

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of The)	
Empire District Electric Company for)	
Authorization to Manage Sulfur Dioxide)	Case No. EO-2005-0020
Emission Allowance Inventory)	

UNANIMOUS STIPULATION AND AGREEMENT

Come now The Empire District Electric Company ("Empire" or "Company"), the Staff of the Missouri Public Service Commission ("Staff") and the Office of the Public Counsel ("Public Counsel") and respectfully state as follows to the Missouri Public Service Commission ("Commission").

1. On July 14, 2004, Empire filed with the Commission an Application seeking an order authorizing the Company to implement a plan for the management, sale, exchange, transfer or other disposition of its sulfur dioxide ("SO₂") emission allowances.

2. Subsequently, the parties engaged in discussions and as a result thereof, the parties agree that Empire should be granted authority by the Commission to manage its SO₂ allowance inventory in accordance with the terms of this Unanimous Stipulation and Agreement ("Stipulation and Agreement"). Specifically, the parties agree that Empire should be authorized by the Commission to implement its SO₂ Allowance Management Policy ("SAMP") as set out in the document marked as Schedule 1 attached hereto and made a part hereof for all purposes.

3. In accordance with the terms of its SAMP, Schedule 1 hereto, Empire will submit annual reports to the Staff and Public Counsel. Also, the accounting for the

transactions related to the SAMP will be handled as specified in Schedule 1. The parties further agree that the ratemaking treatment to be afforded any such transactions as well as the prudence of same shall be deferred to a future rate proceeding that establishes rates or establishes ratemaking principles to be used the next time rates are established.

4. This Stipulation and Agreement has resulted from negotiations among the parties and terms hereof are interdependent. In the event the Commission does not adopt this Stipulation and Agreement in total, as filed, then this Stipulation and Agreement shall be void and no party shall be bound, prejudiced or in any way affected by any of the agreements or provisions hereof.

5. The stipulations herein are specific to the resolution of this proceeding. Except as specified herein, the signatories to this Stipulation and Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Stipulation and Agreement: (i) in any future proceeding; (ii) in any proceeding currently pending under a separate docket; and/or (iii) in this proceeding, should the Commission decide not to approve this Stipulation and Agreement, or in any way condition its approval of same.

6 Except as specified herein, none of the signatories shall be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, ratemaking or procedural principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, jurisdictional allocation methodology, cost allocation, cost recovery, or question of prudence, that may underlie this Stipulation and Agreement, or for which provision is made in this Stipulation and Agreement.

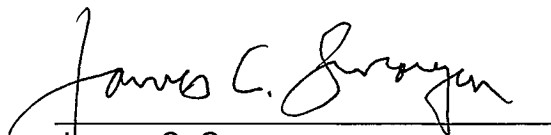
7. In the event the Commission accepts the specific terms of this Stipulation and

Agreement, the parties waive, with respect to the issues resolved herein, their respective rights: to call, examine and cross-examine witnesses pursuant to Section 536.070(2) RSMo 2000; to present oral argument or written briefs pursuant to Section 536.080.1 RSMo 2000; to request the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; to seek rehearing pursuant to Section 386.500 RSMo 2000; and to seek judicial review pursuant to Section 385.510 RSMo 2000.

8. The Staff shall file suggestions or a memorandum in support of this Stipulation and Agreement and the other parties shall have the right to file responsive suggestions or prepared testimony. The Staff shall also have the right to provide, at any agenda meeting in which this Stipulation and Agreement is noticed to be considered by the Commission, whatever oral explanation the Commission requests, provided that the Staff shall, to the extent reasonably practicable, provide the other parties with advance notice of when Staff shall respond to the Commission's request for such explanation once such explanation is requested from the Staff. The Staff's oral explanation shall be subject to public disclosure, except to the extent it refers to matters that are privileged or protected from disclosure pursuant to any protective order issued in this case.

WHEREFORE, for the foregoing reasons, the undersigned parties respectfully request that the Commission issue its Order approving this Stipulation and Agreement in its entirety.

Respectfully submitted,

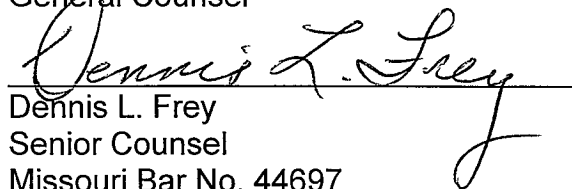


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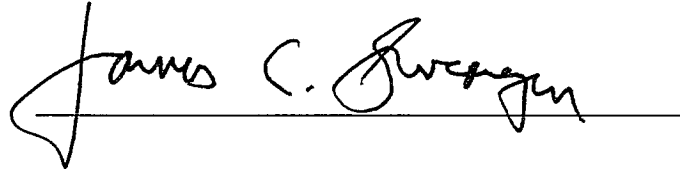
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CERTIFICATE OF SERVICE

The undersigned certifies that a copy of the foregoing was, on this 18th day of January, 2005, sent via electronic mail, U.S. Postage, or hand delivered, to all parties of record.

A handwritten signature in black ink, reading "James C. Swenson", is written over a horizontal line. The signature is cursive and stylized, with the first letter of "James" being a large, looped capital "J".