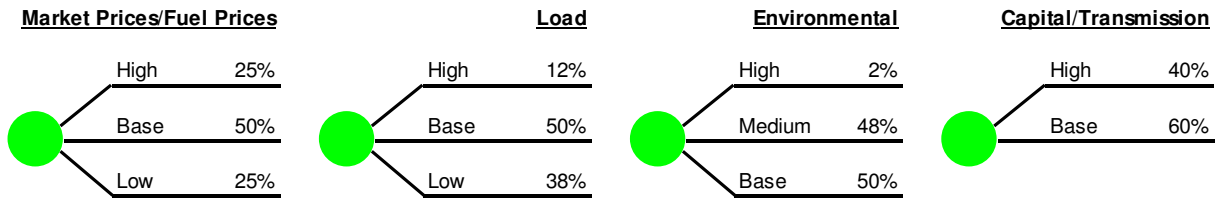


Monitoring and Reporting Critical Uncertain Factors

Empire's decision tree presented below shows the critical uncertain factors selected for this IRP. The critical uncertain factors in the decision tree are (1) market and fuel prices, (2) load growth, (3) environmental costs and (4) capital and transmission costs.



Monitoring Market and Fuel Prices

Empire purchases fuel and power on a continuous basis. Each month fuel and energy accountants prepare reports for management, such as reports known as the Summary of Fuel and Purchased power Report, the Electric Fuel Report and the Purchased and Exchanged Power Allocation Report. The Summary of Fuel and Purchased Power Report compares generation, fuel costs and purchase costs, actual to budget on a monthly, year-to-date and twelve-months-ended basis. The Electric Fuel Report contains detailed fuel usage and cost information by generating unit, plant and entire system on a monthly, year-to-date and twelve-months-ended basis. The Purchased and Exchanged Power Allocation Report is a detailed list of power purchases for the month. Explanations for variances from budget are also reported to management. The Company's Electric Gas Position Report is supplied to management on a weekly basis. It reports detailed natural gas price and natural gas hedged amount information. This report contains a natural gas position summary, trading detail, market detail, storage balance and other information. It tracks both hedged and spot market natural gas activity. The market detail section lists current natural gas market futures prices and basis adjustment estimates for the next several years. A month to date Summary of Fuel and Purchased Power report is also provided to management to keep current of system costs on a weekly basis. Updated

production cost simulation runs are provided to management on a monthly basis which incorporates actual information with a simulation for the remainder of the current year and the proceeding year, using the most recent natural gas information.

Monitoring Load Growth

Each month the Planning and Regulatory Department prepares the Electric Sales and Revenue Variance Report for management. This report compares actual electric peaks, net system input (NSI) sales and revenue versus the forecast of each. It also provides an explanation of variance. This comparison and variance reporting is done at both the revenue class and total system level on a monthly, year-to-date, twelve-months-ended and same month as last year basis. Each month, the Planning and Regulatory department also prepares and distributes to management, the Customer Report and Weather Report. The Customer report exhibits the number of customers and the change in customer growth by Commercial Operation Area. Since weather is a key factor for the monthly peak, NSI, sales and revenue, a Weather Report shows how the current months heating and cooling degrees compare to history. When the load forecasts are developed, input is provided from several areas of the Company including management, Industrial and Commercial Services, and the Commercial Operations areas.

Monitoring Environmental Costs

Environmental issues are monitored by the Safety and Environmental Services department. The Energy Supply department works with this department to monitor environmental costs and issues at the Company's generation facilities. Safety and Environmental Services and Energy Supply provide management with The Annual NOx Allocation Projection, The Annual SO2 Report and the SO2 Allowance Management Policy (SAMP). The Annual SO2 Report is filed with the state of Missouri by February 1 of each year. The SAMP was filed with the state of Missouri on January 18, 2005. The Energy Supply department also subscribes to JD Energy environmental forecasting services. The Safety and Environmental Services department provides management with

a quarterly Environmental Key Issues Summary. However, if important environmental issues develop, management is updated as needed. Personnel from the Environmental staff are in regular contact with local, state and federal environmental agencies. They attend events such as the Electric Utilities Environmental Conference annually in Arizona. Empire is an active member of the Air and Waste Management Association, the Edison Electric Institute (EEI), the Regulatory Environmental Group for Missouri (REGFORM) and the Missouri Electric Utilities Environmental committee (MEUEC). Safety and Environmental staff members serve on the environmental committees of the Missouri Chamber of Commerce and Industry and the Missouri Energy Development Association.

Monitoring Construction and Transmission Costs

Empire monitors the state of current estimates of construction costs for supply-side resources via industry periodicals such as Platts and the Energy Information Administration (EIA) Annual Energy Outlook. Empire has contracted with engineering firms such as Black & Veatch and Burns and McDonnell for construction cost estimates on an as needed basis. Empire has recent experience with several new generation construction projects with various technologies including combined-cycle, simple cycle combustion turbine, aero-derivative combustion turbine, wind turbines and coal plants. These types of construction projects are monitored by Project Managers. Strategic Project reports are provided to management on a monthly basis. Empire actively participates in the Southwest Power Pool Inc. regional transmission organization's (SPP RTO) transmission planning studies. SPP conducts three studies directly associated with transmission planning: Large Generation Interconnection Studies, Aggregate Transmission Service Studies and the SPP Transmission Expansion Plan.