

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of The Empire District Electric)
Company for Authority to File Tariffs Increasing)
Rates for Electric Service Provided to Customers) Case No. ER-2016-0023
in the Company's Missouri Service Area)

NOTICE OF COMPLETION OF PAYS STUDY

COMES NOW The Empire District Electric Company (“Empire” or the “Company”), by and through counsel, and submits this Notice of Completion of PAYS Study. In this regard, Empire respectfully states as follows to the Missouri Public Service Commission:

1. A Stipulation and Agreement of the parties to Empire’s rate case (the “2016 Rate Case Stipulation”) was filed on June 20, 2016, and was approved by the Commission on August 10, 2016. The 2016 Rate Case Stipulation provided as follows regarding Empire’s Demand Side Management (“DSM”) tariffs:

13. Planned DSM / Energy Efficiency: The Signatories agree that between the effective date of this Stipulation and January 1, 2017, or as soon as possible after January 1, 2017, they will work together through the existing DSMAG to develop four (4) new DSM programs, namely, a Residential HVAC, a C&I custom rebate, a low-income multi-family, and either a non-low-income multi-family, single family low-income or an on-bill financing program targeted at low-income families.

a. The DSMAG will model these programs to the extent possible on existing programs in the state of Missouri and/or other best practices identified by the DSMAG.

b. Each program developed will include a proposed annual budget, energy and demand savings target(s), and marketing strategy.

c. All programs will have impact and process evaluation, measurement and verification (“EM&V”) performed by a third party independent contractor for the first two (2) full program years at a budget of 5% of the actual expenditures for the two (2) full program years.

d. The DSMAG will investigate Pay As You Save (“PAYS”) Financing and similar programs, the feasibility of administering PAYS Financing and similar programs in Empire’s service territory, and Empire will arrange for a presentation on PAYS Financing or a similar program at a Commission Agenda meeting.

e. Signatories agree that the Company will implement these or similar programs on January 1, 2017, or as soon as possible after January 1, 2017.

f. Signatories agree that the programs implemented on January 1, 2017, or as soon as possible after January 1, 2017, will have a term of not less than two (2) years.

g. Current regulatory asset treatment and rate base inclusion for costs will be continued as specified in Paragraph 15.

h. If the Commission orders a low-income rate pilot program in this case, the cost of the program will also receive regulatory asset/rate base treatment as specified in Paragraph 15.

2. On May 3, 2017, Empire, the Staff of the Commission (“Staff”), the Office of the Public Counsel (“OPC”), and the Missouri Department of Economic Development – Division of Energy (“DE”), filed an additional Stipulation and Agreement regarding Empire’s DSM tariffs (the “DSM Stipulation”). The DSM Stipulation was approved by the Commission on May 17, 2017.

3. With the DSM Stipulation, the parties agreed that Empire had fully complied with the provisions of the 2016 Rate Case Stipulation set forth above, noting as follows:

Empire worked with the DSM group to investigate PAYS® financing and similar on-bill financing programs and the feasibility of administering such programs in Empire’s service territory. The DSM group determined that a PAYS or any other on-bill financing program would not be included as one of Empire’s four new DSM programs to be implemented by January 1, 2017, or as soon thereafter as possible.

4. The parties, however, also agreed that further study of PAYS and other on-bill financing models would be appropriate and that an Empire-specific study would be beneficial, due to the unique nature of Empire’s service territory. The DSM Stipulation further provided as follows:

Utilizing no more than \$50,000 of the \$1,250,000 total budget for the program year beginning in 2017, Empire shall hire an independent third-party consultant to perform a feasibility study of PAYS and other on-bill financing, with the study to be completed by May 31, 2018 (the “Feasibility Study”).

5. Pursuant to the DSM Stipulation, Empire contracted with the Cadmus Group LLC for the preparation of the Feasibility Study. The study is now complete and is attached hereto. As its next steps, Empire intends to present the study to its DSMAG and, thereafter, bring the study’s findings before the Commission.

WHEREFORE, Empire respectfully submits this Notice of Completion of PAYS Study.

Empire does not request any action on the part of the Commission at this time.

Counsel for The Empire District Electric Company:

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CERTIFICATE OF SERVICE

I hereby certify that the above and foregoing document was filed in EFIS on this 31st day of May, 2018, with notice of the same being sent to all counsel of record.

/s/ Diana C. Carter