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TESTIMONY

TO:

The Honorable Jay Emler, Chair

And Members Of The

Senate Committee on Utilities

FROM:

Whitney Damron

On Behalf Of

The Empire District Electric Company

RE:

SB 93 -

An Act concerning eminent domain; relating to wind

energy development projects.

DATE:

February 2, 2005

Good morning Chairman Emler and Members of the Senate Committee on Utilities. I am Whitney Damron and I appear before you today on behalf of The Empire District Electric Company in opposition to SB 93 that would prohibit the use of eminent domain authority by a public utility for the siting or construction of wind powered electrical generators or turbines or the siting of electrical transmission lines to or from such generators or turbines.

By way of information, Empire is an investor-owned utility providing electric service to approximately 157,000 customers in southwest Missouri, southeast Kansas, northeast Oklahoma and northwest Arkansas. The Company is a Kansas corporation headquartered in Joplin, Missouri.

As Members of the Committee may be aware, in December, 2004, Empire signed a 20-year contract with PPM Energy, the U.S. competitive subsidiary of Scottish Power, to purchase the energy generated at the 150-megawatt Elk River Windfarm located in Butler County, Kansas near Beaumont. The Beaumont site is not located within the Heart of the Flint Hills as defined by the Natural Resources Sub-Cabinet created by Governor Sebelius, but approximately five miles south of this designated area.

Included with my testimony is a copy of the press release that accompanied that announcement by Empire in December of 2004.

Public utilities, by their very definition and purpose, are granted certain authority to provide for the common good, including the power of eminent domain. Empire does not believe it is appropriate to single out public utilities that may seek to develop wind energy and preclude them from the use of eminent domain authority. Public utilities often require this authority to fulfill their obligations to their customers within their defined service territory. Removing this authority for public utilities involved in wind projects may very well halt any future development of this environmentally friendly and abundant resource in our state.

It is important to note, public utilities do not have unilateral eminent domain authority. Significant protections for private property rights are included under state law, including allowance for public hearings and just compensation.

Wind power is but one of several generation options available to electric utilities in the Midwest. For some companies, as has been discussed in this and other committees during the past few weeks, wind power is not in their immediate plans or is not economically feasible. However, for others, including Empire, wind generation can be an integral and cost effective part of an electric utilities' generation portfolio.

In closing, public utilities have historically had the ability to utilize the power of eminent domain when providing services for the public. Prohibiting the use of this authority for wind energy development in our state is an improper limitation of longstanding public utility authority and thus SB 93 should not be approved.

On behalf of The Empire District Electric Company, I thank you for your consideration of our comments and would be pleased to stand for questions at the appropriate time.

Whitney Damron

Attachment



FOR IMMEDIATE RELEASE

Contact:

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THE EMPIRE DISTRICT ELECTRIC COMPANY SIGNS WIND ENERGY CONTRACT

JOPLIN, MO – December 13, 2004 – The Empire District Electric Company (NYSE:EDE) announced today that it has signed a 20-year contract with PPM Energy, the U.S. competitive subsidiary of ScottishPower, to purchase the energy generated at the 150-megawatt Elk River Windfarm located in Butler County, Kansas, near Beaumont. The Elk River project, developed by Greenlight Energy, of Charlottesville, Virginia, is in an area where the governor of Kansas has urged wind developers to move quickly to bring projects online. Empire anticipates that it will purchase approximately 550,000 megawatt-hours of energy annually from the project, enough energy to meet the annual needs of about 42,000 homes.

In making the announcement, Brad Beecher, Vice President – Energy Supply, stated, "Today's contract signing is a major step in ensuring that our customers benefit from a balanced mix of generation options. With the improvements made in wind generation technology and the production tax credits that were recently enacted by Congress and signed into law by President Bush, wind energy provides price stability, is environmentally friendly, and is economical for our customers."

(more)

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Beecher continued, "This project is expected to provide about 10 percent of our energy resources, and we anticipate taking delivery of the energy about December 1, 2005."

"We are pleased to be building our first wind power plant in Kansas, the state with the third most robust wind resource in the nation," said Terry Hudgens, Chief Executive Officer of PPM. "The Elk River Project is the third we have announced so far that is expected to go into commercial operation in 2005 and we look forward to additional growth and geographic expansion in 2005."

Based in Joplin, Missouri, The Empire District Electric Company (NYSE:EDE) is an investor-owned utility providing electric service to approximately 157,000 customers in southwest Missouri, southeast Kansas, northeast Oklahoma, and northwest Arkansas. The Company also provides fiber optic and Internet services, customer information software services, utility industry technical training, and has an investment in close-tolerance, custom manufacturing. Empire provides water service in three incorporated communities in Missouri.

Portland, Oregon-based PPM Energy is part of the ScottishPower (NYSE: SPI) group of companies. With a portfolio of more than 830 MW of wind power currently in operation in seven states, PPM Energy has a goal of bringing 2,300 MW of new wind power to market by 2010. PPM Energy balances its supply portfolio with sales to wholesale customers, placing almost all of its output in long-term contracts. Major customers include the federal Bonneville Power Administration, the cities of Seattle, Sacramento, Pasadena, Anaheim, investor-owned utilities such as Alliant Energy and Xcel Energy and cooperatives such as Minnesota's Great River Energy. PPM Energy also has about 800 megawatts of clean gas resources under its control to give customers a wide range of options for adding environmentally responsible energy to their portfolios. The U.S. Environmental Protection Agency, the U.S. Department of Energy, and the Center for Resource Solutions honored PPM recently for significantly advancing development of the green power market. For more information, please visit www.ppmenergy.com.

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Certain matters discussed in this press release are "forward-looking statements" intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. Such statements address future plans, objectives, expectations, and events or conditions concerning various matters. Actual results in each case could differ materially from those currently anticipated in such statements, by reason of the factors noted in our fillings with the SEC, including the most recent Form 10-K and 10-Q