

Notes for Exhibit 1

Exhibit 1 shows Staff's recommended authorized rate of return (ROR), and replaces Table 1. Allowed Rate of Return in Staff's Direct Report, on page 5, lines 12-13. The new table factors in the adjustments to recommended capital structure as explained in Staff's Surrebuttal Testimony [Chari Surrebuttal, p. 12, line 15] and recommended cost of debt [Chari Surrebuttal, p. 13, lines 17 to 18].

The Empire District Electric Company
Case No. ER-2019-0374

Recommended Allowed Rate of Return as of September 30, 2019
for The Empire District Electric Company

Allowed Rate of Return Using
Common Equity Return of:

Capital Component	Percentage of Capital	Embedded Cost	9.05%	9.25%	9.80%
Common Stock Equity	52.43%	-----	4.74%	4.85%	5.14%
Long-Term Debt	<u>47.57%</u>	4.57%	<u>2.17%</u>	2.17%	2.17%
Total	<u>100.00%</u>		<u>6.92%</u>	<u>7.02%</u>	<u>7.31%</u>

Notes:

1. Staff's recommended authorized rate of return (ROR) replaces Table 1. Allowed Rate of Return in Staff's Direct Report, on page 5, line:
2. The new table factors in the adjustments to recommended capital structure as explained in Staff's Surrebuttal Testimony [Chari Surrebuttal, p. 13, lines 17 to 18].
3. Recommended cost of debt is explained in Staff's Surrebuttal Testimony [Chari Surrebuttal, p. 13, lines 17 to 18].