

THE STATE CORPORATION COMMISSION OF KANSAS

Index No. 4

THE EMPIRE DISTRICT ELECTRIC COMPANY
(Name of Issuing Utility)

SCHEDULE ECA

ALL TERRITORY
(Territory to which schedule is applicable)

Replacing Schedule _____ Sheet 9

which was filed 01-04-06

ENERGY COST ADJUSTMENT
RIDER ECA

Sheet 1 of 3 Sheets

ENERGY COST ADJUSTMENT CLAUSE

Rate Schedule Covered: This Energy Adjustment Clause applies to all rate schedules.

Computation Formula: The monthly ECA charges, to which this adjustment is applicable, shall be increased or decreased by .001 cents per kilowatt-hour (kWh) for each .001 cents (or major fraction thereof) increase or decrease in the aggregate cost of energy per kWh computed by the following formula:

$$\frac{(F + P + NI + E)}{(.01) \times S} + ACA - D = \text{ECA in cents/kWh}$$

Unless otherwise noted, all data is specific to Empire's Kansas retail customers⁷, where:

- F = Estimated dollar cost of nuclear fuel used¹ and fossil fuel burned² during the current month³.
- P = Estimated total dollar cost of purchased power⁴ during the current month³.
- NI = Estimated net dollar cost⁶ (positive or negative) of interchange received for Kansas Customers. Off system sales shall include revenue equal to the costs of each sale (but not profit or "margin").
- E = Estimated dollar cost of emission allowances, net of all related revenue (gains) concurrent with the monthly emission of sulfur dioxide³. Estimated cost of Air Quality Control System ("AQCS") consumables, such as ammonia, limestone and charcoal consumed at company's generating units.
- S = Estimated kWh delivered to Kansas customers during the current month.
- D⁸ = Credit of off System Sales Profits. Off system revenue gross profit for the prior 12-month period ending October 31 shall be included in the monthly ECA calculation as follows:

$$D = \frac{OAV}{S_1}$$

OAV = Kansas share of the prior 12-month period ending October 31's off-system sales profits (margin)

S₁ = Actual Kansas retail Sales for the prior 12-month period ending October 31.

Kansas share = $\frac{S_1 \times (\text{prior 12-month period ending October 31's off-system sales profits (margin)})}{\text{EDE total system (all requirements) sales in kWh during the prior 12-month period ending October 31.}}$

ACA⁹ = Annual settlement factor, which is calculated as follows:

Issued	_____	_____	_____
	Month	Day	Year
Effective	Jul	1	2010
	Month	Day	Year
By	<u>Kelly S. Walters</u>	_____	_____
	Signature of Officer		Title

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SETTLEMENT PROVISION

Subsequent to the effective date of this clause, the Company shall continuously maintain separate monthly comparisons of the aggregate of actual fuel costs (F_A), actual purchase power cost (P_A), actual cost of net interchange (NI_A), and actual net cost of emission allowances (E_A), with the ECA revenue obtained for the same month. The actual ECA revenue shall be calculated by multiplying the (actual) volumes sold during the said month (S_A) by the effective ECA charge net of the effective ACA and D factors. For each twelve month billing period ended October 31, any monthly differences between actual cost and actual (net) ECA revenue shall be accumulated to produce a cumulative balance of over-recovered or under-recovered costs. After October 31, the Company shall also determine any annualized over or under-recovery relative to the ACA factor and off-system profit factor, D. The latter balances will be based primarily on a comparison of S₁ with actual Kansas retail sales for the year ending October 31. The ACA factor for the next ECA-year shall be computed by aggregating any energy cost over-recovery or under-recovery with any over-recovery or under-recovery associated with the previous year's ACA and off-system profit factors and then dividing that aggregate amount by the actual annual Kansas retail kWh sales during the just concluded ECA-year. The ACA factor, shall be rounded to the nearest \$0.00001 per kWh and applied to sales billed on or after the first day of the month following the month in which the adjustment has been approved by the Commission or as implemented subject to note 9. The ACA shall remain in effect until superseded by subsequent ACA's.

NOTES TO THE FORMULA

1. Costs includable under nuclear fuel are those properly recorded as nuclear in FERC Account Number 518.
2. Costs includable under fossil fuel burned shall include only those costs properly recorded as fossil fuel costs in FERC Account Number 501. For natural gas or other fuels for which no inventory is maintained, the cost recorded in FERC Account Number 501 and 547 are includable as fossil fuel burned. Emission Allowances recorded in FERC Account Number 509 associated with the burning of fossil fuel shall also be includable. AQCS consumables recorded in FERC Account 506.2 associated with the burning of fossil fuel shall also be includable. Costs of each type of fuel burned shall be computed by the following formula:

$$\frac{(B + A) \times E}{(C + D)}$$

Where:

- B = Dollar cost of fuel stocks at the beginning of the current period.
- A = Estimated dollar cost of additions to fuel stocks during the current period.
- C = Actual units of fuel (tons, barrels, or MCF) in stock at the beginning of the current period.
- D = Estimated units of fuel to be added to stocks during the current period.
- E = Estimated units of fuel to be burned during the current period.

3. The current month is defined as the month during which the energy to be billed under the adjustment will be delivered.
4. Costs includable under purchased power are those properly recorded as purchased energy costs in FERC Account Number 555, and are exclusive of capacity, demand or other fixed charges.
5. Net dollar costs or interchange includes energy costs, exclusive of capacity, demand, or other fixed charges. Net interchange shall not include off-system sales profits (margins) that are included in the calculation of Factor D.
6. Off-system sales profits are calculated as the off-system sales revenue minus the costs associated with the off-system sales.

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- 7. Kansas customers refers to Empire's Kansas retail customers.
- 8. This factor shall be implemented beginning January 1 of each year based upon the results for the prior 12-month period ending October 31 (subject to note 10).
- 9. The ACA factor shall be applied on an interim basis beginning January 1 of each year based upon the results for the prior 12-month period ending October 31. The final ACA factor will be subject to Commission approval.
- 10. The ACA factor implemented on January 1, 2006 shall be 0.000 cents per kWh (zero). The ACA factor implemented January 1, 2007 shall be based upon the period from January 1, 2006 through October 31, 2006. Subsequent ACA factors shall be determined per note 8.

Computation Frequency: This computation must be made monthly.

Reporting Requirements: The Company shall submit to the Kansas Corporation Commission on or before the fifteenth (15th) day of each month an energy adjustment report, in a format prescribed by the Kansas Corporation Commission, showing the calculations for the next month's energy adjustment rate and the most recent months actual costs; actual off-system sales profits and supporting information, including off-system sales revenue and the costs for each off-system sale; previous 12 months line losses; and current estimated over or under recovery.

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