

INITIAL CUSTOMER NOTICE

July 14, 2005

Dear Customer:

On June 24, 2005, The Empire District Electric Company (Company) submitted a request to the Missouri Public Service Commission (Commission) for an increase in its water rates, under the Commission's small company rate increase procedure.

We are seeking an annual increase in revenues of approximately \$522,835, or 38%. The increase is necessary due to increased operating expenses and to recover approximately \$1.4 million in improvements, upgrades, and additional extensions which have been made to meet the growing needs of customers. We are also requesting changes to our service charges and connection fees. Changes to our general business practices, customer service practices, general tariff provisions, and the design of our customer rates, may also occur.

The table on the back of this notice shows a comparison of current and proposed rates and the requested changes in our connection fees for new location connections. The bill comparison is based upon a monthly usage of 6,000 gallons.

Before changes are made to our rates, the Staff of the Public Service Commission (Commission Staff) will conduct a thorough audit of our operations. The Office of the Public Counsel (OPC), a state agency representing the interests of utility consumers, may also conduct an audit, but at a minimum will review the Commission Staff's audit.

Any customer who has questions or comments regarding the rate request or recent service-related issues should contact the Commission Staff and/or the OPC within 30 days of this notice. Please use the addresses, telephone numbers, fax numbers, or e-mail addresses shown here and include a reference to request number QW-2005-0012. As a part of their investigation, the Commission Staff and the OPC will review all customer comments.

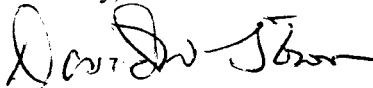
Public Service Commission
Attn: Water/Sewer Dept.
P.O. Box 360
Jefferson City, MO 65102
Phone: 800-392-4211
Fax: 573-751-1847
E-Mail: water.sewer@psc.mo.gov

Office of the Public Counsel
Attn: M. Ruth O'Neill
P.O. Box 2230
Jefferson City, MO 65102
Phone: 573-751-4857
Fax: 573-751-5562
E-Mail: mopco@ded.mo.gov

After the audit, we may be asked to send a notice of the results. Additionally, the Commission may hold a local public hearing. However, neither will happen automatically. Please take time now to express your views about the request and our operations to the Commission Staff and the OPC. Regardless of whether we send a second customer notice or a local public hearing is held, no increase will take effect without the approval of the Commission.

If you have questions about this notice, or anything else, please feel free to contact me at 417-625-5100.

Sincerely,



David W. Gibson
Vice President, Regulatory and General Services

Monthly Bill for 6,000 Gallons	Minimum Charge	Commodity Charge/Unit	Usage (Billed per 1,000 gallons)	Total Commodity (Commodity Chg X Usage)	Total Bill (Min Chg + Total Commodity)
Proposed Rates	\$ 11.52 (includes 1,000 gal.)	\$ 3.89	5	\$ 19.45	\$ 30.97
Current Rates	\$ 7.52	\$ 2.50	6	\$ 15.00	\$ 22.52
Difference	\$ 4.00	\$ 1.39		\$ 4.45	\$ 8.45
Percentage Difference from Current Rates					37.52%

Note: The proposed rates include the first 1000 gallons usage in the minimum charge. Current rates include a minimum charge with no usage.

A service connection charge for a new location (3/4" or less single meter) of \$580 is being proposed.