

ATTACHMENT 1
SOLAR EXEMPTION

On November 4, 2008 Missouri voters approved the Clean Energy Initiative (Proposition C) which currently requires Empire and other investor-owned utilities in Missouri to generate or purchase electricity from renewable energy sources, such as solar, wind, biomass and hydro power, or purchase Renewable Energy Credits (RECs), in amounts equal to at least 5% of retail sales in 2014, increasing to at least 15% by 2021. We are currently in compliance with this regulatory requirement as a result of generation from our Ozark Beach Hydroelectric Project and purchased power agreements with Cloud County Windfarm, LLC, located in Cloud County, Kansas, and Elk River Windfarm, LLC, located in Butler County, Kansas. Proposition C also requires that 2% of the energy from renewable energy sources must be solar; however, we believed that we were exempted by statute from the solar requirement. On January 20, 2013 the Earth Island Institute, d/b/a Renew Missouri, and others challenged our solar exemption by filing a complaint with the MPSC. The MPSC dismissed the complaint and Renew Missouri filed a notice of appeal seeking review by the Missouri Supreme Court. On February 10, 2015 the Missouri Supreme Court issued an opinion holding that the legislature had the authority to adopt the statute providing the exemption but reversed the MPSC's holding that the two laws could be harmonized. The statute providing the exemption (which was enacted in August 2008) was impliedly repealed by the adoption of Proposition C because it conflicted with the latter law.

Empire filed a tariff with the MPSC On May 5, 2015 to establish solar rebate payment procedures and to revise its net metering tariffs to accommodate the payment of solar rebates. This tariff became effective on May 16, 2015. Under the terms of the tariff, Empire will buy SRECs from its electric customers who installed or are installing net metered solar facilities (100kW or less) at their homes and/or businesses.