

# The Empire District Electric Company

## Statement of Missouri Revenue Increase Request

The aggregate amount of annual revenue, from Missouri electric customers, which would result from the application of the proposed rates in this case, would be \$36,524,680 more than the annual revenue under existing rates. This would represent a 9.19% increase in the State of Missouri jurisdictional revenues.

## Explanation of Why Rate Relief is Needed

The major factors driving Empire's proposed rate increase are the capital additions we have made or are making to our electric system, specifically the coal-fired Unit 2 Generating Station, and the increase in annual operating costs that will accompany this unit as it goes into service.

## Missouri Counties and Communities Affected

<b>Barry County</b>	<b>Greene County (cont.)</b>	<b>Lawrence County (cont.)</b>	<b>Newton County (cont.)</b>
Butterfield	Walnut Grove	Halltown	Silver Creek
Purdy	Willard	Hoberg	Stark City
		Marionville	Stella
<b>Barton County</b>	<b>Hickory County</b>	Miller	Wentworth
Golden City	Cross Timbers	Phelps *	
Kenoma *	Hermitage	Pierce City	<b>Polk County</b>
	Preston	Stotts City	Aidrich
<b>Cedar County</b>	Weaubleau	Verona	Bolivar
Caplinger Mills *	Wheatland		Brighton*
Stockton		<b>McDonald County</b>	Dunnegan*
	<b>Jasper County</b>	Anderson	Fair Play
<b>Christian County</b>	Airport Drive	Ginger Blue	Flemington
Billings	Alba	Goodman	Halfway
Clever	Asbury	Lanagan	Humansville
Fremont Hills	Avilla	Noel	Morrisville
Ozark	Brooklyn Heights	Pineville	Pleasant Hope
Sparta	Carl Junction	Southwest City	
	Carterville		<b>St Clair County</b>
<b>Dade County</b>	Duneweg	<b>Newton County</b>	Collins
Arcola	Duquesne	Cliff Village	Gerster
Everton	Fidelity	Dennis Acres	Vista
Greenfield	Jasper	Diamond	
South Greenfield	Joplin	Fairview	<b>Stone County</b>
	LaRussell	Fort Crowder *	Branson West
<b>Dallas County</b>	Neck City	Granby	Galena
Buffalo	Oronogo	Leawood	Hurley
Louisburg	Purcell	Loma Linda	Reeds Spring
Urbana	Reeds	Neosho	
	Sarcoxi	Newtonia	<b>Taney County</b>
<b>Greene County</b>	Waco	Redings Mill	Branson
Ash Grove	Webb City	Ritchey	Forsyth
Bois D'Arc *		Saginaw	Forsyth Sub*
Fair Grove	<b>Lawrence County</b>	Seneca	Hollister
Republic	Aurora	Shoal Creek Drive	Mount Branson*
Strafford	Freistatt	Shoal Creek Estates	Powersite *

\* Not Incorporated

**The Empire District Electric Company  
Allocation of Increase**

	<u>Increase</u>	<u>Increase %</u>
RESIDENTIAL		
Schedule PL	-	0.0000%
Schedule RG	20,287,335	9.2600%
	20,287,335	
COMMERCIAL		
Schedule CB	3,227,000	9.1900%
Schedule GP	2,287,046	4.6000%
Schedule LP	1,308,794	13.8000%
Schedule LS	3,633	13.8000%
Schedule MS	-	4.6000%
Schedule PL	-	0.0000%
Schedule RG	-	9.2600%
Schedule SH	897,141	9.1900%
Schedule TEB	1,578,439	4.6000%
	9,302,053	
INDUSTRIAL		
Schedule CB	15,158	9.1900%
Schedule GP	945,047	4.6000%
Schedule LP	4,986,045	13.8000%
Schedule PFM	-	0.0000%
Schedule PL	-	0.0000%
Schedule SC-P	440,644	13.8000%
Schedule SH	3,077	9.1900%
Schedule TEB	17,907	4.6000%
	6,407,878	
STREET & HIGHWAY LIGHTING		
Schedule CB	19,793	9.1900%
Schedule GP	1,012	4.6000%
Schedule LS	14,387	13.8000%
Schedule MS	2,841	4.6000%
Schedule PL	-	0.0000%
Schedule SPL	-	0.0000%
	38,034	
PUBLIC AUTHORITIES		
Schedule CB	188,970	9.1900%
Schedule GP	248,703	4.6000%
Schedule LS	307	13.8000%
Schedule PL	-	0.0000%
Schedule RG	1,061	9.2600%
Schedule SH	10,664	9.1900%
Schedule TEB	30,180	4.6000%
	479,886	
INTERDEPARTMENTAL		
Schedule CB	5,663	9.1900%
Schedule GP	3,831	4.6000%
Schedule PL	-	0.0000%
	9,493	
TOTAL RETAIL CUSTOMERS	36,524,678	



## PRESS RELEASE

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### FOR IMMEDIATE RELEASE

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### THE EMPIRE DISTRICT ELECTRIC COMPANY FILES FOR NEW MISSOURI ELECTRIC RATES

JOPLIN, MO – September 28, 2010 – The Empire District Electric Company (NYSE:EDE) announced today that it has filed a request with the Missouri Public Service Commission (MPSC) for changes in rates for its Missouri electric customers. The Company is seeking an annual increase in revenues of approximately \$36.5 million, or about 9.2 percent.

If approved by the MPSC, the residential customer charge would increase to \$24.00 per month. This along with the change in the usage charge will result in a total monthly increase of approximately \$13.60 for a residential customer using 1,000 kilowatt hours. The percentage change to customer bills will vary based upon the individual customer usage patterns.

The proposed change to the residential customer charge more accurately reflects the actual fixed costs incurred to deliver energy to customers.

The Company is asking to continue the use of the Fuel Adjustment Clause (FAC) that was previously approved by the MPSC. The continuation of the FAC will allow the Company to increase or decrease its electric rates twice each year on June 1 and December 1 to track the changes in the cost of fuel used to generate electricity at the Company's generating units and to track changes in the cost of electric energy it purchases on behalf of its customers.

(more)

## Page 2/Missouri rates

In making the announcement, Bill Gipson, president and CEO, stated, "We are seeking new rates to begin recovery of the costs associated with the completion of Iatan 2, an 850-megawatt, high efficiency coal-fired generating plant located in Platte County, Missouri. Empire owns 12 percent, or about 102 megawatts, of the plant that is operated by Kansas City Power & Light. The Iatan 2 unit, along with several other significant system improvements, was included in Empire's long-term energy and regulatory plan approved by the MPSC in August 2005." Gipson continued, "This is the final step in our five-year plan to provide our customers with reliable and environmentally responsible energy resources."

After today's filing with the MPSC, the MPSC will perform an audit of Empire's operations, hold public hearings, and hold an evidentiary hearing. The Company anticipates that any new rates approved by the MPSC would not become effective until the summer of 2011.

Based in Joplin, Missouri, The Empire District Electric Company (NYSE: EDE) is an investor-owned, regulated utility providing electricity, natural gas (through its wholly owned subsidiary The Empire District Gas Company), and water service, with approximately 215,000 customers in Missouri, Kansas, Oklahoma, and Arkansas. A subsidiary of the company provides fiber optic services. For more information regarding Empire, visit [www.empiredistrict.com](http://www.empiredistrict.com).

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*Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements address future plans, objectives, expectations, and events or conditions concerning various matters. Actual results in each case could differ materially from those currently anticipated in such statements, by reason of the factors noted in our filings with the SEC, including the most recent Form 10-K and Form 10-Q.*

# The Joplin Globe, Joplin, MO

September 26, 2010

## Bill Gipson, guest columnist: No one likes utility rate increases

By Bill Gipson

Special to The Globe

WASHINGTON — I know that no one likes an increase in utility rates. But, I believe customers do expect a reliable, environmentally responsible supply of energy.

That is why at Empire, we're always looking to the future and planning to ensure we can provide the energy customers need, when they need it.

### Charting future energy course

In 2004, we began to map out the next five years and decades beyond. Working with the staff of the Missouri Public Service Commission (MPSC), the Office of Public Counsel (Missouri's consumer advocate), the Missouri Department of Natural Resources, and a couple of industrial customers, we developed a blueprint to meet customers' future needs for electric power service. This included a replacement for a long-term energy purchase from another utility that was ending in 2010, new resources to meet customer growth and environmental retrofits to make our coal plants cleaner.

In August 2005, we filed, and the MPSC approved, a five-year plan that stressed a balanced mix of least-cost resources. The plan included the construction of a unit at our Riverton Plant, a jointly-owned coal-fired plant, Iatan 2, and upgrades to two existing coal-fired facilities, Iatan 1 and Asbury Power Station, to meet new environmental regulations.

Earlier in 2005, we had announced the Riverton 12 addition, a 155-megawatt, gas-fired combustion turbine. Construction began in 2005 and the unit went into service in 2007, at a cost of about \$39.5 million.

### Rounding out resource mix

Between 2004 and 2007, we secured two long-term contracts with wind generation developers. The first purchases the output at the 150-megawatt Elk River Windfarm, and the second for the output of 105 megawatts of the Meridian Way Wind Farm. These projects provide price stability, reduce exposure to more cost-volatile natural gas, and provide diversity to our generation resource mix. We began our entry into the wind generation arena before any renewable mandates were enacted — it was the smart, economical choice.

### Building to meet customer needs

The building projects included in the plan I mentioned before and projections of future customer needs still found us short of base-load generation. To fill that void, in March 2006, we entered into an agreement with other utilities to construct a jointly-owned 665-megawatt, state-of-the-art coal-fired facility, Plum Point Generating Station. We own 50 megawatts and also secured a 50-megawatt purchased power agreement from Plum Point that can be converted into an ownership position in 2015. Plum Point completed all in-service criteria in August, and was put into commercial operation on Sept. 1, 2010. Empire's share of the construction costs is about \$88 million.

As provided for in the plan, we entered an agreement to be a co-owner in Iatan 2, a high efficiency, coal-fired power plant. To capitalize on efficiencies from an existing site, the plant is adjacent to Iatan 1 of which we own 12 percent.

## Schedule WLG-1

Our 12 percent share of Iatan 2 will provide Empire customers approximately 100 megawatts of capacity. KCP&L announced that Iatan 2 completed its in-service criteria on Aug. 26, 2010. We expect our cost for Iatan 2 to be about \$229 million to \$239 million.

An important part of our plan is to ensure that our existing facilities continue to provide economical energy while meeting all environmental standards. This required the completion of upgrades at both the Asbury Power Station and Iatan 1. At Asbury, we installed a \$31 million Selective Catalytic Reduction (SCR) system to reduce nitrous oxides. In 2009, a \$54 million upgrade that included an SCR, flue gas desulphurization (controlling sulfur dioxides) and bag house (dust filtration system) was completed at Iatan 1.

### **Financing the improvements**

To finance these projects, we completed new common stock issuances of \$66.8 million in 2006, \$69 million in 2007 and \$120 million from January 2009 through June 2010. We also issued bonds in the amount of \$80 million in 2007, \$90 million in 2008 and \$75 million in 2009.

It is not until these facilities are constructed and providing service that we are allowed to begin recovering their costs. In Missouri, we began this with the rate case completed in July 2008, which started recovery of costs associated with Riverton 12 and the Asbury environmental upgrade. On Sept. 10, rates took effect to begin recovery of costs associated with the Iatan 1 environmental upgrades and Plum Point.

New rates to recover the costs of these construction projects are in place or proposed for customers in Kansas, Oklahoma and Arkansas.

We are preparing the final rate case associated with this plan to be filed later this month requesting recovery of costs associated with the Iatan 2 addition. As is customary with Missouri rate filings, it could take up to 11 months before the rates become effective.

### **Reducing usage through efficiency**

To help temper the impact of the rate cases, we have introduced a number of initiatives to help customers manage their usage. These include rebates for high efficiency air conditioners, a low-income weatherization program and other rebate programs and services to help residential, commercial and industrial customers in Missouri. Similar programs are available in other states served by Empire and can be accessed on our website at [www.empiredistrict.com](http://www.empiredistrict.com), or by calling 800-206-2300.

We also have introduced energy calculators on our website for evaluating various efficiency improvements.

### **Ensuring reliable energy future**

To say that this has been the largest construction cycle in our 100-year history is an understatement; our plant investment has grown from about \$860 million in 2004 to a projected \$1.5 billion by the end of 2010. I am confident that we have charted and completed a course providing customers with reliable, environmentally responsible, cost-effective energy for many decades.

As I stated in the beginning, I know no one wants utility rates to increase, yet they expect reliable power from environmentally responsible energy sources.

The steps we have taken in the past five years will ensure these expectations are met. The rates that have been implemented or requested will allow us to provide our shareholders a fair return on their investment and allow Empire to remain a financially secure utility ready to meet the needs of our customers.

Bill Gipson is the president and chief executive officer of Empire District Electric Co.