

Long-Term Resource Planning Process in Missouri

Since October 1999 Empire has been meeting with the Missouri Commission Staff (Staff), Missouri Office of Public Counsel (OPC) and Missouri Department of Natural Resources (MDNR) twice each year as an alternative to electric utility resource plan filings. As part of the stipulation and agreement (S&A) in the experimental regulatory plan Case No. EO-2005-0263, Empire submitted a resource plan to Missouri in July 2006. Empire presented this resource plan to all interested non-IOU Signatory Parties (Parties) on August 25, 2006. The requirements of this resource plan can be found in the S&A. The S&A states that for the duration that the S&A is in effect, Empire will continue to hold Integrated Resource Plan (IRP) presentations semiannually, and invite the Parties. The S&A also established the Empire Customer Programs Collaborative (CPC). This group comprised of the Parties, serves as a collaborative that makes decisions pertaining to the development, implementation, monitoring and evaluation of Empire's Affordability, Energy Efficiency and Demand Response Programs.

In September 2007, Empire filed a Missouri IRP in Case No. EO-2008-0069 to comply with the requirements of 4 CSR 240-22. Empire formally requested variances and clarifications from the Missouri Public Service Commission for those instances in which the IRP does not comply with 4 CSR 240-22. The Commission granted Empire's request for waivers in Case No. EE-2008-0025. Empire recently filed a new IRP in Missouri on September 3, 2010 in Case No. EO-2011-0066. The Commission granted Empire's request for waivers related to this IRP in Case No. EE-2010-0246.

This periodic IRP analysis in conjunction with Empire's normal planning process assists Empire in making decisions concerning the timing and type of system expansion that should occur. In addition to the formal IRP filing, Empire develops an annual and five year business plan each year, and makes updates to these plans as conditions change. According to 4 CSR 240-22.010 Policy Objectives, "the fundamental objective of the Missouri resource planning process at electric utilities is to provide the public with energy services that are safe, reliable and efficient, at just and reasonable rates, in a

manner that serves the public interest.” As stated in Empire’s recent IRP filings, integrated resource planning for electric utilities has evolved considerably over the past twenty years and can no longer solely identify the least cost resources; such a plan must explicitly consider risks and uncertainties. Empire’s objectives in preparing its IRPs reflect its commitment to provide cost-effective, safe, and reliable electric service to its customers:

- to provide reliable electricity service while complying with all environmental requirements
- to minimize the cost of providing electric service
- to achieve and/or maintain investment grade ratings on its debt to provide corporate financial stability and minimize financing costs
- to accommodate and manage a broad range of industry uncertainties.