

THE EMPIRE DISTRICT ELECTRIC COMPANY
Consolidated Balance Sheet

Appendix 4

	September 30, 2013	PROFORMA September 30, 2013
ASSETS		
Plant and Property, at Original Cost:		
Electric	\$ 2,195,178,994	\$ 2,195,178,994
Natural Gas	72,127,119	72,127,119
Water	12,557,063	12,557,063
Non-Regulated	39,094,968	39,094,968
Construction Work in Progress	129,219,357	129,219,357
	<u>2,448,177,501</u>	<u>2,448,177,501</u>
Accumulated Depreciation	<u>718,492,385</u>	<u>718,492,385</u>
	<u>1,729,685,116</u>	<u>1,729,685,116</u>
Current Assets:		
Cash and Cash Equivalents	16,382,721	148,125,000 (1)
		50,000,000 (2)
		(2,000,000) (2)
		(7,500,000) (3)
		(2,318,182) (5)
		202,689,539
Restricted Cash	1,772,585	1,772,585
Accounts Receivable - Trade, Net of Allowance	51,484,775	51,484,775
Accrued Unbilled Revenues	16,335,715	16,335,715
Accounts Receivable - Other	14,900,199	14,900,199
Materials and Supplies	27,812,295	27,812,295
Electric Fuel Inventory	18,936,693	18,936,693
Natural Gas Inventory	6,301,079	6,301,079
Unrealized gain in fair value of derivative contracts	332,710	332,710
Regulatory Assets	6,397,882	6,397,882
Prepaid Expenses and Other	20,360,624	20,360,624
	<u>181,017,278</u>	<u>186,306,818</u>
Deferred Charges:		
Regulatory Assets	231,949,802	231,949,802
Goodwill	39,492,327	39,492,327
Unamortized Debt Issuance Costs	8,722,205	1,875,000 (1)
Unrealized gain in fair value of derivative contracts	-	-
Other	4,941,471	4,941,471
	<u>285,105,805</u>	<u>286,960,805</u>
Total Assets	<u>\$ 2,195,808,199</u>	<u>\$ 2,383,990,018</u>
CAPITALIZATION AND LIABILITIES		
Common Stock \$1 Par Value and Common Stock Rights	\$ 42,939,207	\$ 2,272,727 (2)
Capital in Excess of Par Value	637,003,083	45,727,273 (2)
Retained Earnings	63,350,248	(2,318,182) (5)
		(4,704,927) Y
		56,327,140
Accumulated Other Comp. Income (Loss), net of income tax		
Total Common Stockholders' Equity	<u>743,292,538</u>	<u>40,976,892</u>
Long-Term Debt:		
Note Payable to Securitization Trust		
Obligations Under Capital Lease	4,236,830	4,236,830
First Mortgage Bonds and Secured Debt	637,568,751	150,000,000 (1)
Unsecured Debt	101,679,654	101,679,654
	<u>743,485,235</u>	<u>150,000,000</u>
Total Long-Term Debt	<u>743,485,235</u>	<u>893,485,235</u>
Total Long-Term Debt & Common Stockholders' Equity	<u>1,486,777,773</u>	<u>1,677,754,665</u>
Current Liabilities:		
Accounts Payable and Accrued Liabilities	55,280,630	55,280,630
Short Term Debt		
Customer Deposits	12,518,662	12,518,662
Interest Accrued	13,765,734	13,765,734
Taxes Accrued	16,781,160	(2,795,073) (4)
Other Current Liabilities	1,894,215	1,894,215
Unrealized loss in fair value of derivative contracts	3,078,163	3,078,163
Current Maturities of Long-Term Debt	327,309	327,309
Regulatory Liabilities	4,294,809	4,294,809
	<u>107,940,682</u>	<u>(2,795,073)</u>
Noncurrent Liabilities and Deferred Credits:		
Regulatory Liabilities	134,531,067	134,531,067
Deferred Income Taxes	320,042,256	320,042,256
Unamortized Investment Tax Credits	18,707,673	18,707,673
Unrealized loss in fair value of derivative contracts	3,088,510	3,088,510
Pension and Other Postretirement Benefit Obligations	107,299,471	107,299,471
Other	17,420,767	17,420,767
	<u>601,089,744</u>	<u>601,089,744</u>
Total Capitalization and Liabilities	<u>\$ 2,195,808,199</u>	<u>\$ 2,383,990,018</u>

	September 30, 2013			Proforma September 30, 2013
	Shares Authorized	Shares Issued & Outstanding	Adjustments	Shares Issued & Outstanding
Common Stock	100,000,000	42,939,207	2,272,727	45,211,934
Preference Stock	2,500,000	-	-	-
Preferred Stock	5,000,000	-	-	-

THE EMPIRE DISTRICT ELECTRIC COMPANY
Consolidated Statement of Operations
September 30, 2013

	Twelve Months Ended	ADJUSTMENTS	PROFORMA Twelve Months Ended
Operating Revenues:			
Electric	\$ 518,213,622		\$ 518,213,622
Natural Gas	46,585,011		46,585,011
Water	2,050,988		2,050,988
Non Regulated	7,541,591		7,541,591
	<u>574,391,212</u>		<u>574,391,212</u>
Operating Expenses:			
Fuel and Purchased Power	172,283,144		172,283,144
Cost of Natural Gas Sold and Transported	23,261,576		23,261,576
Non Regulated - Other	3,055,554		3,055,554
Regulated - Other	102,788,177		102,788,177
Maintenance and Repairs	39,314,897		39,314,897
Loss on Plant Disallowance	2,409,038		2,409,038
Reversal of Gain on Sale of Assets	1,236,222		1,236,222
Depreciation and Amortization	66,806,920		66,806,920
Provision for Income Taxes	34,603,347	(2,795,073) (4)	31,808,274
Other Taxes	33,401,774		33,401,774
	<u>479,160,649</u>	<u>(2,795,073)</u>	<u>476,365,576</u>
Operating Income	<u>95,230,563</u>	<u>2,795,073</u>	<u>98,025,636</u>
Other Income and Deductions:			
Allowance for Equity Funds Used			
During Construction	3,272,860		3,272,860
Interest Income	926,059		926,059
Benefit/(Provision) for Other Income Taxes	200,633		200,633
Other Non-operating Income	10,366		10,366
Other Non-operating Expense	(2,129,259)		(2,129,259)
	<u>2,280,659</u>		<u>2,280,659</u>
Interest Charges:			
Other Long-Term Debt	40,193,783	7,500,000 (3)	47,693,783
Allowance for Borrowed Funds Used			
During Construction	(1,754,291)		(1,754,291)
Short-term Debt	70,560		70,560
Other	1,091,330		1,091,330
	<u>39,601,382</u>	<u>7,500,000</u>	<u>47,101,382</u>
Net Income	<u>\$ 57,909,840</u>	<u>\$ (4,704,927) Y</u>	<u>\$ 53,204,913</u>

9/30/2013

	Shares Authorized	Shares Issued & Outstanding	Adjustments	Proforma Shares Issued & Outstanding
Common Stock	100,000,000	42,939,207	2,272,727	45,211,934
Preference Stock	2,500,000	-	-	-
Preferred Stock	5,000,000	-	-	-

NOTE: Due to machine rounding, this statement/schedule may not foot or tie to the dollar with other statements/schedules.

THE EMPIRE DISTRICT ELECTRIC COMPANY
Assumptions and Proforma Journal Entries

Financing Assumptions for Pro Forma Statements:	<u>Reference</u>	<u>New Common Stock</u>	<u>Increased (Decreased) Debt</u>
Issue \$150 million of first mortgage bonds	A		150,000,000
Issue \$50 million of common stock, issue price estimated at \$22.00 per share	B	50,000,000	

Entries		<u>Debit</u>	<u>Credit</u>
(1) Cash (short term debt)	A	148,125,000	
Issuance Costs (\$150,000,000 x 1.25%)		1,875,000	
Long-term debt			150,000,000
(Issuance of \$150,000,000 of debt)			
 (2) Cash (or short term debt)	B	50,000,000	
Cash (Issuance of equity shares at \$22 with a 4.0% reduction for issuance/fees)			2,000,000
Common Stock \$1 Par (\$50,000,000 / \$22 price)			2,272,727
Capital in Excess of Par			45,727,273
(Issuance of \$50,000,000 common stock)			
 (3) Interest Expense (\$150,000,000 x 5.0%)	A	7,500,000	
Cash (short term debt)			7,500,000
(Annual interest incurred on new first mortgage bond debt)			
 (4) Income Taxes Payable	A	2,795,073	
Income Tax Expense (\$7,500,000 x 37.3% eff tax rate)			2,795,073
(Net tax impact of interest expense in entry (3) above)			
 (5) Dividends (2,272,727 shares x \$1.02)	B	2,318,182	
Cash (short term debt)			2,318,182
(Dividends on new shares based on declared amounts during 2013)			