

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Empire District Electric Company,)
Liberty Utilities (Central) Co. and Liberty Sub Corp.) Case No. EM-2016-0213
Concerning an Agreement and Plan of Merger and)
Certain Related Transactions.)

STIPULATION AND AGREEMENT
AS TO DIVISION OF ENERGY AND RENEW MISSOURI

COME NOW The Empire District Electric Company (“Empire”), Liberty Utilities (Central) Co. (“LU Central”), and Liberty Sub Corp. (sometimes collectively hereinafter “Joint Applicants”), and the Missouri Division of Energy (“DE”) and Earth Island Institute d/b/a Renew Missouri (“Renew Missouri”), by and through their undersigned counsel and, pursuant to Missouri Public Service Commission (“Commission”) rule 4 CSR 240-2.115, request that the Commission approve this agreement as a settlement of DE and Renew Missouri’s issues relevant to the Joint Application filed by Empire, LU Central and Liberty Sub Corp.

The Signatories hereto agree as follows:

The Signatories hereto recommend that the Commission approve the proposed Transaction subject to the following conditions:

Energy Efficiency and Renewables

(1) Empire will work with DE, the Staff of the Commission (“Staff”), the Office of the Public Counsel (“OPC”) and other parties through the existing DSM Advisory Group to review and consider the viability of adopting additional energy efficiency programs for its customers. Within one year of the Commission’s finding of substantial compliance of the Empire Integrated Resource Plan that follows Commission approval of a Statewide Technical Reference Manual (TRM), Empire will develop

- and submit an application for approval of a portfolio of DSM programs under the Missouri Energy Efficiency Investment Act (MEEIA).
- (2) Hydroelectric Rate Impact. Within three (3) months of the completion of the Transaction, Empire will provide to Staff, OPC, DE, Renew Missouri, and other interested stakeholders Empire's assessment of the rate impact of eliminating or phasing-out reliance on its Ozark Beach facility for compliance with the Renewable Energy Standard.
 - (3) Combined Heat and Power ("CHP"). Within one year of the completion of the Transaction, Empire, with assistance from DE and the Midwest CHP Technical Assistance Partnership ("TAP"), will complete an outreach survey report of potential CHP customers within the Empire District Missouri gas service territory. Target sectors will include public, commercial, institutional, and industrial facilities with consistent gas consumption throughout the year, indicative of consistent thermal load requirements. Example customers that may generally fit this profile include, but are not limited to, hospitals, large residential facilities such as nursing homes and correctional facilities, universities, and food manufacturers. The report shall be shared with stakeholders.
 - (4) Empire will be authorized to defer and record on its books, consistent with the terms of its existing demand side management deferral mechanism, any third party costs associated with the Hydroelectric Rate Impact assessment and the Combined Heat and Power survey. Empire will be authorized to maintain this regulatory asset on its books until the effective date of rates resulting from Empire's next general rate proceeding.

- (5) Microgrid Industrial Consortium. Within six (6) months following the completion of the Transaction and the publication of best practices recommendations for microgrid interconnection by the Missouri University of Science and Technology's Microgrid Industrial Consortium, Empire will meet with DE to consider a microgrid interconnection strategy consistent with the best practices recommendations of the Microgrid Industrial Consortium.
- (6) Empire will review and consider the viability of offering a community solar or solar subscription program that provides its customers with the option of purchasing blocks of electricity generated from solar installations constructed and/or owned by Empire within the state of Missouri. Empire will solicit input and feedback on proposals and will work with Staff, OPC, DE, Renew Missouri, and other interested stakeholders to design a successful customer solar program, with the goal of submitting a formal proposal to the Commission within one year of the completion of the Transaction.

General Provisions

- A. This Stipulation has resulted from negotiations among the Signatories and the terms hereof are interdependent. In the event the Commission does not adopt this Stipulation in total, then this Stipulation shall be void and no Signatory shall be bound by any of the agreements or provisions hereof. The stipulations herein are specific to the resolution of this proceeding, and all stipulations are made without prejudice to the rights of the Signatories to take other positions in other proceedings except as otherwise provided herein. The Signatories agree that any and all discussions related hereto shall be privileged and shall not be subject to discovery, admissible in evidence, or in any way used, described or discussed.

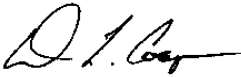
- B. This Stipulation is being entered into for the purpose of disposing of DE and Renew Missouri's issues in this case. The Signatories represent that the terms of this Stipulation constitute a fair and reasonable resolution of the issues addressed herein, in a manner which is not detrimental to the public interest. Except as otherwise addressed herein, none of the Signatories to this Stipulation shall be deemed to have approved, accepted, agreed, consented or acquiesced to any accounting principle, ratemaking principle or cost of service determination underlying, or supposed to underlie any of the issues provided for herein.
- C. The Signatories further understand and agree that the provisions of this Stipulation relate only to the specific matters referred to in the Stipulation, and no Signatory or person waives any claim or right which it otherwise may have with respect to any matter not expressly provided for in this Stipulation. The Signatories further reserve the right to withdraw their support for the settlement in the event that the Commission modifies the Stipulation in a manner which is adverse to the Signatory, and further, the Signatories reserve the right to contest any such Commission order modifying the settlement in a manner which is adverse to the Signatory contesting such Commission order. The Signatories agree that the details of this Stipulation have no precedential value in any future proceeding not related to enforcement of this agreement.
- D. The non-utility Signatory Parties enter into this Stipulation in reliance upon information provided to them by the Joint Applicants and this Stipulation is explicitly predicated upon the truth of representations made by the Joint Applicants.

- E. In the event the Commission accepts the specific terms of this Stipulation without modification, the Signatories waive, with respect to the issues resolved herein: their respective rights pursuant to Section 536.070(2), RSMo 2000 to call, examine and cross-examine witnesses; their respective rights to present oral argument or written briefs pursuant to Section 536.080.1, RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2, RSMo 2000; their respective rights to seek rehearing pursuant to Section 386.500, RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510, RSMo 2000. Furthermore, in the event the Commission accepts the specific terms of this Stipulation without modification, the Signatories agree that the pre-filed testimony of all witnesses who have pre-filed testimony in this case shall be included in the record of this proceeding without the necessity of such witnesses taking the stand.
- F. Except as otherwise addressed in this Stipulation, Commission approval of the acquisition by LU Central and Liberty Sub Corp. of the stock of Empire, and for the Joint Applicants to execute and perform in accordance with the terms of the Agreement, does not in any way, limit, form a basis for determination, or constitute a defense against any Signatory proposing, or the Commission ordering, the disallowance and/or imputation of account balances, expenses, revenues and/or other ratemaking findings, regarding Empire's operations in a future rate proceeding.
- G. To assist the Commission in its review of this Stipulation, the Signatories also request that the Commission advise them of any additional information that the

Commission may desire from the Signatories relating to the matters addressed in this Stipulation, including any procedures for furnishing such information to the Commission.

WHEREFORE, the Signatories hereto recommend that the acquisition by LU Central and Liberty Sub Corp. of the stock of Empire as contemplated by the Agreement and Plan of Merger is reasonable and not detrimental to the public interest and respectfully request that the Commission approve this Stipulation and Agreement subject to the conditions contained herein.

Respectfully submitted,

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CERTIFICATE OF SERVICE

The undersigned certifies that a true and correct copy of the foregoing document was sent via electronic mail, this 19th day of July, 2016, to the following:

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