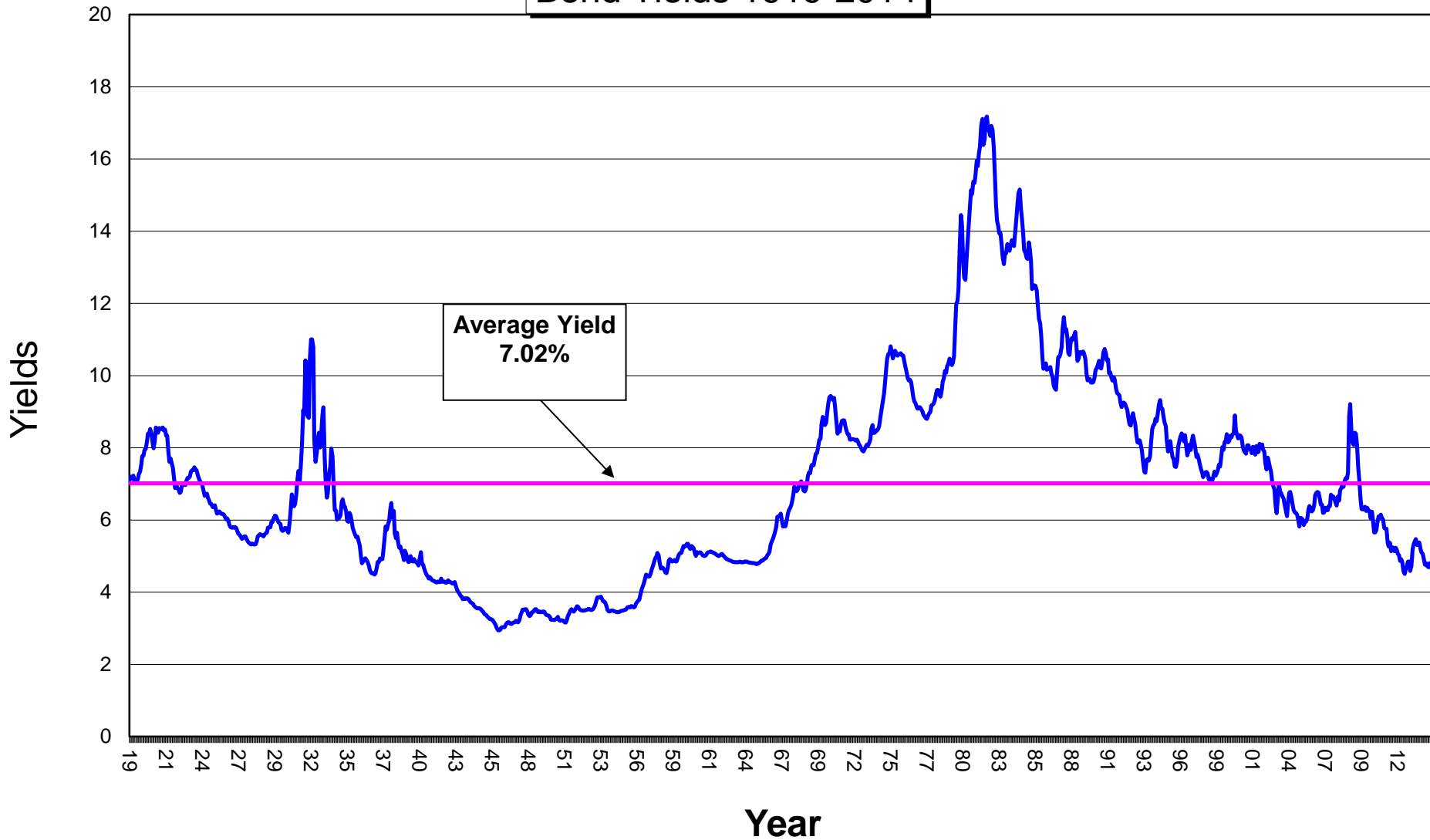
The Empire District Electric Company  
Case No. ER-2014-0351

Monthly Spreads Between Yields on Public Utility Bonds and  
Thirty-Year U.S. Treasury Bonds (1980 - 2014)



The Empire District Electric Company  
Case No. ER-2014-0351

Moody's Baa Corporate  
Bond Yields 1919-2014



**The Empire District Electric Company  
Case No. ER-2014-0351**

**Historical Consolidated Capital Structures for The Empire District Electric Company**

Capital Components	2009	2010	2011	2012	2013	5-Year Average
Common Equity	\$600,150,000.0	\$657,624,000.0	\$693,989,000.0	\$717,798,000.0	\$750,123,000.0	\$683,936,800.0
Preferred Stock	0.0	0.0	0.0	0.0	0.0	\$0.0
Long-Term Debt	640,156,000.0 *	693,072,000.0 *	692,259,000.0 *	691,626,714.0 *	743,428,274.0 *	\$692,108,397.6
Short-Term Debt	50,500,000.0	24,000,000.0	12,000,000.0	24,000,000.0	4,000,000.0	\$22,900,000.0
Total	<u>\$1,290,806,000.0</u>	<u>\$1,374,696,000.0</u>	<u>\$1,398,248,000.0</u>	<u>\$1,433,424,714.0</u>	<u>\$1,497,551,274.0</u>	<u>\$1,398,945,197.6</u>

Capital Components	2009	2010	2011	2012	2013	5-Year Average
Common Equity	46.49%	47.84%	49.63%	50.08%	50.09%	48.83%
Preferred Stock	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Long-Term Debt	49.59%	50.42%	49.51%	48.25%	49.64%	49.48%
Short-Term Debt	3.91%	1.75%	0.86%	1.67%	0.27%	1.69%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: Empire District Electric Company's 2009, 2010, 2011, 2012 and 2013 Annual Reports.

Note: \* The amount of long-term debt includes current maturities and capital leases.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Embedded Cost of Long-Term Debt  
as of August 31, 2014 For The Empire District Electric Company**

	<u>Amount Outstanding</u>	<u>Annual Cost</u>
Bonds and Unsecured Notes Series:		
7.2% Series, Due 2016	\$25,000,000	\$1,800,000
6.375% Series due 2018	\$90,000,000	\$5,737,500
5.2% Series, due in 2040	\$50,000,000	\$2,600,000
6.7% Sr. Notes, Series, Due 2033	\$62,000,000	\$4,154,000
5.8% Sr. Notes, Series, Due 7/1/2035	\$40,000,000	\$2,320,000
4.65% Series, Due 6/1/2020	\$100,000,000	\$4,650,000
5.875%, Due 2037	\$80,000,000	\$4,700,000
6.82% Series, Due 6/1/2036-EDG	\$55,000,000	\$3,751,000
3.58% Series, due 4-2-2027	\$88,000,000	\$3,150,400
3.73% Series, Due 5/30/2033	\$30,000,000	\$1,119,000
4.32% Series, Due 5/30/2043	\$120,000,000	\$5,184,000
Premium, Discount and Expense	-\$15,909,798 <sup>1</sup>	\$1,113,621 <sup>1</sup>
Total	<u><u>\$724,090,202</u></u>	<u><u>\$40,279,521</u></u>

Embedded Cost of Long-term Debt

<b>5.56%</b>
--------------

Source: Response to DR No. 0079

<sup>1</sup> Adjustment made for disallowance associated with Empire's debt expenses incurred to amend its mortgage bond indenture in order to provide additional flexibility to pay its dividend.

The Empire District Electric Company  
Case No. ER-2014-0351

Capital Structure as of August 31, 2014  
for The Empire District Electric Company

<b>Capital Component</b>	<b>Dollar Amount (000's)</b>	<b>Percentage of Capital</b>
Common Stock Equity	\$ 775,357,807	51.71%
Preferred Stock	\$ -	0.00%
Long-Term Debt	\$ 724,090,202	48.29%
Short-Term Debt	\$ -	0.00%
<b>Total Capitalization</b>	<b>\$ 1,499,448,009</b>	<b>100.00%</b>

Source: Response to Staff DR No. 0079.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Criteria for Selecting Comparable Electric Utility Companies**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
SNL Financial Power Companies	Ticker	Stock Publicly Traded	Regulated Utility (EEI)	At least 50% of Plant from Electric Utility	At least 25% of Electric Plant Generation	At Least 80% of Income from Regulated Utility Operations	No Reduced Dividend Since 2011	At Least Investment Grade Credit Rating (2 of 3 agencies)	L- T Growth Coverage from at least 2 equity analysts in last 90 days and Current L-T Growth Available	No Announced Merger or Acquisition	<b>Comparable Company Met All Criteria</b>
AES Corporation	AES	Yes	NA								
ALLETE, Inc.	ALE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
<b>Alliant Energy Corporation</b>	<b>LNT</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Ameren Corporation</b>	<b>AEE</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>American Electric Power Company</b>	<b>AEP</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Atlantic Power Corporation	ATP	Yes	NA								
Avista Corporation	AVA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
Black Hills Corporation	BKH	Yes	Yes	No							
Calpine Corporation	CPN	Yes	NA								
CenterPoint Energy, Inc.	CNP	Yes	No								
Chesapeake Utilities Corporation	CPK	Yes	NA								
Cleco Corporation	CNL	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
<b>CMS Energy Corporation</b>	<b>CMS</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Consolidated Edison, Inc.	ED	Yes	Yes	Yes	No						
Covanta Holding Corporation	CVA	Yes	NA								
Dominion Resources, Inc.	D	Yes	No								
<b>DTE Energy Company</b>	<b>DTE</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Duke Energy Corporation	DUK	Yes	Yes	Yes	Yes	No					
Dynegy Inc.	DYN	Yes	NA								
Edison International	EIX	Yes	Yes	Yes	No						
El Paso Electric Company	EE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
Empire District Electric Company	EDE	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
Entergy Corporation	ETR	Yes	Yes	Yes	Yes	No					
Exelon Corporation	EXC	Yes	No								
FirstEnergy Corp.	FE	Yes	No								
<b>Great Plains Energy Inc.</b>	<b>GXP</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Hawaiian Electric Industries, Inc.	HE	Yes	No								
IDACORP, Inc.	IDA	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No		
Integrus Energy Group, Inc.	TEG	Yes	Yes	No							
ITC Holdings Corp.	ITC	Yes	NA								
MDU Resources Group, Inc.	MDU	Yes	No								
MGE Energy, Inc.	MGEE	Yes	No								
NextEra Energy Partners, LP	NEP	Yes	NA								
NextEra Energy, Inc.	NEE	Yes	No								
NiSource Inc.	NI	Yes	No								
Northeast Utilities	NU	Yes	Yes	Yes	No						
NorthWestern Corporation	NWE	Yes	Yes	Yes	No						
NRG Energy, Inc.	NRG	Yes	NA								
NRG Yield, Inc.	NYLD	Yes	NA								
<b>OGE Energy Corp.</b>	<b>OGE</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Ormat Technologies, Inc.	ORA	Yes	NA								
Otter Tail Corporation	OTTR	Yes	Yes	Yes	Yes	No					
Pattern Energy Group Inc.	PEGI	Yes	NA								
Pepco Holdings, Inc.	POM	Yes	Yes	Yes	No						
PG&E Corporation	PCG	Yes	Yes	Yes	No						
<b>Pinnacle West Capital Corporation</b>	<b>PNW</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>PNM Resources, Inc.</b>	<b>PNM</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Portland General Electric Company</b>	<b>POR</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
PPL Corporation	PPL	Yes	No								
Public Service Enterprise Group Inc.	PEG	Yes	No								
SCANA Corporation	SCG	Yes	No								
Sempra Energy	SRE	Yes	No								
<b>Southern Company</b>	<b>SO</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Spark Energy, Inc.	SPKE	Yes	NA								
<b>TECO Energy, Inc.</b>	<b>TE</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
TerraForm Power, Inc.	TERP	Yes	NA								
UGI Corporation	UGI	Yes	NA								
UIL Holdings Corporation	UIL	Yes	Yes	Yes	No						
Unitil Corporation	UTL	Yes	Yes	No							
UNS Energy Corporation	NA	No									
Vectren Corporation	VVC	Yes	No								
<b>Westar Energy, Inc.</b>	<b>WR</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
Wisconsin Energy Corporation	WEC	Yes	Yes	Yes	Yes	No					
<b>Xcel Energy Inc.</b>	<b>XEL</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>

Sources: Columns 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11 = SNL Financial.  
Column 4 = Edison Electric Institute 2013 Financial Review

NA = Not available.



**The Empire District Electric Company  
Case No. ER-2014-0351**

**Comparable Electrical Utility Companies  
for The Empire District Electric Company**

Number	Ticker Symbol	Company Name	S&P Corporate Credit Rating
1	LNT	Alliant Energy	A-
2	AEE	Ameren Corp.	BBB+
3	AEP	American Electric Power	BBB
4	CMS	CMS Energy Corporation	BBB+
5	DTE	DTE Energy Company	BBB+
6	GXP	Great Plains Energy	BBB+
7	OGE	OGE Energy Corp.	A-
8	PNW	Pinnacle West Capital	A-
9	PNM	PNM Resources, Inc.	BBB
10	POR	Portland General Electric Company	BBB
11	SO	Southern Company	A
12	TE	TECO Energy, Inc.	BBB+
13	WR	Westar Energy, Inc.	BBB+
14	XEL	Xcel Energy	A-
		Average	<u>BBB+</u>
		The Empire District Electric Company	BBB

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Dividends Per Share  
for the Fourteen Comparable Companies**

Company Name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Alliant Energy	2.35	2.20	2.04	1.88	1.80	1.70	1.58	1.50	1.40	0.95	1.47	1.05	1.01	1.00	2.00	2.00
Ameren Corp.	1.74	1.67	1.62	1.60	1.60	1.56	1.54	1.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54	2.54
American Electric Power	2.23	2.13	2.03	1.95	1.88	1.85	1.71	1.64	1.64	1.58	1.50	1.42	1.40	1.65	2.40	2.40
CMS Energy Corp.	1.23	1.15	1.08	1.02	0.96	0.84	0.66	0.50	0.36	0.20	0.00	0.00	0.00	0.00	1.09	1.46
DTE Energy Company	2.98	2.83	2.70	2.59	2.42	2.32	2.18	2.12	2.12	2.12	2.08	2.06	2.06	2.06	2.06	2.06
Great Plains Energy	1.09	1.00	0.94	0.88	0.86	0.84	0.83	0.83	1.66	1.66	1.66	1.66	1.66	1.66	1.66	1.70
OGE Energy Corp.	1.12	1.04	0.93	0.85	0.80	0.76	0.73	0.71	0.70	0.68	0.67	0.67	0.67	0.67	0.67	0.67
Pinnacle West Capital	2.53	2.42	2.32	2.23	2.67	2.10	2.10	2.10	2.10	2.10	2.03	1.93	1.83	1.73	1.63	1.53
PNM Resources, Inc.	0.91	0.80	0.74	0.68	0.58	0.50	0.50	0.50	0.61	0.92	0.88	0.79	0.67	0.61	0.59	0.53
Portland General Electric Company	1.30	1.19	1.12	1.10	1.08	1.06	1.04	1.01	0.97	0.93	0.68	NA	NA	NA	NA	NA
Southern Company	2.22	2.15	2.08	2.01	1.94	1.87	1.80	1.73	1.66	1.60	1.54	1.48	1.42	1.39	1.36	1.34
TECO Energy, Inc.	0.91	0.90	0.89	0.88	0.88	0.85	0.82	0.80	0.80	0.78	0.76	0.76	0.76	0.93	1.41	1.37
Westar Energy, Inc.	1.55	1.45	1.40	1.36	1.32	1.28	1.24	1.20	1.16	1.08	1.00	0.92	0.80	0.76	1.20	1.20
Xcel Energy	1.31	1.25	1.19	1.11	1.07	1.03	1.00	0.97	0.94	0.91	0.88	0.85	0.81	0.75	1.13	1.50

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
Alliant Energy	0.74%	7.09%	7.71%
Ameren Corp.	-4.61%	-9.00%	2.93%
American Electric Power	-1.26%	3.77%	4.65%
CMS Energy Corp.	1.01%	38.17%	6.36%
DTE Energy Company	1.71%	3.00%	4.91%
Great Plains Energy	-6.46%	-12.38%	7.23%
OGE Energy Corp.	1.90%	3.25%	9.51%
Pinnacle West Capital	3.67%	2.35%	4.37%
PNM Resources, Inc.	0.15%	-6.05%	10.10%
Portland General Electric Company	NA	4.60%	5.98%
Southern Company	3.63%	3.99%	3.40%
TECO Energy, Inc.	-3.44%	2.30%	1.12%
Westar Energy, Inc.	2.28%	4.10%	4.38%
Xcel Energy	-0.49%	3.25%	5.65%
<b>Average</b>	<b>-0.09%</b>	<b>3.46%</b>	<b>5.59%</b>
<b>Average without OGE and TECO</b>	<b>0.03%</b>	<b>3.57%</b>	<b>5.64%</b>

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Earnings Per Share  
for the Fourteen Comparable Companies**

Company Name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Alliant Energy	3.84	3.64	3.47	3.29	2.93	2.92	2.62	1.00	2.54	3.78	2.90	0.48	1.93	1.54	0.97	1.57
Ameren Corp.	2.71	2.56	2.36	2.11	2.13	1.79	0.58	2.78	2.88	2.98	2.66	3.13	2.84	3.14	2.61	3.46
American Electric Power	3.72	3.54	3.47	3.04	2.60	3.25	2.53	2.97	3.40	2.87	2.52	2.64	2.85	1.35	1.46	2.85
CMS Energy Corp.	2.00	1.88	1.77	1.71	1.43	1.65	1.50	0.87	1.25	-0.62	-0.66	-0.71	0.68	-0.30	-2.84	-1.79
DTE Energy Company	4.91	4.60	4.44	3.76	3.89	4.21	3.75	3.24	3.22	4.62	2.19	3.30	2.67	2.87	3.57	2.15
Great Plains Energy	1.84	1.68	1.58	1.62	1.36	1.27	1.55	1.16	1.16	1.41	1.74	2.18	2.39	2.72	2.10	-0.68
OGE Energy Corp.	2.26	2.10	1.97	1.96	1.80	1.75	1.52	1.34	1.25	1.33	1.24	0.90	0.84	0.83	0.52	0.60
Pinnacle West Capital	4.01	3.86	3.72	3.69	3.54	3.01	3.05	2.34	2.59	2.83	2.67	NA	2.70	2.47	2.79	3.86
PNM Resources, Inc.	1.84	1.57	1.47	1.26	1.32	1.98	-0.49	0.58	-3.66	0.77	1.55	1.00	1.45	0.99	1.09	2.55
Portland General Electric Company	2.39	2.28	2.17	1.36	1.87	1.95	1.66	1.31	1.39	2.33	1.14	NA	NA	NA	NA	NA
Southern Company	2.98	2.87	2.80	1.88	2.70	2.57	2.37	2.07	2.26	2.29	2.12	2.14	2.07	2.03	1.86	1.62
TECO Energy, Inc.	1.17	1.11	1.03	0.92	1.14	1.17	1.12	1.00	0.77	1.90	1.18	1.02	-1.85	0.56	1.81	2.04
Westar Energy, Inc.	2.54	2.42	2.41	2.29	2.15	1.95	1.81	1.28	1.69	1.83	1.88	1.54	1.19	2.24	1.23	-0.56
Xcel Energy	2.21	2.09	2.00	1.91	1.86	1.72	1.62	1.49	1.47	1.38	1.39	1.23	1.30	1.31	1.37	2.14

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
Alliant Energy	8.40%	-0.17%	5.31%
Ameren Corp.	-4.15%	-6.68%	8.65%
American Electric Power	4.62%	0.23%	6.97%
CMS Energy Corp.	NM	NM	5.41%
DTE Energy Company	3.28%	3.41%	9.32%
Great Plains Energy	0.26%	-0.28%	4.42%
OGE Energy Corp.	10.95%	7.60%	4.85%
Pinnacle West Capital	1.17%	4.83%	2.81%
PNM Resources, Inc.	-0.15%	NM	13.48%
Portland General Electric Company	NA	1.28%	20.65%
Southern Company	2.64%	1.40%	16.57%
TECO Energy, Inc.	-3.07%	-3.45%	8.49%
Westar Energy, Inc.	8.18%	3.42%	3.45%
Xcel Energy	1.31%	5.30%	5.06%
<b>Average</b>	<b>2.79%</b>	<b>1.41%</b>	<b>8.25%</b>
<b>Average without OGE and TECO</b>	<b>2.56%</b>	<b>1.27%</b>	<b>8.51%</b>

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Book Value Per Share  
for the Fourteen Comparable Companies**

Company Name	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Alliant Energy	35.77	34.03	31.77	29.58	28.25	27.14	26.09	25.06	25.56	24.30	22.83	20.85	22.13	21.37	19.89	21.39
Ameren Corp.	29.42	28.67	27.59	26.97	27.27	32.64	32.15	33.09	32.80	32.41	31.86	31.09	29.71	26.73	24.93	24.26
American Electric Power	38.10	36.45	34.80	32.98	31.37	30.33	28.33	27.49	26.33	25.17	23.73	23.08	21.51	19.93	20.85	25.54
CMS Energy Corp.	15.23	14.37	13.56	12.98	12.10	11.92	11.19	11.42	10.94	9.46	10.03	10.53	10.63	9.84	7.48	15.32
DTE Energy Company	51.29	49.16	46.91	44.73	42.78	41.41	39.67	37.96	36.77	35.86	33.02	32.44	31.85	31.36	27.26	28.48
Great Plains Energy	24.62	23.87	23.21	22.58	21.75	21.74	21.26	20.62	21.39	18.18	16.70	16.51	15.35	13.82	13.58	12.59
OGE Energy Corp.	17.69	16.88	16.08	15.30	14.01	13.06	11.73	10.52	10.14	9.16	8.79	7.59	7.14	6.87	6.27	6.67
Pinnacle West Capital	43.50	41.29	39.79	38.07	36.20	34.98	33.86	32.69	34.16	35.15	34.48	34.58	32.14	30.97	29.40	29.46
PNM Resources, Inc.	22.13	21.23	20.54	21.01	20.19	19.76	17.73	19.03	19.03	22.03	22.24	18.89	18.19	17.84	16.60	17.25
Portland General Electric Company	26.97	26.23	24.05	23.29	22.87	22.07	21.14	20.50	21.64	21.05	19.58	19.15	29.91	27.69	26.40	25.49
Southern Company	24.69	23.81	23.04	21.43	21.09	20.34	19.21	18.15	17.08	16.23	15.24	14.42	13.86	13.13	12.16	11.43
TECO Energy, Inc.	11.68	11.43	11.27	10.74	10.58	10.50	10.10	9.75	9.43	9.56	8.25	7.64	6.43	8.93	14.85	14.12
Westar Energy, Inc.	27.68	26.92	25.34	23.88	22.89	22.03	21.25	20.59	20.18	19.14	17.61	16.31	16.13	13.98	13.41	25.60
Xcel Energy	22.19	21.22	20.33	19.21	18.19	17.44	16.76	15.92	15.35	14.70	14.28	13.37	12.99	12.95	11.70	17.95

	<u>10-Year Historical</u>	<u>5-Year Historical</u>	<u>3-Year Projected</u>
Alliant Energy	3.54%	3.17%	6.54%
Ameren Corp.	0.64%	-2.19%	2.94%
American Electric Power	4.08%	4.71%	4.94%
CMS Energy Corp.	1.78%	3.99%	5.48%
DTE Energy Company	4.42%	4.06%	4.67%
Great Plains Energy	5.41%	3.27%	2.92%
OGE Energy Corp.	8.77%	8.57%	4.95%
Pinnacle West Capital	2.43%	1.03%	4.54%
PNM Resources, Inc.	2.00%	-0.75%	1.74%
Portland General Electric Company	-1.29%	1.85%	5.01%
Southern Company	5.76%	5.30%	4.83%
TECO Energy, Inc.	-1.61%	3.15%	2.84%
Westar Energy, Inc.	3.06%	3.86%	5.04%
Xcel Energy	3.07%	4.35%	4.93%
<b>Average</b>	<b>3.00%</b>	<b>3.17%</b>	<b>4.38%</b>
<b>Average without OGE and TECO</b>	<b>2.91%</b>	<b>2.72%</b>	<b>4.47%</b>

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Ten-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates  
for the Fourteen Comparable Companies**

Company Name	----- 10-Year Annual Compound Growth Rates -----			Average of 10 Year Annual Compound Growth Rates
Company Name	DPS	EPS	BVPS	Growth Rates
Alliant Energy	0.74%	8.40%	3.54%	4.23%
Ameren Corp.	-4.61%	-4.15%	0.64%	-2.70%
American Electric Power	-1.26%	4.62%	4.08%	2.48%
CMS Energy Corp.	1.01%	NM	1.78%	1.39%
DTE Energy Company	1.71%	3.28%	4.42%	3.14%
Great Plains Energy	-6.46%	0.26%	5.41%	-0.26%
OGE Energy Corp.	1.90%	10.95%	8.77%	7.20%
Pinnacle West Capital	3.67%	1.17%	2.43%	2.42%
PNM Resources, Inc.	0.15%	-0.15%	2.00%	0.67%
Portland General Electric Company	NA	NA	-1.29%	-1.29%
Southern Company	3.63%	2.64%	5.76%	4.01%
TECO Energy, Inc.	-3.44%	-3.07%	-1.61%	-2.71%
Westar Energy, Inc.	2.28%	8.18%	3.06%	4.51%
Xcel Energy	-0.49%	1.31%	3.07%	1.29%
<b>Average</b>	<b>-0.09%</b>	<b>2.79%</b>	<b>3.00%</b>	<b>1.74%</b>
<b>Average without OGE and TECO</b>	<b>0.03%</b>	<b>2.56%</b>	<b>2.91%</b>	<b>1.66%</b>

Source: SNL Financial.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Five-Year Dividends Per Share, Earnings Per Share & Book Value Per Share Growth Rates  
for the Fourteen Comparable Companies**

Company Name	----- 5-Year Annual Compound Growth Rates -----			Average of 5 Year Annual Compound Growth Rates
DPS	EPS	BVPS		
Alliant Energy	7.09%	-0.17%	3.17%	3.36%
Ameren Corp.	-9.00%	-6.68%	-2.19%	-5.96%
American Electric Power	3.77%	0.23%	4.71%	2.90%
CMS Energy Corp.	38.17%	NM	3.99%	21.08%
DTE Energy Company	3.00%	3.41%	4.06%	3.49%
Great Plains Energy	-12.38%	-0.28%	3.27%	-3.13%
OGE Energy Corp.	3.25%	7.60%	8.57%	6.48%
Pinnacle West Capital	2.35%	4.83%	1.03%	2.74%
PNM Resources, Inc.	-6.05%	NM	-0.75%	-3.40%
Portland General Electric Company	4.60%	1.28%	1.85%	2.58%
Southern Company	3.99%	1.40%	5.30%	3.56%
TECO Energy, Inc.	2.30%	-3.45%	3.15%	0.67%
Westar Energy, Inc.	4.10%	3.42%	3.86%	3.79%
Xcel Energy	3.25%	5.30%	4.35%	4.30%
<b>Average</b>	<b>3.46%</b>	<b>1.41%</b>	<b>3.17%</b>	<b>3.03%</b>
<b>Average without OGE and TECO</b>	<b>3.57%</b>	<b>1.27%</b>	<b>2.72%</b>	<b>2.94%</b>

Source: SNL Financial.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Historical and Projected Growth Rates for the  
Fourteen Comparable Electric Companies**

Company Name	(1)	(2)	(3)
	10-Year Historical Growth Rate (DPS, EPS and BVPS)	5-Year Historical Growth Rate (DPS, EPS and BVPS)	Projected 5-Year EPS Growth FactSet (Mean) (%)
Alliant Energy	4.23%	3.36%	4.90
Ameren Corp.	-2.70%	-5.96%	8.43
American Electric Power	2.48%	2.90%	5.18
CMS Energy Corp.	NM	NM	5.98
DTE Energy Company	3.14%	3.49%	5.95
Great Plains Energy	-0.26%	-3.13%	4.62
OGE Energy Corp.	7.20%	6.48%	5.87
Pinnacle West Capital	2.42%	2.74%	4.00
PNM Resources, Inc.	0.67%	NM	7.43
Portland General Electric Company	-1.29%	2.58%	7.74
Southern Company	4.01%	3.56%	3.71
TECO Energy, Inc.	-2.71%	0.67%	6.65
Westar Energy, Inc.	4.51%	3.79%	3.38
Xcel Energy	1.29%	4.30%	4.97
<b>Average</b>	<b>1.77%</b>	<b>2.06%</b>	<b>5.63</b>
<b>Average without OGE and TECO</b>	<b>1.68%</b>	<b>1.76%</b>	<b>5.52</b>

Sources: Column 1 = Schedule 9-4  
Column 2 = Schedule 9-5.  
Column 3 = SNL Financial

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Average High / Low Stock Price for October 2014 through December 2014  
for the Comparable Electric Utility Companies**

Company Name	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	-- October 2014 --		-- November 2014 --		-- December 2014 --		<b>Average High/Low Stock Price (10/14 - 12/14)</b>
	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	High Stock Price	Low Stock Price	
Alliant Energy	62.30	55.38	63.73	61.35	69.78	61.94	<b>62.41</b>
Ameren Corp.	42.71	38.25	44.22	41.89	48.14	42.15	<b>42.89</b>
American Electric Power	58.61	51.97	59.84	55.90	63.22	56.97	<b>57.75</b>
CMS Energy Corp.	32.91	29.59	33.46	32.05	36.87	32.79	<b>32.95</b>
DTE Energy Company	82.33	75.76	84.42	79.54	90.77	80.71	<b>82.26</b>
Great Plains Energy	27.00	24.11	27.38	25.63	29.46	25.94	<b>26.59</b>
OGE Energy Corp.	37.56	33.06	37.90	35.64	36.70	32.85	<b>35.62</b>
Pinnacle West Capital	61.56	54.59	63.50	60.61	71.11	62.60	<b>62.33</b>
PNM Resources, Inc.	29.33	24.81	29.62	28.19	31.60	27.41	<b>28.49</b>
Portland General Electric Company	36.86	32.07	37.29	35.50	40.31	36.51	<b>36.42</b>
Southern Company	47.69	43.55	47.97	46.30	51.28	47.07	<b>47.31</b>
TECO Energy, Inc.	19.87	17.35	20.17	19.12	21.29	18.89	<b>19.45</b>
Westar Energy, Inc.	37.91	33.73	39.62	37.24	43.15	38.52	<b>38.36</b>
Xcel Energy	33.76	30.18	34.10	32.95	37.58	33.49	<b>33.68</b>

Notes:

Column 7 = [ ( Column 1 + Column 2 + Column 3 + Column 4 + Column 5 + Column 6 ) / 6 ].

Source: <http://finance.yahoo.com>



**The Empire District Electric Company  
Case No. ER-2014-0351**

**Constant-Growth Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)
Company Name	Expected Annual Dividend	Average High/Low Stock Price	Projected Dividend Yield
Alliant Energy	\$2.20	\$62.413	3.53%
Ameren Corp.	\$1.67	\$42.893	3.89%
American Electric Power	\$2.13	\$57.752	3.69%
CMS Energy Corp.	\$1.15	\$32.945	3.49%
DTE Energy Company	\$2.83	\$82.255	3.44%
Great Plains Energy	\$1.00	\$26.587	3.77%
OGE Energy Corp.	\$1.04	\$35.618	2.91%
Pinnacle West Capital	\$2.42	\$62.328	3.89%
PNM Resources, Inc.	\$0.80	\$28.493	2.82%
Portland General Electric Company	\$1.19	\$36.423	3.28%
Southern Company	\$2.15	\$47.310	4.55%
TECO Energy, Inc.	\$0.90	\$19.448	4.62%
Westar Energy, Inc.	\$1.45	\$38.362	3.79%
Xcel Energy	\$1.25	\$33.677	3.72%
<b>Average</b>			<u>3.67%</u>
<b>Average without OGE and TECO</b>			<b>3.65%</b>
<b>Proposed Dividend Yield:</b>			<b>3.70%</b>
<b>Proposed Range of Growth:</b>			<u><b>3.50% - 4.50%</b></u>
<b>Estimated Proxy Cost of Common Equity:</b>			<b>7.20 - 8.20%</b>

Notes: Column 1 = Expected Annual Dividend based on each company's 2015 fiscal year  
FactSet projected dividends per share according to SNL Financial.

Column 3 = ( Column 1 / Column 2 ).

Sources: Column 1 = SNL Financial

Column 2 = Schedule 11.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.58%	4.27%	3.95%	3.63%	3.32%	3.00%	6.80%
Ameren Corp.	\$1.64	8.43%	7.53%	6.62%	5.72%	4.81%	3.91%	3.00%	8.48%
American Electric Power	\$2.12	5.18%	4.82%	4.45%	4.09%	3.73%	3.36%	3.00%	7.34%
CMS Energy Corp.	\$1.08	5.98%	5.48%	4.99%	4.49%	3.99%	3.50%	3.00%	7.08%
DTE Energy Company	\$2.76	5.95%	5.46%	4.97%	4.48%	3.98%	3.49%	3.00%	7.17%
Great Plains Energy	\$0.98	4.62%	4.35%	4.08%	3.81%	3.54%	3.27%	3.00%	7.21%
OGE Energy Corp.	\$1.00	5.87%	5.39%	4.91%	4.44%	3.96%	3.48%	3.00%	6.48%
Pinnacle West Capital	\$2.38	4.00%	3.83%	3.67%	3.50%	3.33%	3.17%	3.00%	7.19%
PNM Resources, Inc.	\$0.80	7.43%	6.69%	5.95%	5.22%	4.48%	3.74%	3.00%	6.84%
Portland General Electric	\$1.12	7.74%	6.95%	6.16%	5.37%	4.58%	3.79%	3.00%	7.27%
Southern Company	\$2.10	3.71%	3.59%	3.47%	3.36%	3.24%	3.12%	3.00%	7.78%
TECO Energy, Inc.	\$0.88	6.65%	6.04%	5.43%	4.83%	4.22%	3.61%	3.00%	8.81%
Westar Energy, Inc.	\$1.40	3.38%	3.32%	3.25%	3.19%	3.13%	3.06%	3.00%	6.85%
Xcel Energy	\$1.20	4.97%	4.64%	4.31%	3.99%	3.66%	3.33%	3.00%	7.16%
<b>Average</b>									<b>7.32%</b>
<b>Average without OGE and TECO</b>									<b>7.26%</b>
<b>Average of Broad Group without Ameren and PNM for Backdating Comparision</b>									<b>7.26%</b>
<b>Average of Refined Group without Ameren and PNM for Backdating Comparision</b>									<b>7.18%</b>

Sources: Column 1 = SNL Financial

Column 2 = Schedule 10-6

Column 8 = See range of averages from Schedules 14-1 through Schedule 14-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.67%	4.43%	4.20%	3.97%	3.73%	3.50%	7.20%
Ameren Corp.	\$1.64	8.43%	7.61%	6.79%	5.97%	5.14%	4.32%	3.50%	8.84%
American Electric Power	\$2.12	5.18%	4.90%	4.62%	4.34%	4.06%	3.78%	3.50%	7.72%
CMS Energy Corp.	\$1.08	5.98%	5.57%	5.15%	4.74%	4.33%	3.91%	3.50%	7.47%
DTE Energy Company	\$2.76	5.95%	5.54%	5.13%	4.73%	4.32%	3.91%	3.50%	7.56%
Great Plains Energy	\$0.98	4.62%	4.43%	4.25%	4.06%	3.87%	3.69%	3.50%	7.59%
OGE Energy Corp.	\$1.00	5.87%	5.48%	5.08%	4.69%	4.29%	3.90%	3.50%	6.88%
Pinnacle West Capital	\$2.38	4.00%	3.92%	3.83%	3.75%	3.67%	3.58%	3.50%	7.58%
PNM Resources, Inc.	\$0.80	7.43%	6.78%	6.12%	5.47%	4.81%	4.16%	3.50%	7.23%
Portland General Electric	\$1.12	7.74%	7.03%	6.33%	5.62%	4.91%	4.21%	3.50%	7.66%
Southern Company	\$2.10	3.71%	3.68%	3.64%	3.61%	3.57%	3.54%	3.50%	8.15%
TECO Energy, Inc.	\$0.88	6.65%	6.13%	5.60%	5.08%	4.55%	4.03%	3.50%	9.17%
Westar Energy, Inc.	\$1.40	3.38%	3.40%	3.42%	3.44%	3.46%	3.48%	3.50%	7.25%
Xcel Energy	\$1.20	4.97%	4.73%	4.48%	4.24%	3.99%	3.75%	3.50%	7.55%
<b>Average</b>									<b>7.70%</b>
<b>Average without OGE and TECO</b>									<b>7.65%</b>
<b>Average of Broad Group without Ameren and PNM for Backdating Comparision</b>									<b>7.65%</b>
<b>Average of Refined Group without Ameren and PNM for Backdating Comparision</b>									<b>7.57%</b>

Sources: Column 1 = SNL Financial.

Column 2 = Schedule 10-6

Column 8 = See range of averages from Schedules 14-1 through Schedule 14-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.75%	4.60%	4.45%	4.30%	4.15%	4.00%	7.60%
Ameren Corp.	\$1.64	8.43%	7.69%	6.95%	6.22%	5.48%	4.74%	4.00%	9.21%
American Electric Power	\$2.12	5.18%	4.98%	4.79%	4.59%	4.39%	4.20%	4.00%	8.11%
CMS Energy Corp.	\$1.08	5.98%	5.65%	5.32%	4.99%	4.66%	4.33%	4.00%	7.86%
DTE Energy Company	\$2.76	5.95%	5.63%	5.30%	4.98%	4.65%	4.33%	4.00%	7.95%
Great Plains Energy	\$0.98	4.62%	4.52%	4.41%	4.31%	4.21%	4.10%	4.00%	7.99%
OGE Energy Corp.	\$1.00	5.87%	5.56%	5.25%	4.94%	4.62%	4.31%	4.00%	7.29%
Pinnacle West Capital	\$2.38	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	7.97%
PNM Resources, Inc.	\$0.80	7.43%	6.86%	6.29%	5.72%	5.14%	4.57%	4.00%	7.63%
Portland General Electric	\$1.12	7.74%	7.12%	6.49%	5.87%	5.25%	4.62%	4.00%	8.05%
Southern Company	\$2.10	3.71%	3.76%	3.81%	3.86%	3.90%	3.95%	4.00%	8.53%
TECO Energy, Inc.	\$0.88	6.65%	6.21%	5.77%	5.33%	4.88%	4.44%	4.00%	9.53%
Westar Energy, Inc.	\$1.40	3.38%	3.48%	3.59%	3.69%	3.79%	3.90%	4.00%	7.64%
Xcel Energy	\$1.20	4.97%	4.81%	4.65%	4.49%	4.32%	4.16%	4.00%	7.94%
<b>Average</b>									<b>8.09%</b>
<b>Average without OGE and TECO</b>									<b>8.04%</b>
<b>Average of Broad Group without Ameren and PNM for Backdating Comparision</b>									<b>8.04%</b>
<b>Average of Refined Group without Ameren and PNM for Backdating Comparision</b>									<b>7.96%</b>

Sources: Column 1 = SNL Financial.

Column 2 = Schedule 10-6

Column 8 = See range of averages from Schedules 14-1 through Schedule 14-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.82%	4.73%	4.65%	4.57%	4.48%	4.40%	7.92%
Ameren Corp.	\$1.64	8.43%	7.76%	7.09%	6.42%	5.74%	5.07%	4.40%	9.50%
American Electric Power	\$2.12	5.18%	5.05%	4.92%	4.79%	4.66%	4.53%	4.40%	8.42%
CMS Energy Corp.	\$1.08	5.98%	5.72%	5.45%	5.19%	4.93%	4.66%	4.40%	8.18%
DTE Energy Company	\$2.76	5.95%	5.69%	5.43%	5.18%	4.92%	4.66%	4.40%	8.26%
Great Plains Energy	\$0.98	4.62%	4.58%	4.55%	4.51%	4.47%	4.44%	4.40%	8.30%
OGE Energy Corp.	\$1.00	5.87%	5.63%	5.38%	5.14%	4.89%	4.65%	4.40%	7.62%
Pinnacle West Capital	\$2.38	4.00%	4.07%	4.13%	4.20%	4.27%	4.33%	4.40%	8.28%
PNM Resources, Inc.	\$0.80	7.43%	6.93%	6.42%	5.92%	5.41%	4.91%	4.40%	7.95%
Portland General Electric (	\$1.12	7.74%	7.18%	6.63%	6.07%	5.51%	4.96%	4.40%	8.36%
Southern Company	\$2.10	3.71%	3.83%	3.94%	4.06%	4.17%	4.29%	4.40%	8.84%
TECO Energy, Inc.	\$0.88	6.65%	6.28%	5.90%	5.53%	5.15%	4.78%	4.40%	9.81%
Westar Energy, Inc.	\$1.40	3.38%	3.55%	3.72%	3.89%	4.06%	4.23%	4.40%	7.96%
Xcel Energy	\$1.20	4.97%	4.88%	4.78%	4.69%	4.59%	4.50%	4.40%	8.25%
								<b>Average</b>	<b>8.41%</b>
								<b>Average without OGE and TECO</b>	<b>8.35%</b>

Sources: Column 1 = SNL Financial.

Column 2 = Schedule 10-6

Column 8 = Compounding the expected GDP price deflator of 2% with the long term real GDP growth of 2.35%.

The Empire District Electric Company  
Case No. ER-2014-0351

Central Region Electric Utility Proxy Group  
EPS

Ten-Year Compound Growth Rate Averages (1968-1999)

Years	Dayton P & L/ DPL	Detroit Edison/ DTE	Empire	IPALCO	Kansas City P & L	Northern States Power	Okla. Gas & Electric/ OGE Energy Corp.	SJL&P	WPS Resources/ Wisconsin Public Serv.	WI Energy/ WI Electric Power	Average
1968-70 to 1978-80	-1.74%	-0.57%	0.24%	4.13%	1.77%	4.13%	1.16%	1.40%	6.23%	6.32%	2.31%
1969-71 to 1979-81	-0.21%	0.05%	-0.64%	4.30%	2.62%	4.02%	0.48%	1.66%	6.60%	6.79%	2.57%
1970-72 to 1980-82	0.98%	-0.46%	0.41%	3.14%	3.24%	4.48%	1.88%	2.66%	6.41%	7.24%	3.00%
1971-73 to 1981-83	2.72%	0.53%	2.64%	2.87%	4.83%	6.11%	2.90%	4.03%	6.92%	7.77%	4.13%
1972-74 to 1982-84	3.71%	1.48%	5.33%	4.69%	6.44%	7.64%	3.02%	5.65%	7.78%	8.25%	5.40%
1973-75 to 1983-85	4.19%	3.60%	6.21%	5.91%	7.60%	8.08%	2.58%	6.94%	8.54%	9.39%	6.30%
1974-76 to 1984-86	4.19%	4.41%	6.50%	5.86%	5.75%	8.03%	2.81%	7.89%	7.98%	9.60%	6.30%
1975-77 to 1985-87	5.10%	4.69%	5.70%	4.19%	4.26%	7.59%	2.90%	8.10%	6.81%	9.18%	5.85%
1976-78 to 1986-88	5.84%	4.29%	5.68%	5.40%	3.02%	7.24%	3.92%	7.95%	5.98%	8.86%	5.82%
1977-79 to 1987-89	6.16%	3.93%	5.49%	5.09%	4.12%	6.73%	5.22%	8.49%	5.08%	8.96%	5.93%
1978-80 to 1988-90	5.61%	4.41%	5.52%	5.11%	3.09%	6.07%	6.65%	8.20%	4.35%	9.08%	5.81%
1979-81 to 1989-91	3.75%	5.35%	6.06%	4.67%	1.90%	5.45%	6.56%	7.68%	3.70%	8.07%	5.32%
1980-82 to 1990-92	2.46%	6.83%	4.65%	4.43%	0.31%	3.15%	3.63%	5.76%	3.91%	6.16%	4.13%
1981-83 to 1991-93	1.00%	6.06%	2.56%	3.11%	-1.01%	1.58%	1.58%	3.37%	3.45%	4.33%	2.60%
1982-84 to 1992-94	1.31%	4.75%	-0.16%	1.44%	-2.03%	0.83%	0.71%	2.88%	2.19%	2.64%	1.46%
1983-85 to 1993-95	1.36%	2.97%	-1.18%	1.78%	-2.21%	1.85%	1.81%	2.46%	1.03%	2.58%	1.24%
1984-86 to 1994-96	1.71%	1.79%	-1.39%	3.31%	-1.08%	2.26%	2.15%	2.56%	0.20%	2.27%	1.38%
1985-87 to 1995-97	1.65%	0.64%	-1.47%	4.22%	0.35%	1.90%	2.19%	1.90%	0.12%	-0.46%	1.10%
1986-88 to 1996-98	2.28%	0.57%	-0.92%	4.59%	1.57%	1.50%	2.11%	1.34%	-0.86%	-2.24%	0.99%
1987-89 to 1997-99	2.62%	1.08%	-0.46%	5.06%	0.15%	0.40%	2.36%	0.49%	-0.38%	-3.07%	0.83%
<b>Average</b>	<b>2.73%</b>	<b>2.82%</b>	<b>2.54%</b>	<b>4.17%</b>	<b>2.23%</b>	<b>4.45%</b>	<b>2.83%</b>	<b>4.57%</b>	<b>4.30%</b>	<b>5.59%</b>	<b>3.62%</b>

**The Empire District Electric Company**  
**Case No. ER-2014-0351**  
**Central Region Electric Utility Proxy Group**  
**DPS**

**Ten-Year Compound Growth Rate Averages (1968-1999)**

Years	Dayton P & L/ DPL	Detroit Edison/ DTE	Empire	IPALCO	Kansas City P & L	Northern States Power	Okla. Gas & Electric/ OGE Energy Corp.	SJL&P	WPS Resources/ Wisconsin Public Serv.	WI Energy/ WI Electric Power	<b>Average</b>
1968-70 to 1978-80	0.90%	1.17%	2.45%	3.52%	3.34%	3.37%	3.79%	1.89%	4.36%	5.46%	<b>3.03%</b>
1969-71 to 1979-81	0.87%	1.43%	2.17%	4.15%	3.03%	3.76%	3.52%	1.89%	4.69%	5.70%	<b>3.12%</b>
1970-72 to 1980-82	1.04%	1.59%	1.90%	4.69%	3.17%	4.02%	3.32%	2.01%	5.13%	5.98%	<b>3.28%</b>
1971-73 to 1981-83	1.41%	1.64%	1.98%	4.92%	3.56%	4.39%	3.35%	2.28%	5.64%	6.23%	<b>3.54%</b>
1972-74 to 1982-84	1.70%	1.60%	2.32%	4.95%	4.13%	4.88%	3.49%	2.82%	6.18%	6.37%	<b>3.84%</b>
1973-75 to 1983-85	1.89%	1.48%	2.86%	5.03%	4.45%	5.60%	3.62%	3.50%	6.72%	6.52%	<b>4.17%</b>
1974-76 to 1984-86	1.89%	1.48%	3.31%	5.19%	4.12%	6.31%	3.75%	4.32%	7.18%	6.78%	<b>4.43%</b>
1975-77 to 1985-87	2.01%	1.44%	3.77%	5.73%	3.40%	6.78%	3.91%	4.97%	7.38%	7.08%	<b>4.65%</b>
1976-78 to 1986-88	2.26%	1.28%	4.14%	5.65%	2.96%	6.95%	4.04%	5.36%	7.30%	7.34%	<b>4.73%</b>
1977-79 to 1987-89	2.56%	0.94%	4.50%	5.49%	3.16%	6.96%	4.14%	5.72%	7.00%	7.51%	<b>4.80%</b>
1978-80 to 1988-90	2.83%	0.86%	4.81%	4.96%	3.58%	6.86%	4.27%	6.10%	6.66%	7.65%	<b>4.86%</b>
1979-81 to 1989-91	2.92%	0.99%	5.08%	4.80%	3.77%	6.72%	4.33%	6.53%	6.26%	7.68%	<b>4.91%</b>
1980-82 to 1990-92	2.83%	1.38%	5.27%	4.53%	3.78%	6.54%	4.30%	6.63%	5.83%	7.59%	<b>4.87%</b>
1981-83 to 1991-93	2.59%	1.70%	5.18%	4.24%	3.47%	6.22%	4.02%	6.49%	5.30%	7.29%	<b>4.65%</b>
1982-84 to 1992-94	2.59%	1.93%	4.80%	3.96%	3.02%	5.75%	3.64%	6.03%	4.65%	6.89%	<b>4.33%</b>
1983-85 to 1993-95	2.89%	2.06%	4.22%	3.75%	2.72%	5.14%	3.21%	5.50%	3.88%	6.44%	<b>3.98%</b>
1984-86 to 1994-96	3.41%	2.06%	3.58%	3.69%	3.14%	4.49%	2.77%	4.90%	3.15%	6.00%	<b>3.72%</b>
1985-87 to 1995-97	3.79%	2.06%	2.92%	1.92%	3.74%	3.91%	2.33%	4.42%	2.63%	5.54%	<b>3.33%</b>
1986-88 to 1996-98	3.95%	2.06%	2.30%	0.76%	3.99%	3.46%	1.87%	3.92%	2.39%	5.00%	<b>2.97%</b>
1987-89 to 1997-99	3.81%	2.06%	1.74%	-0.41%	3.52%	3.11%	1.42%	3.37%	2.31%	4.36%	<b>2.53%</b>
<b>Average</b>	<b>2.41%</b>	<b>1.56%</b>	<b>3.46%</b>	<b>4.08%</b>	<b>3.50%</b>	<b>5.26%</b>	<b>3.46%</b>	<b>4.43%</b>	<b>5.23%</b>	<b>6.47%</b>	<b>3.99%</b>

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Central Region Electric Utility Proxy Group  
BVPS  
Ten-Year Compound Growth Rate Averages (1968-1999)**

Years	Dayton P & L/ DPL	Detroit Edison/ DTE	Empire	IPALCO	Kansas City P & L	Northern States Power	Okla. Gas & Electric/ OGE Energy Corp.	SJL&P	WPS Resources/ Wisconsin Public Serv.	WI Energy/ WI Electric Power	<b>Average</b>
1968-70 to 1978-80	1.40%	0.04%	2.37%	5.21%	1.88%	4.34%	5.76%	1.28%	4.13%	4.03%	<b>3.05%</b>
1969-71 to 1979-81	0.84%	-0.35%	1.93%	4.93%	1.51%	4.19%	4.58%	1.15%	4.37%	3.71%	<b>2.69%</b>
1970-72 to 1980-82	0.28%	-0.88%	1.63%	4.43%	1.19%	4.15%	3.83%	1.13%	4.50%	3.84%	<b>2.41%</b>
1971-73 to 1981-83	0.16%	-1.30%	1.58%	3.84%	1.20%	4.31%	3.00%	1.31%	4.57%	4.09%	<b>2.27%</b>
1972-74 to 1982-84	0.27%	-1.51%	1.89%	3.77%	1.35%	4.72%	2.66%	1.65%	4.89%	4.49%	<b>2.42%</b>
1973-75 to 1983-85	0.25%	-1.27%	2.32%	3.99%	1.88%	5.18%	2.33%	2.36%	5.27%	5.02%	<b>2.73%</b>
1974-76 to 1984-86	0.30%	-0.77%	2.82%	4.47%	2.26%	5.56%	2.43%	3.27%	5.56%	5.52%	<b>3.14%</b>
1975-77 to 1985-87	0.27%	-0.18%	3.17%	4.63%	2.54%	5.73%	2.33%	4.20%	5.57%	5.86%	<b>3.41%</b>
1976-78 to 1986-88	0.66%	-0.61%	3.51%	4.82%	2.32%	5.80%	2.33%	4.89%	5.42%	6.11%	<b>3.53%</b>
1977-79 to 1987-89	1.13%	-1.05%	3.79%	4.77%	2.28%	5.80%	2.30%	5.41%	5.16%	6.38%	<b>3.60%</b>
1978-80 to 1988-90	1.80%	-1.34%	4.17%	4.79%	2.28%	5.74%	2.57%	5.69%	4.77%	6.69%	<b>3.72%</b>
1979-81 to 1989-91	2.31%	-0.30%	4.59%	4.84%	2.44%	5.65%	2.92%	5.82%	4.27%	6.91%	<b>3.95%</b>
1980-82 to 1990-92	2.29%	0.97%	4.88%	4.92%	2.41%	5.43%	2.96%	5.72%	3.96%	6.94%	<b>4.05%</b>
1981-83 to 1991-93	1.97%	2.03%	4.82%	4.84%	2.10%	5.14%	2.75%	5.41%	3.75%	6.74%	<b>3.95%</b>
1982-84 to 1992-94	1.84%	2.72%	4.36%	4.50%	1.71%	4.77%	2.37%	5.01%	3.57%	6.33%	<b>3.72%</b>
1983-85 to 1993-95	2.33%	2.95%	3.83%	4.15%	1.17%	4.46%	2.16%	4.60%	3.29%	5.91%	<b>3.48%</b>
1984-86 to 1994-96	2.78%	2.82%	3.34%	3.73%	0.78%	4.21%	1.91%	4.27%	2.99%	5.48%	<b>3.23%</b>
1985-87 to 1995-97	3.14%	2.52%	2.92%	2.52%	0.41%	4.01%	1.85%	3.99%	2.77%	4.81%	<b>2.89%</b>
1986-88 to 1996-98	3.26%	3.25%	2.56%	1.45%	0.50%	3.81%	1.86%	3.75%	2.43%	3.99%	<b>2.69%</b>
1987-89 to 1997-99	3.42%	4.16%	2.20%	1.19%	0.42%	3.56%	2.04%	3.47%	2.20%	3.17%	<b>2.58%</b>
<b>Average</b>	<b>1.54%</b>	<b>0.60%</b>	<b>3.13%</b>	<b>4.09%</b>	<b>1.63%</b>	<b>4.83%</b>	<b>2.75%</b>	<b>3.72%</b>	<b>4.17%</b>	<b>5.30%</b>	<b>3.18%</b>



The Empire District Electric Company  
Case No. ER-2014-0351

Central Region Electric Utility Proxy Group  
DPS, EPS, BVPS & GDP  
Ten-Year Compound Growth Rate Averages (1968-1999)

<u>DPS</u>		<u>EPS</u>		<u>BVPS</u>		<u>Average</u>	<u>GDP</u>	
	10 yr compound		10 yr compound		10 yr compound	DPS, EPS and		10 yr compound
Years	growth rate avgs	Years	growth rate avgs	Years	growth rate avgs	BVPS	Years	growth rate avgs
1968-70 to 1978-80	3.03%	1968-70 to 1978-80	2.31%	1968-70 to 1978-80	3.05%	2.79%	1968-70 to 1978-80	10.05%
1969-71 to 1979-81	3.12%	1969-71 to 1979-81	2.57%	1969-71 to 1979-81	2.69%	2.79%	1969-71 to 1979-81	10.41%
1970-72 to 1980-82	3.28%	1970-72 to 1980-82	3.00%	1970-72 to 1980-82	2.41%	2.90%	1970-72 to 1980-82	10.42%
1971-73 to 1981-83	3.54%	1971-73 to 1981-83	4.13%	1971-73 to 1981-83	2.27%	3.32%	1971-73 to 1981-83	10.22%
1972-74 to 1982-84	3.84%	1972-74 to 1982-84	5.40%	1972-74 to 1982-84	2.42%	3.89%	1972-74 to 1982-84	10.03%
1973-75 to 1983-85	4.17%	1973-75 to 1983-85	6.30%	1973-75 to 1983-85	2.73%	4.40%	1973-75 to 1983-85	9.96%
1974-76 to 1984-86	4.43%	1974-76 to 1984-86	6.30%	1974-76 to 1984-86	3.14%	4.63%	1974-76 to 1984-86	9.77%
1975-77 to 1985-87	4.65%	1975-77 to 1985-87	5.85%	1975-77 to 1985-87	3.41%	4.64%	1975-77 to 1985-87	9.34%
1976-78 to 1986-88	4.73%	1976-78 to 1986-88	5.82%	1976-78 to 1986-88	3.53%	4.69%	1976-78 to 1986-88	8.80%
1977-79 to 1987-89	4.80%	1977-79 to 1987-89	5.93%	1977-79 to 1987-89	3.60%	4.77%	1977-79 to 1987-89	8.32%
1978-80 to 1988-90	4.86%	1978-80 to 1988-90	5.81%	1978-80 to 1988-90	3.72%	4.79%	1978-80 to 1988-90	7.92%
1979-81 to 1989-91	4.91%	1979-81 to 1989-91	5.32%	1979-81 to 1989-91	3.95%	4.72%	1979-81 to 1989-91	7.38%
1980-82 to 1990-92	4.87%	1980-82 to 1990-92	4.13%	1980-82 to 1990-92	4.05%	4.35%	1980-82 to 1990-92	7.06%
1981-83 to 1991-93	4.65%	1981-83 to 1991-93	2.60%	1981-83 to 1991-93	3.95%	3.74%	1981-83 to 1991-93	6.72%
1982-84 to 1992-94	4.33%	1982-84 to 1992-94	1.46%	1982-84 to 1992-94	3.72%	3.17%	1982-84 to 1992-94	6.49%
1983-85 to 1993-95	3.98%	1983-85 to 1993-95	1.24%	1983-85 to 1993-95	3.48%	2.90%	1983-85 to 1993-95	6.12%
1984-86 to 1994-96	3.72%	1984-86 to 1994-96	1.38%	1984-86 to 1994-96	3.23%	2.78%	1984-86 to 1994-96	5.89%
1985-87 to 1995-97	3.33%	1985-87 to 1995-97	1.10%	1985-87 to 1995-97	2.89%	2.44%	1985-87 to 1995-97	5.81%
1986-88 to 1996-98	2.97%	1986-88 to 1996-98	0.99%	1986-88 to 1996-98	2.69%	2.22%	1986-88 to 1996-98	5.73%
1987-89 to 1997-99	2.53%	1987-89 to 1997-99	0.83%	1987-89 to 1997-99	2.58%	1.98%	1987-89 to 1997-99	5.63%
<b>Average</b>	<b>3.99%</b>	<b>Average</b>	<b>3.62%</b>	<b>Average</b>	<b>3.18%</b>		<b>Average</b>	<b>8.10%</b>
<b>Average of 10-year Rolling Averages EPS, DPS and BVPS</b>			<b>3.59%</b>					

Sources: Value Line Investment Survey and St. Louis Federal Reserve Website

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for "the 2012 Rate Cases" Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.58%	4.27%	3.95%	3.63%	3.32%	3.00%	6.80%
American Electric Power	\$2.12	5.18%	4.82%	4.45%	4.09%	3.73%	3.36%	3.00%	7.34%
Cleco Corp.	\$1.60	4.00%	3.83%	3.67%	3.50%	3.33%	3.17%	3.00%	6.34%
Great Plains Energy	\$0.98	4.62%	4.35%	4.08%	3.81%	3.54%	3.27%	3.00%	7.21%
IDACORP, Inc.	\$1.88	4.00%	3.83%	3.67%	3.50%	3.33%	3.17%	3.00%	6.32%
Pinnacle West Capital	\$2.38	4.00%	3.83%	3.67%	3.50%	3.33%	3.17%	3.00%	7.19%
Southern Company	\$2.10	3.71%	3.59%	3.47%	3.36%	3.24%	3.12%	3.00%	7.78%
Westar Energy, Inc.	\$1.40	3.38%	3.32%	3.25%	3.19%	3.13%	3.06%	3.00%	6.85%
Wisconsin Energy	\$1.69	5.27%	4.89%	4.51%	4.14%	3.76%	3.38%	3.00%	7.09%
Xcel Energy	\$1.20	4.97%	4.64%	4.31%	3.99%	3.66%	3.33%	3.00%	7.16%
Average									<b>7.01%</b>
Average w/o Cleco and Wisconsin Energy									<b>7.08%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for "the 2012 Rate Cases" Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.67%	4.43%	4.20%	3.97%	3.73%	3.50%	7.20%
American Electric Power	\$2.12	5.18%	4.90%	4.62%	4.34%	4.06%	3.78%	3.50%	7.72%
Cleco Corp.	\$1.60	4.00%	3.92%	3.83%	3.75%	3.67%	3.58%	3.50%	6.74%
Great Plains Energy	\$0.98	4.62%	4.43%	4.25%	4.06%	3.87%	3.69%	3.50%	7.59%
IDACORP, Inc.	\$1.88	4.00%	3.92%	3.83%	3.75%	3.67%	3.58%	3.50%	6.73%
Pinnacle West Capital	\$2.38	4.00%	3.92%	3.83%	3.75%	3.67%	3.58%	3.50%	7.58%
Southern Company	\$2.10	3.71%	3.68%	3.64%	3.61%	3.57%	3.54%	3.50%	8.15%
Westar Energy, Inc.	\$1.40	3.38%	3.40%	3.42%	3.44%	3.46%	3.48%	3.50%	7.25%
Wisconsin Energy	\$1.69	5.27%	4.98%	4.68%	4.39%	4.09%	3.80%	3.50%	7.48%
Xcel Energy	\$1.20	4.97%	4.73%	4.48%	4.24%	3.99%	3.75%	3.50%	7.55%
								Average	<b>7.40%</b>
								Average w/o Cleco and Wisconsin Energy	<b>7.47%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Updated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for "the 2012 Rate Cases" Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$2.04	4.90%	4.75%	4.60%	4.45%	4.30%	4.15%	4.00%	7.60%
American Electric Power	\$2.12	5.18%	4.98%	4.79%	4.59%	4.39%	4.20%	4.00%	8.11%
Cleco Corp.	\$1.60	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	7.15%
Great Plains Energy	\$0.98	4.62%	4.52%	4.41%	4.31%	4.21%	4.10%	4.00%	7.99%
IDACORP, Inc.	\$1.88	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	7.14%
Pinnacle West Capital	\$2.38	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	7.97%
Southern Company	\$2.10	3.71%	3.76%	3.81%	3.86%	3.90%	3.95%	4.00%	8.53%
Westar Energy, Inc.	\$1.40	3.38%	3.48%	3.59%	3.69%	3.79%	3.90%	4.00%	7.64%
Wisconsin Energy	\$1.69	5.27%	5.06%	4.85%	4.64%	4.42%	4.21%	4.00%	7.87%
Xcel Energy	\$1.20	4.97%	4.81%	4.65%	4.49%	4.32%	4.16%	4.00%	7.94%
								Average	<b>7.79%</b>
								Average w/o Cleco and Wisconsin Energy	<b>7.86%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$1.80	6.18%	5.65%	5.12%	4.59%	4.06%	3.53%	3.00%	8.17%
American Electric Power	\$1.88	3.09%	3.08%	3.06%	3.05%	3.03%	3.02%	3.00%	8.66%
CMS Energy Corp.	\$0.96	5.90%	5.42%	4.93%	4.45%	3.97%	3.48%	3.00%	8.36%
DTE Energy Company	\$2.35	4.38%	4.15%	3.92%	3.69%	3.46%	3.23%	3.00%	8.05%
Great Plains Energy	\$0.85	7.63%	6.86%	6.09%	5.32%	4.54%	3.77%	3.00%	8.53%
OGE Energy Corp.	\$0.79	5.87%	5.39%	4.91%	4.44%	3.96%	3.48%	3.00%	6.71%
Pinnacle West Capital	\$2.10	6.18%	5.65%	5.12%	4.59%	4.06%	3.53%	3.00%	8.51%
Portland General Electric Compa	\$1.06	4.35%	4.13%	3.90%	3.68%	3.45%	3.23%	3.00%	8.05%
Southern Company	\$1.89	5.33%	4.94%	4.55%	4.17%	3.78%	3.39%	3.00%	8.13%
TECO Energy, Inc.	\$0.88	5.20%	4.83%	4.47%	4.10%	3.73%	3.37%	3.00%	9.07%
Westar Energy, Inc.	\$1.32	5.75%	5.29%	4.83%	4.38%	3.92%	3.46%	3.00%	8.85%
Xcel Energy	\$1.04	4.65%	4.38%	4.10%	3.83%	3.55%	3.28%	3.00%	7.72%
								<b>Average</b>	<b>8.23%</b>
								<b>Average without OGE and TECO</b>	<b>8.30%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$1.80	6.18%	5.73%	5.29%	4.84%	4.39%	3.95%	3.50%	8.53%
American Electric Power	\$1.88	3.09%	3.16%	3.23%	3.30%	3.36%	3.43%	3.50%	8.47%
CMS Energy Corp.	\$0.96	5.90%	5.50%	5.10%	4.70%	4.30%	3.90%	3.50%	8.67%
DTE Energy Company	\$2.35	4.38%	4.23%	4.09%	3.94%	3.79%	3.65%	3.50%	8.13%
Great Plains Energy	\$0.85	7.63%	6.94%	6.25%	5.57%	4.88%	4.19%	3.50%	9.15%
OGE Energy Corp.	\$0.79	5.87%	5.48%	5.08%	4.69%	4.29%	3.90%	3.50%	7.07%
Pinnacle West Capital	\$2.10	6.18%	5.73%	5.29%	4.84%	4.39%	3.95%	3.50%	8.87%
Portland General Electric	\$1.06	4.35%	4.21%	4.07%	3.93%	3.78%	3.64%	3.50%	8.12%
Southern Company	\$1.89	5.33%	5.03%	4.72%	4.42%	4.11%	3.81%	3.50%	8.36%
TECO Energy, Inc.	\$0.88	5.20%	4.92%	4.63%	4.35%	4.07%	3.78%	3.50%	9.23%
Westar Energy, Inc.	\$1.32	5.75%	5.38%	5.00%	4.63%	4.25%	3.88%	3.50%	9.12%
Xcel Energy	\$1.04	4.65%	4.46%	4.27%	4.08%	3.88%	3.69%	3.50%	7.86%
								<b>Average</b>	<b>8.47%</b>
								<b>Average without OGE and TECO</b>	<b>8.53%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company  
Case No. ER-2014-0351**

**Backdated Multiple-Stage Discounted Cash Flow (DCF) Estimated Costs of Common Equity  
for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Company Name	Annualized Quarterly Dividend	Growth Years 1-5	6	7	Growth Years 8	9	10	Growth in Perpetuity	Cost of Equity
Alliant Energy	\$1.80	6.18%	5.82%	5.45%	5.09%	4.73%	4.36%	4.00%	8.91%
American Electric Power	\$1.88	3.09%	3.24%	3.39%	3.55%	3.70%	3.85%	4.00%	8.84%
CMS Energy Corp.	\$0.96	5.90%	5.58%	5.27%	4.95%	4.63%	4.32%	4.00%	9.04%
DTE Energy Company	\$2.35	4.38%	4.32%	4.25%	4.19%	4.13%	4.06%	4.00%	8.51%
Great Plains Energy	\$0.85	7.63%	7.03%	6.42%	5.82%	5.21%	4.61%	4.00%	9.51%
OGE Energy Corp.	\$0.79	5.87%	5.56%	5.25%	4.94%	4.62%	4.31%	4.00%	7.47%
Pinnacle West Capital	\$2.10	6.18%	5.82%	5.45%	5.09%	4.73%	4.36%	4.00%	9.24%
Portland General Electric Company	\$1.06	4.35%	4.29%	4.23%	4.18%	4.12%	4.06%	4.00%	8.50%
Southern Company	\$1.89	5.33%	5.11%	4.89%	4.67%	4.44%	4.22%	4.00%	8.73%
TECO Energy, Inc.	\$0.88	5.20%	5.00%	4.80%	4.60%	4.40%	4.20%	4.00%	9.58%
Westar Energy, Inc.	\$1.32	5.75%	5.46%	5.17%	4.88%	4.58%	4.29%	4.00%	9.48%
Xcel Energy	\$1.04	4.65%	4.54%	4.43%	4.33%	4.22%	4.11%	4.00%	8.25%
								<b>Average</b>	<b>8.84%</b>
								<b>Average without OGE and TECO</b>	<b>8.90%</b>

Sources: Column 1 = SNL Financial

Column 8 = See range of averages from Schedules 13-1 through Schedule 13-4.

**The Empire District Electric Company**  
**Case No. ER-2014-0351**

**Capital Asset Pricing Model (CAPM) Costs of Common Equity Estimates**  
**Based on Historical Return Differences Between Common Stocks and Long-Term U.S. Treasuries**  
**for the Comparable Electric Utility Companies**

	(1)	(2)	(3)	(4)	(5)	(6)
			Arithmetic Average Market Risk Premium (1926-2013)	Geometric Average Market Risk Premium (1926-2013)	Arithmetic CAPM Cost of Common Equity (1926-2013)	Geometric CAPM Cost of Common Equity (1926-2013)
Company Name	Risk Free Rate	Beta				
Alliant Energy	2.97%	0.83	6.20%	4.64%	8.13%	6.83%
Ameren Corp.	2.97%	0.76	6.20%	4.64%	7.67%	6.49%
American Electric Power	2.97%	0.73	6.20%	4.64%	7.47%	6.33%
CMS Energy Corp.	2.97%	0.77	6.20%	4.64%	7.72%	6.52%
DTE Energy Company	2.97%	0.75	6.20%	4.64%	7.63%	6.46%
Great Plains Energy	2.97%	0.87	6.20%	4.64%	8.38%	7.02%
OGE Energy Corp.	2.97%	0.93	6.20%	4.64%	8.71%	7.27%
Pinnacle West Capital	2.97%	0.78	6.20%	4.64%	7.80%	6.58%
PNM Resources, Inc.	2.97%	0.88	6.20%	4.64%	8.42%	7.05%
Portland General Electric Co.	2.97%	0.79	6.20%	4.64%	7.88%	6.65%
Southern Company	2.97%	0.56	6.20%	4.64%	6.43%	5.56%
TECO Energy Inc.	2.97%	0.86	6.20%	4.64%	8.30%	6.96%
Westar Energy, Inc.	2.97%	0.78	6.20%	4.64%	7.80%	6.58%
Xcel Energy	2.97%	0.66	6.20%	4.64%	7.09%	6.06%
<b>Average</b>		<b>0.78</b>			<b>7.82%</b>	<b>6.60%</b>
<b>Average without OGE and TECO</b>		<b>0.76</b>			<b>7.70%</b>	<b>6.51%</b>

Column 1 = The appropriate yield is equal to the average 30-year U.S. Treasury Bond yield for October, November and December 2014 which was obtained from the St. Louis Federal Reserve website at <http://research.stlouisfed.org/fred2/data/GS30.txt>

Column 2 = Beta is a measure of the movement and relative risk of an individual stock to the market as a whole. Staff calculated the unadjusted Beta for each company using an Excel spreadsheet designed specifically to be used with the SNL database market and financial information, then adjusted each Beta using the Blume adjustment formula as used by Value Line: Adjusted Beta = 0.35 + 0.67 \* Unadjusted Beta

Column 3 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2013 was determined to be 6.20% based on an arithmetic average as calculated in Duff & Phelps 2014 Valuation Handbook: A Guide to the Cost of Capital.

Column 4 = The Market Risk Premium represents the expected return from holding the entire market portfolio less the expected return from holding a risk free investr a risk free investment. The appropriate Market Risk Premium for the period 1926 - 2013 was determined to be 4.64% based on a geometric averag geometric average calculated by using the arithmetic average as calculated in Duff & Phelps 2014 Valuation Handbook: A Guide to the Cost of Capital.

$$R_A = R_g + (\sigma^2/2)$$

$R_A$  = Arithmetic Return Average  
 $R_g$  = Geometric Return Average  
 $\sigma$  = standard deviation of equity returns

Column 5 = (Column 1 + (Column 2 \* Column 3)).

Column 6 = (Column 1 + (Column 2 \* Column 4)).



**The Empire District Electric Company  
Case No. ER-2014-0351**

**Recommended Allowed Rate of Return as of August 31, 2014  
for The Empire District Electric Company**

Allowed Rate of Return Using  
Common Equity Return of:

Capital Component	Percentage of Capital	Embedded Cost	9.25%	<b>9.50%</b>	9.75%
Common Stock Equity	51.71%	-----	4.78%	<b>4.91%</b>	5.04%
Long-Term Debt	<u>48.29%</u>	5.56%	<u>2.69%</u>	<b><u>2.69%</u></b>	<u>2.69%</u>
Total	<b><u><u>100.00%</u></u></b>		<b><u><u>7.47%</u></u></b>	<b><u><u>7.60%</u></u></b>	<b><u><u>7.73%</u></u></b>

Notes:

See Schedule 7 for the Capital Structure Ratios.