

Certified Copy of Resolutions
Passed by the Board of Directors
of
The Empire District Electric Company
on
October 25, 2001

I, J. S. WATSON, Secretary-Treasurer of The Empire District Electric Company, a corporation organized and existing under and by virtue of the laws of the State of Kansas (hereinafter called the "Company"), DO HEREBY CERTIFY that the following is a true and correct copy of resolutions adopted by the Board of Directors of the Company at a meeting duly called and held on the 25th day of October, 2001; that at said meeting a majority of the Directors, constituting a quorum for the transaction of business, was present and voted in favor of said resolutions; and that said resolutions have not been amended or modified, rescinded or revoked but remain in full force and effect:

WHEREAS, the Company, intends to install two Pratt & Whitney FT-8 Aero Derivative combustion turbines (the "Turbines," and each, a "Turbine") at the Company's Energy Center Plant, and

WHEREAS, it is expected that the first Turbine be in operation by the summer of 2003, and the second Turbine be in operation by the summer of 2004;

WHEREAS, it is the intention of the Board of Directors of the Company to authorize and empower the Officers of the Company to negotiate, execute and deliver any and all agreements, instruments, contracts, or documents as shall be necessary or in their judgment desirable for the purchase, engineering, construction and installation of the Turbines;

NOW, THEREFORE, BE IT

RESOLVED, That the proper Officers of the Company be and they hereby are authorized to negotiate, execute and deliver a definitive agreement with P2 Energy LLC, a wholly owned subsidiary of Pratt & Whitney Power Systems, Inc., providing for the purchase by the Company of the Turbines for a price not to exceed \$35 million on such terms and conditions as the Officer

executing such agreement may approve (such approval to be conclusively evidenced by such Officer's execution thereof), and to take such further action as may be necessary to cause the engineering, installation and construction of the Turbines at the Energy Center with completion dates no later than June 1, 2003 and June 1, 2004 respectively, and that the total cost of the project not to exceed \$55 million excluding transmission and allowance for funds used during construction; and be it

FURTHER RESOLVED, That the proper Officers of the Company be and they hereby are authorized to take such further action, and to execute and deliver or file (or cause to be delivered or filed) such additional instruments, contracts, or documents as shall be necessary or in their judgment desirable to carry out the intent of the foregoing resolutions.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the Company on this 25th day of October, 2001.

A handwritten signature in cursive script, appearing to read "J. Watson", is written over a horizontal line.

Secretary-Treasurer

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

☒ Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 2002 or

☐ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from _____ to _____.

Commission file number: 1-3368

THE EMPIRE DISTRICT ELECTRIC COMPANY

(Exact name of registrant as specified in its charter)

Kansas
(State of Incorporation)

44-0236370
(I.R.S. Employer Identification No.)

602 Joplin Street, Joplin, Missouri
(Address of principal executive offices)

64801
(zip code)

Registrant's telephone number: (417) 625-5100

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock (\$1 par value)	New York Stock Exchange
Preference Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [☐]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes ☒ No ☐

The aggregate market value of the registrant's voting common stock held by nonaffiliates of the registrant, based on the closing price on the New York Stock Exchange on June 28, 2002, was approximately \$459,862,868.

As of January 31, 2003, 22,595,071 shares of common stock were outstanding.

The following documents have been incorporated by reference into the parts of the Form 10-K as indicated:

The Company's proxy statement, filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, for its 2002 Annual Meeting of Stockholders to be held on April 24, 2003.

Part of Item 10 of Part III
All of Item 11 of Part III
Part of Item 12 of Part III
All of Item 13 of Part III

TABLE OF CONTENTS

	Page
Forward Looking Statements.....	3
PART I	
ITEM 1. BUSINESS	3
General.....	3
Electric Generating Facilities and Capacity	4
Construction Program.....	5
Fuel	6
Employees	7
Electric Operating Statistics.....	8
Executive Officers and Other Officers of Empire.....	9
Regulation.....	9
Environmental Matters	10
Conditions Respecting Financing	12
Our Website	12
ITEM 2. PROPERTIES.....	12
Electric Facilities	12
Water Facilities	13
Other	13
ITEM 3. LEGAL PROCEEDINGS.....	14
ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	14
PART II	
ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS	15
ITEM 6. SELECTED FINANCIAL DATA.....	16
ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	17
Results of Operations.....	17
Liquidity and Capital Resources.....	24
ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.....	29
ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	31
ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.....	65
PART III	
ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	65
ITEM 11. EXECUTIVE COMPENSATION	65
ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	65
ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	66
ITEM 14. CONTROLS AND PROCEDURES	66
PART IV	
ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, REPORTS ON FORM 8-K	67
SIGNATURES.....	71
CERTIFICATIONS	72

LIQUIDITY AND CAPITAL RESOURCES

Our construction-related expenditures, including AFUDC, totaled approximately \$73.7 million, \$71.8 million, and \$133.9 million in 2002, 2001 and 2000, respectively.

A breakdown of these construction expenditures for 2002 is as follows:

	Construction Expenditures (amounts in millions)
	2002
Distribution and transmission system additions	\$ 25.5
FT8 peaking units - Energy Center	31.7
Additions and replacements - Asbury	3.0
Additions and replacements - Riverton, Iatan and Ozark Beach	2.2
Additions and replacements - SLCC	2.0
Combustor system upgrade - SL	1.8
Fiber optics (Non-regulated)	2.0
Computer Services projects	2.1
General and other additions	3.4
Total	\$ 73.7

Approximately 63% of construction expenditures for 2002 were satisfied internally from operations. The other 37% of such requirements were satisfied from short-term borrowings and proceeds from our sales of common stock and unsecured Senior Notes discussed below.

We estimate that our construction expenditures, including AFUDC, will total approximately \$50.2 million in 2003, \$31.2 million in 2004 and \$32.6 million in 2005. Of these amounts, we anticipate that we will spend \$13.8 million, \$15.7 million and \$18.0 million in 2003, 2004 and 2005, respectively, for additions to our distribution system to meet projected increases in customer demand. These construction expenditure estimates also include approximately \$22.0 million in 2003 for two FT8 peaking units at the Empire Energy Center. In October 2001, we entered into an agreement to purchase these two FT8 peaking units, each having generating capacity of 50 megawatts. Both units have been delivered and are scheduled to be operational in the second quarter of 2003. We estimate that the cost of both of these units will be approximately \$55.0 million, excluding AFUDC.

Our net cash flows provided by operating activities increased \$40.6 million during 2002 as compared to 2001 due mainly to a \$15.1 million increase in net income and a \$13.0 million increase in the amount of the IEC collected from Missouri electric customers. The refund of this IEC (which totals \$18.7 million) during the first quarter of 2003 will have a material impact on our cash flows for the quarter although it will not have a material impact on earnings per share due to the non-recognition of these funds as operating revenue.

Our net cash flows used in investing activities decreased \$1.9 million during 2002 as compared to 2001 because of decreased construction expenditures due mainly to the completion of the SLCC in June 2001.

Our net cash flows provided by financing activities decreased \$48.5 million during 2002 as compared to 2001 mainly due to the repayment of \$37.5 million of our First Mortgage Bonds due July 1, 2002 and the repayment of \$33.0 million of short-term debt in 2002 as compared to \$14.0 million in 2001. We sold common stock in May 2002 and December 2001, Senior Notes in December 2002 and Trust Preferred Securities in March 2001 as described below. The proceeds from such sales in 2002 totaled \$12.3 million more than the proceeds from the 2001 sales.

We estimate that internally generated funds will provide at least 63% of the funds required in 2003 for construction expenditures. As in the past, we intend to utilize short-term debt to finance the additional amounts needed for such construction and repay such borrowings with the proceeds of sales of long-term debt or common stock (including common stock sold under our Employee Stock Purchase Plan, our Dividend Reinvestment and Stock Purchase Plan, and our 401(k) Plan and ESOP) and internally generated funds. We will continue to utilize short-term debt as needed to support normal operations or other temporary