

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

In the Matter of the Resource Plan of)
The Empire District Electric Company)
Pursuant to 4 CSR 240-22)

Case No. EO-2008-0069

UNANIMOUS STIPULATION AND AGREEMENT

COME NOW The Empire District Electric Company ("Empire" or the "Company"), the Staff of the Missouri Public Service Commission ("Staff"), the Office of the Public Counsel ("OPC"), the Missouri Department of Natural Resources ("DNR"), Praxair, Inc. and Explorer Pipeline Company (collectively, the "Signatories" or individually, a "Signatory") and, pursuant to 4 CSR 240-22.080(8), hereby submit to the Missouri Public Service Commission ("Commission") a Unanimous Stipulation and Agreement (the "Agreement") to resolve all alleged deficiencies in the resource plan Empire submitted in this proceeding on September 5, 2007.

In support hereof, the Signatories offer as follows:

BACKGROUND

1. On September 5, 2007, Empire submitted to the Commission a compliance filing with Chapter 22 of the Commission's Electric Utility Resource Planning rules (Resource Plan Filing or Integrated Resource Plan (IRP)). An additional compliance filing (Supplemental Filing) was made by Empire on April 28, 2008, to provide additional information and clarify certain aspects of the original filing.

2. Pursuant to 4 CSR 240-22.080(5) and (6), on or about January 15, 2008, Staff, OPC, and DNR submitted their reports concerning the adequacy of Empire's September 5, 2007 compliance submission. The reports of Staff, OPC, and DNR allege

certain deficiencies in Empire's compliance filing.

3. The Commission's resource planning rules provide that "If the staff, public counsel or any intervener finds deficiencies, it shall work with the electric utility and the other parties to reach, within forty-five (45) days of the date that the report or comments were submitted, a joint agreement on a plan to remedy the identified deficiencies." 4 CSR 240-22.080(8). On February 29, 2008, Empire filed, with the concurrence of the parties, a Motion for Variance requesting an additional sixty (60) days to allow the parties to continue their discussions toward such an agreement. On March 3, 2008, the Commission issued an Order granting an extension of time to submit a joint agreement on a plan to remedy the identified deficiencies in Empire's Integrated Resource Plan. Empire, Staff, the OPC and the DNR have worked together to develop an agreement. The parties have agreed to resolve each alleged deficiency in the manner described below.

4. On April 29, 2008, Empire further filed a Motion for Extension requesting that the Commission extend the deadline for the filing of an agreement until May 6, 2008. The Commission's Order Granting Extension Of Time To Submit Agreement, issued on April 30, 2008, granted the requested extension.

AGREEMENT AS TO AREAS OF ALLEGED DEFICIENCIES

Policy Objectives (4 CSR 240-22.010)

5. Staff of the Missouri Public Service Commission:

Staff 1) Demand-side alternatives were not considered on an equal basis with supply-side alternatives. 4 CSR 240-22.010(2)(A).

In its next Chapter 22 compliance filing (IRP filing), Empire will, at a minimum, combine the various demand-side management programs into aggregated programs having similar load modifying characteristics. At these higher levels of aggregation, Empire will vary the sizing and timing of the demand-side alternatives.

Staff 2) Empire did not describe how its additional planning objectives affected its preferred resource plan choice. 4 CSR 240-22.010(2)(C).

Empire has included a description of how additional planning objectives affected the preferred resource plan choice in the Supplemental Filing in the file titled “EDE_Planning Objectives Impact on Preferred Plan Choice”. With this supplemental filing, Staff agrees that Empire is in compliance with this requirement.

Load Analysis and Forecasting (4 CSR 240-22.030)

6. Staff of the Missouri Public Service Commission:

Staff 3) Lack of hourly load data detail. 4 CSR 240-22.030(1)(B)3.

In the Supplemental Filing, Empire has provided the actual hourly loads and weather normal hourly loads in an Excel format for the period 1996-2007. The files are titled “EDE_Actual Hourly Loads 1996-2007” and “EDE_Weather Normalized Loads 1996-2007”. With this supplemental filing, Staff agrees that Empire is in compliance with this requirement.

Staff 4) Documentation of forecasts driver variables was not provided. 4 CSR 240-22.030(5)(B)1.A.

The driver variables were forecast by Woods & Poole Economics, Inc. A CD with all of the Woods & Poole documentation was provided to Staff. This information was

also made available to other interested parties. A summary of this information can be found in Volume II Load Analysis and Forecasting on pages 27 and 28 of Empire's original IRP filing. With the provision of this CD, Staff agrees that Empire is in compliance with this requirement. In its next filing, Empire will include a summary of the economic outlook of Empire's service territory that includes conditions that encourage and impede growth and how the economic drivers that Empire has selected for each of its models captures these conditions. The economic driver descriptions will include 1) graphs and/or tables of historical and forecasted data; 2) the statistical rationale for selecting the economic variables used in the regression analysis; and 3) a discussion of the affect of using the economic indicator in the model.

Staff 5) Sensitivity analysis was not conducted as required. 4 CSR 240-22.030(6).

Empire is performing the required process. Staff will file an additional report in this case within 30 days after the signatory parties sign the Stipulation and Agreement, if it believes that Empire has not performed adequate analysis or if Staff has concerns about the results of the analysis.

Staff 6) Plots were not provided for the summer period, the remaining non-summer months and calendar year for number of units and energy usage per unit. 4 CSR 240-22.030(8)(A)1.

Empire will supply the missing graphs to the extent that the data is available. If Staff has any concerns regarding the information shown on the graphs, Staff will file its concerns in an additional report in this case within 30 days after the signatory parties sign the Stipulation and Agreement.

Supply-Side Resource Analysis (4 CSR 240-22.040)

7. Staff of the Missouri Public Service Commission:

Staff 7) Empire did not provide all required costs and/or information for the supply-side resources. 4 CSR 240-22.040(1)(A-L).

The cost data that was utilized in the screening of power supply resources included the costs of items such as water impacts and siting impacts. These costs were included in the capital and operating costs, and were not listed separately. In Empire's next filing, any costs not listed separately shall be identified with documentation that those costs are included in the total costs.

Staff 8) Empire did not show that it analyzed all supply-side options identified in the rule nor did it provide any explanation on why it did not analyze all the supply-side options. 4 CSR 240-22.040(1)(A-L).

Information about life extension and refurbishment of existing generating units can be found in the file titled "EDE_Life Extension & Refurbishment_HC" from Empire's Supplemental Filing. In its next IRP filing, Empire will consider and analyze upgrades to all existing plant and detail that analysis.

Staff 9) Empire provided incomplete information on costs of resources. 4 CSR 240-22.040(2)(A).

Empire did not provide cost rankings for candidate supply-side resources in its original filing. The cost rankings with and without probable environmental costs are provided in the Supplemental Filing in the file titled "EDE_Ranking of Supply-Side Resources". The rankings will be provided for Empire's next IRP filing unless Empire is

granted a waiver from this requirement or there is a change in this part of the IRP rule.

Staff 10) Empire provided incomplete information on environmental mitigation. 4 CSR 240-22.040(2)(B)2 and 3.

Through discussions with other parties where Empire further explained its environmental mitigation analysis, Staff agrees that this requirement has been met by Empire.

Staff 11) Empire provided incomplete information on environmental mitigation 4 CSR 240-22.040(2)(C).

The cost rankings of supply-side candidate resources with and without probable environmental costs were addressed in the response to Staff 9.

Staff 12) Empire provided no documentation of any analysis of life extension and refurbishment of existing plants. 4 CSR 240-22.040(4).

The issue of life extension and refurbishment of existing plant is addressed in the response to Staff 8.

Staff 13) Empire provided incomplete information on purchase power agreements. 4 CSR 240-22.040(5)(A-G).

Empire only included a wind energy purchase power agreement (PPA) as a candidate resource. Empire will consider other long-term PPAs as candidate resources in its next IRP filing.

Staff 14) Empire provided incomplete information regarding the fuel forecasts. 4 CSR 240-22.040(8)(A)3.

Through discussions with other parties where Empire further explained its fuel forecast analysis, Staff agrees that this requirement has been met by Empire.

Staff 15) Empire provided incomplete information for capital costs. 4 CSR 240-22-040(8)(B)2.

Through discussions with other parties where Empire further explained its capital cost analysis, Staff agrees that this requirement has been met by Empire.

Staff 16) Empire provided incomplete information for annual fixed and variable operation and maintenance costs. 4 CSR 240-22-040(8)(C)2.

In its next IRP filing, Empire will identify critical uncertain factors for annual fixed and variable operation and maintenance costs, describe why these costs were or were not deemed critical factors unless Empire is granted a waiver from this requirement or there is a change in this part of the IRP rule.

Staff 17) Empire provided incomplete information for estimated emission costs. 4 CSR 240-22.040(8)(D)2.

Through discussions with other parties where Empire further explained its emission cost analysis, Staff agrees that this requirement has been met by Empire.

Staff 18) Empire provided no information on leased or rented facilities. 4 CSR 240-22-040(8)(E).

Through discussions with other parties where Empire further explained that it did not have any leased or rented facilities, Staff agrees that this requirement has been met by Empire.

8. Office of the Public Counsel:

OPC 1) 4 CSR 240-22.040(2)(C) - Failure to comply with requirements to provide ranking of supply side options in terms of utility costs and utility costs plus probable environmental costs.

The cost rankings of supply-side candidate resources with and without probable environmental costs were addressed in the response to Staff 9.

9. Department of Natural Resources:

DNR 1) Paragraph 4 CSR 240-22.040(1) Empire's filing is deficient in its failure to include energy efficiency improvements.

In its next IRP filing, Empire will analyze dispatchable renewable resources such as landfill gas generation and additional biomass technologies; solar-based non-dispatchable renewable technologies such as photovoltaic (PV) and solar thermal generation resources; and potential energy efficiency improvements of existing resources.

DNR 2) Paragraph 4 CSR 240-22.040(2) Empire's filing may be deficient in ranking supply side options.

If any resource options are eliminated during the screening phase in the next IRP filing, the Company will provide an explanation of the process used to eliminate it. The cost rankings of supply-side candidate resources with and without probable environmental costs were addressed in the response to Staff 9.

DNR 3) Paragraph 4 CSR 240-22.040(4) Empire's filing may be deficient in considering extending the life and the refurbishment of current plants.

Life extension and refurbishment of existing plants was addressed in the response to Staff 8.

Demand-Side Resource Analysis (4 CSR 240-22.050)

10. Staff of the Missouri Public Service Commission:

Staff 19) Empire did not present a menu of end-use measures that include broad coverage of renewable energy sources and energy technologies that substitute for electricity at the point of use. 4 CSR 240-22.050(1)(D).

Empire agrees to analyze renewable energy sources and energy technologies that substitute for electricity at the point of use in its next IRP filing.

Staff 20) Empire did not explicitly identify market segments. 4 CSR 240-22.050(6)(A).

Empire will conduct an Appliance Saturation Survey, followed by a Commercial End-Use Inventory prior to its next IRP filing. Empire will also identify market segments in its next IRP filing unless Empire is granted a waiver from this requirement or there is a change in this part of the IRP rule.

Staff 21) Empire did not present an analysis of interactions between end-use measures. 4 CSR 240-22.050(6)(B).

Empire will analyze the interaction between end-use measures in its next IRP filing unless Empire is granted a waiver from this requirement or there is a change in this part of the IRP rule.

Staff 22) Empire did not present a designed marketing plan and delivery process of its demand-side programs. 4CSR 240-22.050(6)(D).

A demand-side management (DSM) implementation plan was included in Empire's Supplemental Filing. The file is named "EDE_DSM Implementation plan_2007 IRP". With this supplemental filing, Empire is in compliance with this requirement. The DSM implementation plan will also be provided to the Empire Customer Programs Collaborative (CPC).

Staff 23) Empire did not develop and present evaluation plans for its demand-side programs. 4 CSR 240-22.050(9).

In Empire's Supplemental Filing, a high level evaluation plan for its demand-side programs was provided in the file named "EDE_High Level DSM Evaluation Plan". With this supplemental filing, Staff agrees that Empire is in compliance with this requirement.

11. Office of the Public Counsel:

OPC 2) 4 CSR 240-22.050 (6) – Empire failed to comply with the requirement in the rule for it to “develop a set of potential demand-side programs that are designed to deliver an appropriate selection of end-use measures to each market segment.”

A menu of all end-use measures that were examined in the DSM analysis for this IRP filing was supplied in the Supplemental Filing. The file name is "EDE_Measures". Empire agrees that in the next IRP filing that it will consider a broader universe of DSM programs, including joint delivery programs where Empire cooperates with gas utilities that operate in its service territory.

OPC 3) 4 CSR 240-22.050(7)(F) - Failure to comply with this provision requiring that “potential demand-side programs that pass the total resource cost test shall be considered as candidate resource options and must be included in at least one (1) alternative resource plan developed pursuant to 4 CSR 240-22.060(3).”

For Empire's next IRP filing, all demand-side programs that pass demand-side screening will be included in at least one alternative resource plan unless Empire is granted a waiver from 4 CSR 240-22.050(7)(F) or there is a change in this part of the IRP rule.

12. Department of Natural Resources:

DNR 4) Paragraph 4 CSR 240-22.050(1) Empire may have failed to identify a menu of energy efficiency and energy management measures.

As addressed in the response to OPC 2, a menu of all end-use measures that were examined in the DSM analysis for this IRP filing was supplied in the Supplemental Filing. The file name is “EDE_Measures”. In its next IRP filing, Empire will outline the menu of energy efficiency and energy management measures. For each measure listed, the measure’s (1) base technology, (2) base efficiency definition, (3) efficient technology, and (4) efficient technology definition will be included.

DNR 5) Paragraph 4 CSR 240-22.050(6) Empire failed to consider a broad universe of DSM programs.

As addressed in the response to OPC 2, Empire agrees that in the next IRP filing that it will consider a broader universe of DSM programs, including joint delivery programs where Empire cooperates with gas utilities that operate in its service territory. As addressed in the response to Staff 22, a DSM implementation plan was included in Empire’s Supplemental Filing. The file is named “EDE_DSM Implementation plan_2007 IRP”.

Integrated Resource Analysis (4 CSR 240-22.060)

13. Staff of the Missouri Public Service Commission:

Staff 24) Deficiencies in supply-side and demand-side analysis limit the development of alternative resource plans. 4 CSR 240-22.060(3).

The issues with the supply-side and demand-side analysis are addressed previously in this agreement.

Staff 25) Empire did not treat supply-side and demand-side resources on a logically consistent and economically equivalent basis. 4 CSR 240-22.060(4)(D).

See the response to Staff 1.

Staff 26) Empire provided no documentation that it did any analysis of load building programs. 4 CSR 240-22.060(5).

In its next IRP Filing, Empire's analysis will include an evaluation of the potential load building implications for all existing and proposed demand-side programs that include compensation for end-use measures where load building may occur.

Staff 27) Empire did not provide the reporting requirement information for the four alternative plans it deemed contingency plans. 4 CSR 240-22.060(6)(C)6. - 9.

Contingency plans will be subjected to the same risk analysis as other alternate resource plans in Empire's next IRP filing. Performance measure information for the four contingency plans can be found in the Supplemental Filing, in the file named "EDE_Performance Measures Contingency Plans_HC".

14. Office of the Public Counsel:

OPC 4) 4 CSR 240-22.060 (3) and 4 CSR 240-22.010(2)(A) – Empire did not follow this provision which includes the requirement that the utility “shall use appropriate combinations of candidate demand-side and supply-side resources to develop a set of alternative resource plans, each of which is designed to achieve one (1) or more of the planning objectives identified in 4 CSR 240-22.010(2).”

This was addressed in the response to Staff 27.

OPC 5) 4 CSR 240-22.060(6)(B) - Failure to comply with filing requirements to provide “a summary tabulation that shows the performance of each alternative resource

plan as measured by each of the measures specified in section (2) of this rule.”

The required data can be found in the Supplemental Filing. The file names are “EDE_Performance Measure Tables_HC” and “EDE_Performance Measures Contingency Plans_HC”.

15. Department of Natural Resources:

DNR 6) Paragraph 4 CSR 240-22.060(3) – Empire failed to use "appropriate combinations of candidate demand side and supply side resources" when defining the alternative resource plans that will be subjected to integration analysis.

Empire agrees that as part of its integration and risk analysis work in its next IRP filing it will model demand-side resources (both energy efficiency resources and demand response resources) in some of its alternative resource plans for the entire planning horizon (i.e., 20 years) over which the costs and benefits of alternative resource plans are evaluated. At least two portfolios of demand-side resources (including both moderate and aggressive portfolios) will be modeled in some of the alternative resource plans.

Risk Analysis and Strategy Selection (4 CSR 240-22.070)

16. Staff of the Missouri Public Service Commission:

Staff 28) Empire did not conduct a preliminary sensitivity analysis of the uncertain factors listed in the rule. 4 CSR 240-22.070(2).

In the Supplemental Filing, Empire provides a description of how the critical uncertain factors and their subjective probabilities were derived. This can be found in the file “EDE_Critical Uncertain Factors”. Prior to Empire’s next IRP filing, Empire will

work with the signatory parties to clarify what is required of a preliminary sensitivity analysis prior to conducting such an analysis unless Empire is granted a waiver from this requirement or there is a change in this part of the IRP rule. The waiver request will include a discussion of why Empire believes the information is not necessary.

Staff 29) Empire provided limited documentation to show that the resource acquisition strategy was formally approved. 4 CSR 240-22.070(10).

The committee of senior management that have approved the preferred plan and implementation plan for this IRP filing has been delegated the authority to make decisions on behalf of the Company. The Empire IRP Team members are listed in the file “EDE_Critical Uncertain Factors” (in the first paragraph on page 1) from the Supplemental Filing. With this supplemental filing, Staff agrees that Empire is in compliance with this requirement.

Staff 30) Empire did not set out the range of critical uncertain factors for which the preferred resource plan or a contingency option is appropriate. 4 CSR 240-22.070(10)(C) and (D).

Empire further discusses ranges of critical uncertain factors and monitoring critical uncertain factors in the Supplemental Filing. The ranges of critical uncertain factors are discussed in the file “EDE_Critical Uncertain Factors” under the heading “Range of Critical Uncertain Factors.” A description of monitoring and reporting critical uncertain factors can be found in the file “EDE_Monitoring and Reporting Critical Uncertain Factors”. In Empire’s next IRP filing, Empire will document the range of critical uncertain factors that define the limits within which the preferred resource plan judged to be appropriate unless Empire is granted a waiver from this requirement or

there is a change in this part of the IRP rule.

Staff 31) Empire did not develop a process for monitoring and reporting of critical uncertain factors. 4 CSR 240-22.070(10)(E).

A description of monitoring and reporting critical uncertain factors can be found in the file “EDE_Monitoring and Reporting Critical Uncertain Factors” from the Company’s Supplemental Filing. With this supplemental filing, Staff agrees that Empire is in compliance with this requirement.

17. Office of the Public Counsel:

OPC 6) 4 CSR 240-22.070(1) – Empire did not comply with this requirement which states that “the utility shall use the methods of formal decision analysis to assess the impacts of critical uncertain factors on the expected performance of each of the alternative resource plans developed pursuant to 4 CSR 240-22.060(3)...”

As with OPC 4, this was addressed in the response to Staff 27.

OPC 7) 4 CSR 240-22.070(1) and (5) - Failure to explicitly state and document the subjective probabilities that utility decision makers assign to each of the uncertain factors as required by 4 CSR 240-22.070(1) and (5).

As was stated in the response to Staff 28, in the Company’s Supplemental Filing, Empire identifies the critical uncertain factors and provides a description of how the critical uncertain factors and their subjective probabilities were derived for this IRP. This can be found in the file “EDE_Critical Uncertain Factors”. In its next IRP filing, Empire will (1) clearly identify the uncertain factors that it determines to be critical to the performance of its alternative resource plans: and (2) document the subjective assessments of probabilities by Empire decision-makers for the likelihood of adverse

outcomes for uncertain factors that are critical to the performance of the various alternative resource plans. The names and positions of these decision-makers will also be documented.

OPC 8) 4 CSR 240-22.070(2) and 4 CSR 240-22.070(11)(A)2. - Failure to perform analysis required by this section of the rule for each of the uncertain factors listed in (A) – (L) of 4 CSR 240-22.070(2) and document it as required by 4 CSR 240-22.070(11).

This was addressed in the response to Staff 28.

OPC 9) 4 CSR 240-22.070(9)(B) - Failure to create an adequate implementation plan for DSM programs.

As indicated in the response to Staff 22, a DSM implementation plan was included in Empire's Supplemental Filing. The file is named "EDE_DSM Implementation plan_2007 IRP".

OPC 10) 4 CSR 240-22.070(10)(C) - Failure to specify the ranges or combinations of outcomes for the critical uncertain factors and explain how limits were determined.

The risk analysis section begins on page 25 of Volume V of Empire's IRP filing. Contained in this section (page 34) is the calculation of the expected value of better information (EVBI), with Table 16 providing the optimal decision under the full range of each critical uncertain factor. Additionally, Empire has agreed to subject contingency plans to the same risk analysis that was applied to other alternate resource plans in its next IRP filing (See Staff 27 and OPC 6). This approach will further study the contingencies of more stringent environmental cases. See also the response to Staff

30.

OPC 11) 4 CSR 240-22.070(10)(D) - Failure to specify a set of contingency options for the critical uncertain factors as part of an officially adopted resources acquisition strategy.

This was partially addressed in the response to OPC 10. For Empire's next IRP filing, Empire will specify a set of contingency options for the critical uncertain factors as part of an officially adopted resources acquisition strategy unless Empire is granted a waiver from 4 CSR 240-22.070(9)(D) or there is a change in this part of the IRP rule.

18. Department of Natural Resources:

DNR 7) 4 CSR 240-22.070 Statement of Purpose, and Paragraphs 4 CSR 240-22.070(1), (2), (3) and (5) – Empire fails to clearly and unambiguously identify “critical uncertain factors.”

Identifying the critical uncertain factors was addressed in the response to OPC 7 and Staff 28.

DNR 8) Paragraph 4 CSR 240-22.070(10) – Empire fails to provide a complete resource acquisition strategy.

In its Supplemental Filing, Empire provides a more detailed resource acquisition strategy with the files “EDE_Supply-Side Implementation Plan_HC” and “EDE_DSM Implementation Plan_2007 IRP”. Monitoring and reporting critical uncertain factors was addressed in the response to Staff 31.

4 CSR 240-22.070(10)(D) requires the development of a set of contingency options that are judged to be appropriate responses to the extreme outcomes of the critical uncertain factors. While Empire included a high risk level for each of the critical

uncertain factors in the decision tree analysis, Empire did not produce a thorough set of contingency options as contemplated in 4 CSR 240-22.070(10)(D). Empire agrees that in its next IRP filing, it will:

- for each critical uncertain factor, develop a contingency option that would be triggered by extreme values for that critical uncertain factor, and for each unique combination of critical uncertain factors that is deemed by Empire to require separate contingency analysis, develop a contingency option that would be triggered by extreme values for that unique combination of critical uncertain factors, or
- seek a waiver of this rule if Empire believes it will provide an alternative analysis that will adequately examine critical uncertain factors and appropriate responses should any one, or a combination of extreme outcomes, occurs.

Terms Not Linked to a Specific Section of 4 CSR 240-22

19. Currently based on 4 CSR 240-22.080(3), Empire's next scheduled IRP filing will be September, 2010 (2010 Filing.) Empire agrees that, if it seeks any waiver(s) for the 2010 Filing it will make a good faith effort to do so at least 12 months prior to the filing. In the event that Empire is unable to request waivers at least 12 months prior to the filing and determines that it will seek a waiver in a shorter time frame, Empire will provide prompt notice of its determination to the Signatories and file a waiver request with the Commission no later than 6 months prior to the filing. Empire agrees that it will seek waivers for any and all sections of the IRP rules that its filing will not comply with.

20. The Signatories agree to hold annual resource planning meetings until the

2010 Filing. The meetings will be open to all parties in this case. At these meetings, Empire will provide an update on its resource planning and on the incorporation of the terms of this Stipulation And Agreement into the 2010 Filing. The meetings will also be used to facilitate discussion and gather input from participants on the specific aspects of the resource planning process. The first meeting will be held within 6 months of the Commission's approval of this Stipulation And Agreement.

21. Some of the alleged deficiencies in this Stipulation and Agreement require specific actions to be taken by Empire in the next IRP filing, unless the action or requirement was related to a provision in the current IRP rule that is no longer a part of a new Commission IRP rule. If there are instances where a specific resolution or action does not contain the above exception for a Commission Chapter 22 Electric Utility Resource Planning rule change and the agreed to actions are in conflict with a new or revised rule, then Empire and the other Signatory Parties agree to collaborate in an effort to achieve consensus on modifications to the agreed actions. If the Signatory Parties are unable to achieve a consensus on modifications to the agreed actions then one or more parties may request that the Commission make a determination of modifications to the agreed actions, if any, that Empire should be required to undertake.

22. This Agreement does not restrict any Signatory from taking the position of its choice in any Commission case to review the Chapter 22 – Electric Utility Resource Planning rules.

23. All actions agreed upon by Empire are to be completed for the next Resource Plan Filing, unless otherwise stated.

24. The reference to identified deficiencies in the paragraphs above and

Empire's agreement to take any particular action or to provide any particular analysis in its next filing does not constitute an admission on the part of Empire that its September 2007 filing contained deficiencies.

25. The Signatories shall not be deemed to have approved or acquiesced in any question of Commission authority, accounting authority order principle, cost of capital methodology, capital structure, decommissioning methodology, ratemaking principle, valuation methodology, cost of service methodology or determination, depreciation principle or method, rate design methodology, cost allocation, cost recovery, or prudence that may underlie this Agreement, or for which provision is made in this Agreement.

26. This Agreement represents a negotiated settlement. Except as specified herein, the Signatories to this Agreement shall not be prejudiced, bound by, or in any way affected by the terms of this Agreement: (a) in any future proceeding other than the next Resource Plan Filing; (b) in any proceeding currently pending under a separate docket; and/or (c) in this proceeding should the Commission decide not to approve this Agreement in this case, or in any way condition its approval of same.

27. Non-Empire Signatories do not waive their right to recommend the Commission not approve variance requests of Empire for its next Resource Plan Filing.

28. When approved and adopted by the Commission, this Agreement shall constitute a binding agreement among the Signatories. The Signatories shall cooperate in defending the validity and enforceability of this Agreement and the operation of this Agreement according to its terms.

29. This Agreement does not constitute a contract with the Commission.

Acceptance of this Agreement by the Commission shall not be deemed as constituting an agreement on the part of the Commission to forego the use of any discovery, investigative or other power which the Commission presently has. Thus, nothing in this Agreement is intended to impinge or restrict in any manner the exercise by the Commission of any statutory right, including the right to access information, or any statutory obligation.

30. The provisions of this Agreement have resulted from extensive negotiations among the Signatories and 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 Party shall be bound by any of the agreements or provisions hereof, except as explicitly provided herein. If the Commission does not unconditionally approve this Agreement without modification, and notwithstanding the provision herein that it shall become void; neither this 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 to a hearing on the issues presented by the Agreement, for cross-examination, or for a decision in accordance with Section 536.080 RSMo 2000 or Article V, Section 18 of the Missouri Constitution, and the parties shall retain all procedural and due process rights as fully as though this Agreement had not been presented for approval, and any suggestions, memoranda, testimony or exhibits that have been offered or received in support of this Agreement shall thereupon 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 further purpose

whatsoever, unless otherwise agreed to by the Signatories.

31. In the event the Commission accepts the specific terms of the Agreement, the Signatories waive their respective rights to cross-examine witnesses; their respective rights to present oral argument and written briefs pursuant to Section 536.080.1 RSMo 2000; their respective rights to the reading of the transcript by the Commission pursuant to Section 536.080.2 RSMo 2000; and their respective rights to judicial review pursuant to Section 386.510 RSMo 2000. This waiver applies only to a Commission order approving the Agreement or other Report and Order approving this Agreement issued in this proceeding, and does not apply to any matters raised in any subsequent Commission proceeding, or any matters not explicitly addressed by this Agreement.

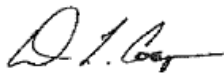
WHEREFORE, for the foregoing reasons, the Signatories respectfully request that the Commission issue an Order approving the terms and conditions of this Agreement.

Respectfully submitted,



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EXPLORER PIPELINE, INC.

Certificate of Service

I hereby certify that two, true and correct copies of the above and foregoing document was sent by electronic mail on this 6th day of May, 2008, to all counsel of record.

D. I. Conrad