

NOTICE OF REPLACEMENT OF EXISTING ENVIRONMENTAL RIDER

The Empire District Electric Company ("Empire"), A Liberty Utilities Company, has filed an application with the Kansas Corporation Commission ("Commission") requesting approval to replace its existing environmental rider. The proposed rider is designed to continue to recover costs associated with the investment in new environmental control equipment at its Asbury generating station and it will now include the investment in Empire's New Riverton 12 combined cycle natural gas fired generating unit ("Riverton 12"). The new charge will be called the Asbury Environmental and Riverton Cost Rider or "AERR." The proposed AERR charge is designed to recover annual costs of \$1,867,702 from Empire's Kansas customers.

Empire's Application has been filed as part of the Settlement Agreement approved by the Commission in the recent merger between Empire and Liberty Utilities. In that Settlement Agreement, Empire agreed to withdraw its pending rate case and agreed to not change its base rates any sooner than January 1, 2019. While Empire agreed to withdraw its pending rate increase late last year, this rate increase request was deferred, not eliminated. In order to lessen the impact of any future rate increase on customers, Empire, the Commission Staff, and the Citizens' Utility Ratepayer Board ("CURB") agreed that Empire would seek an order from the Commission to amend its existing environmental rider to include the Riverton 12 revenue requirement increase as soon as practical, provided the filing complies with certain conditions as set forth in the Settlement Agreement.

Under the proposed AERR, a residential customer using about 1,000 kilowatt hours per month will see an incremental increase of \$5.50 on monthly bills. The proposed AERR will increase the cost of electricity to all of Empire's approximately 9,669 Kansas retail customers, of which 8,214 are residential, 1,245 are commercial and small industrial, 49 are large industrial and 161 are public authority and street and highway customers.

Regulatory Responsibility

The Commission regulates public utilities including home telephone, natural gas, electric and water companies, as well as motor carriers, oil and gas pipeline, and oil and gas producers. The Commission's regulatory oversight of public utilities primarily pertains to rates and terms of service. In order to ensure that customers of regulated utilities are provided sufficient and efficient service at just and reasonable rates, utilities may not change their rates without Commission approval.

Additional Information

A complete copy of Empire's Application and supporting testimony is available on the Commission's website at: <http://www.kcc.ks.gov> searching Docket Filings for docket number 17 EPDE 280 TAR. If you need additional assistance or more information about the proposed change to the existing rider, you can contact Empire at 1-800-206-2300, or contact the Commission's Office of Public Affairs and Consumer Protection at 1-800-662-0027 (inside Kansas only), 1-785-271-3140, or at public.affairs@kcc.ks.gov.

WRITTEN INQUIRIES OR COMMENTS

The Commission will accept comments from the public regarding this docket over the next 30 days. There are three convenient ways to submit a comment:

- 1) Go to the KCC website: www.kcc.ks.gov to enter your comment. Click on the link under "Your Opinion Matters".
- 2) Send a written letter to the Kansas Corporation Commission, Office of Public Affairs and Consumer Protection, 1500 SW Arrowhead Road, Topeka, KS 66604-4027. Be sure to reference Docket No. 17-EPDE-280-TAR.
- 3) Call the Commission's Public Affairs office at 1-800-662-0027 or (785) 271-3140.

Public Comments received during the comment period will be entered into the official case record and posted on the website at the end of the comment period.