

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

In the Matter of The Empire District Electric	)	
Company of Joplin, Missouri for Authority	)	
to File Tariffs Increasing Rates for Electric	)	Case No. ER-2008-0093
Service Provided to Customers in the	)	
Missouri Service Area of the Company	)	

**THIRD STIPULATION AND AGREEMENT AS TO CERTAIN ISSUES**

The Empire District Electric Company ("Empire" or the "Company"); the Office of the Public Counsel ("Public Counsel"); the Staff of the Missouri Public Service Commission ("Staff"); and the Missouri Department of Natural Resources Energy Center ("DNR") (collectively, the "Signatories") respectfully state to the Missouri Public Service Commission ("Commission") that, as a result of negotiations, the Signatories have reached the stipulations and agreements contained herein in order to settle the certain issues specified below.

1. This Stipulation and Agreement is intended to settle the "Experimental Low-Income Program Proposal" issue previously identified by some or all of the Parties through testimony and or schedules. The parties agree to the following in settlement of that issue:

- A. The existing Experimental Low-Income Program (ELIP) will continue until the new rates are implemented in the Iatan 2 rate case as specified in the Regulatory Plan Stipulation and Agreement, Case No. EO-2005-0263 (Iatan 2 case.);
- B. One half of the balance of the unspent ELIP funds plus \$70,000 interest, will be refunded to the customers as a one time credit to the customer bill during one billing month based on the usage of the customers in the April of 2008 billing month, with the refunds to be issued within 90 days following the date the new tariffs approved in this case take effect. As of February 2008, this combined amount was approximately \$540,000;
- C. The remaining one half of the balance of the unspent ELIP funds will be used to support the ELIP expenditures through the Iatan 2 rate case. At the time of the Iatan 2 case order approving new tariffs, the remaining balance of excess ELIP

funds, whether it is a plus or minus, will become an offset to the CPC regulatory asset balance to be used for demand side management and low income programs approved by the Commission;

- D. ELIP costs recovery will be set at zero in the Missouri jurisdictional cost of service, and shareholder funding of the ELIP will be set at zero;
- E. An evaluation of the ELIP will be completed prior to the filing of the Iatan 2 case with the cost of the evaluation paid using retained excess ELIP funds. The evaluation will not be completed by any consultant who helped design the ELIP. Parties may conduct alternative evaluations of the ELIP, but agree not to seek recovery of alternative evaluation costs from ELIP funds; and
- F. In the Iatan 2 case, the parties will propose that the ELIP become permanent or terminate. This does not preclude parties from proposing an alternative low-income program.

2. This Stipulation and Agreement is being entered into solely for the purpose of settling the issues in this case that are specifically identified above as being settled. Unless otherwise explicitly provided herein, none of the signatories to this Stipulation and Agreement shall be deemed to have approved or acquiesced in any ratemaking or procedural principle, including, without limitation, any method of cost determination, cost allocation, or revenue-related methodology.

3. This Stipulation and Agreement has resulted from extensive negotiations among the signatories and the terms hereof are interdependent. If the Commission does not approve this Stipulation and Agreement unconditionally and without modification, then this Stipulation and Agreement shall be void and no signatory shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein.

4. If the Commission does not unconditionally approve this Stipulation and Agreement without modification, and notwithstanding the provision herein that it shall become void, neither this Stipulation and Agreement nor any matters associated with its consideration by the Commission shall be considered or argued to be a waiver of the

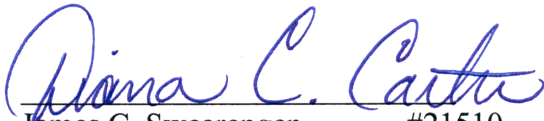
rights that any Party has for a decision in accordance with §536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the Parties shall each retain all procedural and due process rights as fully as though this Stipulation and Agreement had not been presented for approval. Any suggestions, memoranda, testimony, or exhibits that have been offered or received in support of this Stipulation and Agreement shall become privileged as reflecting the substantive content of settlement discussions and shall be stricken from, and not be considered as part of, the administrative or evidentiary record before the Commission for any purpose whatsoever.

5. In the event the Commission unconditionally accepts the specific terms of this Stipulation and Agreement without modification, the signatories waive their respective rights to: i) present oral argument and written briefs pursuant to §536.080.1, RSMo 2000; ii) the reading of the transcript by the Commission pursuant to RSMo §536.080.2, RSMo 2000; iii) seek rehearing, pursuant to §536.500, RSMo 2000; and iv) judicial review pursuant to §386.510, RSMo 2000, solely with respect to the issues settled hereby. These waivers apply only to the issues that are resolved hereby, and specifically do not apply to any matters raised in any prior or subsequent Commission proceeding or any matters in this proceeding not explicitly addressed by this Stipulation and Agreement.

6. Questions from the Commissioners and/or the Regulatory Law Judge regarding this Stipulation and Agreement, if any, shall be directed to the parties, including the Staff, during the evidentiary hearing in the matter, it being contemplated that the Commission will take up this Stipulation and Agreement for consideration during the time period in which the evidentiary hearing in this matter is being held.

WHEREFORE, for the foregoing reasons, the undersigned Parties respectfully request that the Commission issue its Order approving all of the specific terms and conditions of this Stipulation and Agreement.

Respectfully submitted,



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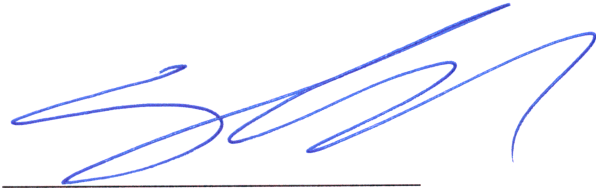
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**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing have been mailed, emailed or hand-delivered to the following this 16<sup>th</sup> day of May 2008.

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**/s/ Lewis R. Mills, Jr.**

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