
MEMORANDUM

TO: LENA MANTLE, HENRY WARREN, MACK MCDUFFEY
FROM: SHERRY MCCORMACK, EMPIRE DISTRICT ELECTRIC CO.
SUBJECT: HIGH EFFICIENCY RESIDENTIAL CENTRAL AIR CONDITIONING REBATE TARIFF
DATE: 5/7/2007
CC: BRENDA WILBERS, RYAN KIND, STU CONRAD

This program will assist customers in Empire's electric service territory with the installation of more energy efficient central air conditioning systems and will provide training to the installers/contractors of these systems. Empire will provide financial incentives to homeowners/builders for the purchase of a central air conditioning (CAC) system or heat pump with a SEER of 15 or greater. The training to be provided to the installers/contractors will cover Manual J, which is the industry standard load calculation method, and System Charging and Airflow. Beginning in 2009, installers must have completed this, or similar, training for the homeowners/builders to qualify for the rebate.

This proposed tariff includes an incentive for both CAC systems and heat pumps. The purpose of this tariff is not to build load, only to improve the energy efficiency of the home in an effort to keep the utility bills at an affordable level. The heat pump incentive will not be greater than the incentive for a CAC with the equivalent SEER. Empire is not attempting to influence the type of system purchased, only to improve the selection process to achieve better energy efficiency throughout the home. Each participant who selects to install a heat pump will be interviewed after the installation to determine if the incentive influenced the decision to select a heat pump over a central air conditioner.

The Empire District Electric Company's High Efficiency Residential Central Air Conditioning Rebate Program proposed tariff will be sent to City Utilities of Springfield, City of Nixa, City of Mt. Vernon, City of Monett, City of Lockwood, City of Lamar, City of Carthage, New-Mac Electric Cooperative, Barry Electric Cooperative, Ozark Electric Cooperative, Barton County Electric Cooperative, Sac Osage Electric Cooperative, Osage Valley Electric Cooperative, White River Valley Electric Cooperative, Webster Electric Cooperative, Laclede Electric Cooperative, and Missouri Gas Energy.

Empire District Electric Company plans to use bill inserts as the primary method of promoting this program to homeowners. The insert will describe the program, including the rebates, and contact information. Information will also be available on the Company's website. To further promote the program, the company will send information, including rebate applications, to many installers throughout its Missouri service territory.

The cost-effectiveness of this program will be analyzed through measurement and evaluation.

Empire estimated costs and benefits which were then input into a benefit-cost model along with other inputs such as avoided costs and capacity costs. The results of these benefit-cost models are shown below:

Total Resource Cost Test	1.12
Societal Test	1.22
Participant Test	2.46
Rate Impact Measure Test	0.47
Utility Cost Test	1.46

Annual program costs have been estimated as:

2007	\$268,000
2008	\$322,500
2009	\$414,700
2010	\$379,500
2011	\$382,000