

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of The)
Empire District Electric Company and)
Ozark Electric Cooperative for Approval)
of a Written Territorial Agreement)
Designating the Boundaries of an)
Exclusive Service Area for Ozark within)
a Tract of Land in Greene County,)
Missouri, And Associated Requests for)
Approval of a Transfer of Facilities and)
Change of Supplier.)

Case No. _____

Ozark Exhibit No. 1
Case No(s). EO-2008-0043
Date 12-18-07 Rptr XF

APPLICATION

COME NOW The Empire District Electric Company ("Empire") and Ozark Electric Cooperative ("Ozark"), hereinafter referred to collectively as "Applicants," by and through their respective counsel, and for their Application to the Missouri Public Service Commission ("Commission"), pursuant to 4 CSR 240-2.060(1) and (13), 4 CSR 240-21.010, and Section 394.312 RSMo. 2005, for an order approving Applicants' First Territorial Agreement, and for approval of a transfer of facilities and change of suppliers from Empire to Ozark in connection therewith pursuant to 393.190.1 RSMo, Section 393.106.2 RSMo, 4 CSR 240-3.140 and 4 CSR 240-3.110, respectfully state as follows:

1. **The Applicants** - Empire is a Kansas corporation with its principal office and place of business at 602 Joplin Street, Joplin, Missouri 64801. Empire is engaged in the business of providing electrical and water utility services in Missouri to customers in its service areas and has a certificate of service authority to provide certain telecommunications services. Empire is an "electrical corporation," a "water

corporation," a "telecommunications company" and a "public utility" as those terms are defined in § 386.020 RSMo. 2000, and is subject to the jurisdiction and supervision of the Missouri Public Service Commission ("Commission") as provided by law. As of June 1, 2006, Empire has a wholly owned subsidiary that is a "gas corporation." Empire has no pending or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or which involve challenges to its rates, which have occurred within the three years immediately preceding the filing of this application. Empire has no overdue Commission annual reports or assessment fees. Empire's documents of incorporation have been previously filed with the Commission in Case No. EF-94-39 and said documents are incorporated herein by reference in accordance with 4 CSR 240-2.060(1)(G). A Certificate of Authority from the Missouri Secretary of State to the effect that Empire, a foreign corporation, is duly authorized to do business in the State of Missouri was filed with the Commission in Case No. EM-2000-369 and is incorporated herein by reference.

2. Ozark is a rural electric cooperative organized and existing pursuant to Chapter 394 RSMo, with its headquarters office located at 10943 N. Highway 39, Mount Vernon, Missouri. It is a Chapter 394 rural electric cooperative corporation engaged in the distribution of electric energy and service to its members within certain Missouri Counties. Ozark has no pending or final judgments or decisions against it from any state or federal agency or court which involve its customer service or rates within the three years immediately preceding the filing of this Joint Application. A copy of a Certificate of Good Standing from the Office of the Missouri Secretary of State for Ozark was most recently filed in Case No. EO-2006-0213 and is incorporated herein by reference.

3. **Correspondence and Communication** - Correspondence, communications, and orders in regard to this Application should be directed to

Gary W. Duffy
Brydon, Swearengen & England, P.C.
312 E. Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Direct telephone: (334) 298-3197
Email: gwduffy@ctvea.net or duffy@brydonlaw.com

Rodric A. Widger
Andereck, Evans, Milne, Widger & Johnson L.L.C.
1111 S. Glenstone Ave., Ste. 2-100
Springfield, MO 65804
(417) 864-6401 (Telephone)
(417) 864-4967 (fax)
Email: rwidger@lawofficemo.com

4. **The Territorial Agreement** - Subject to the terms and conditions of an Agreement, known as the "First Territorial Agreement" between Empire and Ozark, Applicants have specifically designated the boundary of an exclusive electric service area within a tract of land south of the City of Republic, Missouri, and situated within Greene County, Missouri, which is more particularly described in the Agreement. Applicants have attached a copy of the Agreement to this Application as **Appendix A**, which is incorporated by reference into this Application and made a part hereof for all purposes. A metes and bounds description of the exclusive service area and a map depicting the service area are a part of the Agreement and are incorporated by reference into this Application and made part hereof for all purposes. The "First Territorial Agreement" establishes a separate exclusive service territory for Ozark to enable more orderly future development of electric service to the public. As more fully explained in the text of the agreement, this proposal is primarily being driven by the Commission's decision earlier this year in Case Nos. EO-2007-0029 and EE-2007-0030.

5. **Sale of Facilities.** The First Territorial Agreement calls for Ozark to acquire certain electric infrastructure facilities from Empire, some of which were originally installed by Ozark, as more particularly explained in the First Territorial Agreement. A proposed bill of sale reflecting the facilities to be sold and a preliminary estimated price is depicted in **Appendix 2** to the attached First Territorial Agreement. Since construction of new homes in this subdivision is proceeding though, and each new home will require additional electric facilities, that proposed Bill of Sale will have to be amended to ultimately reflect the exact nature of the facilities and the corresponding price at the time of actual transfer after Commission approval is obtained. It is estimated to involve an additional amount of approximately \$425 per home. At the time of the preparation of this filing, there were approximately twenty-one structures receiving permanent electric service and approximately eleven structures receiving temporary electric service through these facilities. This proposed transfer and sale of these assets is not detrimental to the public interest because Ozark, as the exclusive supplier under the proposed First Territorial Agreement, will need these facilities to provide the service it will be required to provide, and it is impractical and unreasonable for Ozark to construct new facilities when it can acquire these already installed at a commercially reasonable price. Ozark, as the purchaser and a rural electric cooperative, will not be subject to the ratemaking jurisdiction of the Commission. The parties have not attempted to compile an accurate assessment of the potential tax impact of this transfer upon the affected political subdivisions because they anticipate that the tax impact from the transaction itself will be minimal and will not be detrimental to any political subdivision. The tract involved is not, at the present time, located within any municipality. The electrical facilities involved are new, having been installed at various times between 2006 and the present, so some may not even be on the tax rolls of any political subdivision. Since both Ozark and Empire are constantly adding new and retiring old plant, this particular transaction is not expected to have a material

impact on any political subdivision since both Ozark and Empire pay property taxes on their respective equipment and this is a transfer from one tax-paying entity to another. The political subdivisions with jurisdiction over the area affected by this sale are expected to obtain new incremental tax revenues from both the equipment itself and the new residences being served by the equipment. Without this real estate development, such new tax revenues would otherwise not exist.

6. **Change of Supplier.** Because the electrical facilities are required to be sold to Ozark to fulfill the terms of the proposed First Territorial Agreement, and because Empire is currently providing the service, it is also necessary for the Commission to approve a change of electrical supplier for those structures receiving permanent electrical service at the time of the order. The owner of the structures as of July 14, 2007 is shown on the last page of **Appendix 2** to the First Territorial Agreement and these are the structures where the supplier of electric utility service would be changed by the agreement. These generally include single-family dwellings and a street lighting system for the development. Names and addresses of customers are included on the list. The change of supplier would be from Empire to Ozark, since Empire and Ozark propose that Ozark will be the exclusive provider within the identified Tract. The reason this proposed change is necessary is that it is an integral part of the proposed territorial agreement. It is not being proposed because of any rate differential between the electrical service suppliers or because of any service problems. Persons who begin to receive permanent electric service while this application is pending will do so with the understanding that the supplier may be changed as part of this proceeding.

7. **Authority --** Empire has not included any "illustrative tariff" sheets since approval of the transactions proposed in the application would not alter any authority or service terms Empire has.

8. **Other Electric Suppliers** – To Applicants' knowledge and belief there are no other electric suppliers currently serving in the area covered by the First Territorial Agreement.

9. **Agreement is in the Public Interest** - The Territorial Agreement is in the public interest because it establishes exclusive service obligations for existing and new structures as between the Joint Applicants in the described area. The establishment of this exclusive service territory will prevent future duplication of electric service facilities and will also allow electric service customers within the area to know with certainty the supplier of their electric service. The Agreement is expected to facilitate the plans of the City of Republic, Missouri, to proceed with annexation of this rural area.

10. Each Applicant will continue to have service responsibilities beyond the boundaries of the Agreement unaffected by the terms of the Territorial Agreement.

11. **Application Fee** - The Commission's filing fee required by 4 CSR 240-3.135(1) and 4 CSR 240-3.130(1)(E) is submitted herewith, as reflected in the check from Applicant Ozark in the amount of \$517.00.

WHEREFORE, Applicants respectfully request that the Commission issue its order:

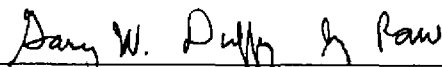
(a) Finding that the designation of exclusive electric service area is not detrimental to the public interest and approving the Applicants' First Territorial Agreement; and

(b) Ordering that a change of supplier be authorized and directed from Empire to Ozark for the structures affected by the proposed transaction; and

(c) Issuing an Order authorizing the sale of electrical facilities from Empire to Ozark for the facilities as described that are affected by the proposed transaction; and

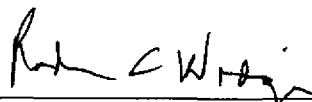
(c) Authorizing Applicants to otherwise perform in accordance with the terms and conditions of the Agreement.

Respectfully submitted,



Gary W. Duffy MoBar #24905
Brydon, Swearngen & England, PC
312 East Capitol Avenue
P.O. Box 456
Jefferson City, MO 65102-0456
Direct telephone: (334) 298-3197
Email: gwduffy@ctvea.net or duffy@brydonlaw.com

ATTORNEYS FOR THE
THE EMPIRE DISTRICT ELECTRIC COMPANY



Rodric A. Widger MoBar # 31458
Andereck, Evans, Milne, Widger & Johnson, LLC
1111 S. Glenstone Ave., Ste. 2-100
Springfield, MO 65804
(417) 864-6401 (Telephone)
(417) 864-4967 (fax)
Email: rwidger@lawofficemo.com

ATTORNEYS FOR OZARK
ELECTRIC COOPERATIVE

VERIFICATION

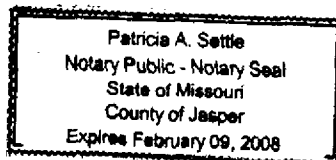
STATE OF MISSOURI)
)ss
COUNTY OF JASPER)

Being first duly sworn, Michael E. Palmer states as follows: that he is the Vice President – Commercial Operations of The Empire District Electric Company and that he has read the foregoing application and the facts and allegations contained therein are true and correct to the best of his knowledge, information and belief and that the law firm of Brydon, Swearingen & England P.C. is authorized by The Empire District Electric Company to make this filing and represent it in this matter, and that the actions by The Empire District Electric Company proposed in the transactions are pursuant to proper authority.

Michael E. Palmer
Michael E. Palmer

Subscribed and sworn to before me this 14th day of August, 2007.

Patricia A. Settle
Patricia A. Settle, Notary Public



VERIFICATION

STATE OF MISSOURI)
)ss
COUNTY OF GREENE)

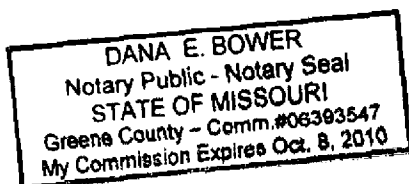
Being first duly sworn, Rodric A. Widger states as follows: that he has read the foregoing application and the facts and allegations contained therein are true and correct to the best of his knowledge, information and belief and that the law firm of Andereck, Evans, Milne, Widger & Johnson, LLC, is authorized by Ozark Electric Cooperative to make this filing and represent it in this matter.

Rodric A. Widger
Rodric A. Widger

Subscribed and sworn to before me this 15 day of AUGUST, 2007.

Dana E. Bower

Dana E. Bower, Notary Public



Certificate of Service

The undersigned certifies that a true and correct copy of the foregoing application was served by U.S. Mail this 15 day of AUGUST, 2007 upon the Office of the Public Counsel and the Office of the General Counsel.

Rodric A. Widger
Rodric A. Widger

FIRST TERRITORIAL AGREEMENT

THIS AGREEMENT is made and entered into as of this 14TH day of August, 2007, by and between The Empire District Electric Company, a Kansas corporation, with its principal office located at 602 Joplin Street, Joplin, Missouri ("Empire") and Ozark Electric Cooperative, a Missouri rural electric cooperative organized and existing pursuant to Chapter 394, RSMo. with its office located on Highway 39 North, Mt. Vernon, Missouri ("Ozark").

WITNESSETH:

WHEREAS, Empire and Ozark are authorized by law to provide electric service within certain areas of Missouri, including portions of Greene and Christian Counties; and

WHEREAS, Sections 394.312 and 416.041 RSMo. 2005, provide that competition to provide retail electrical service as between rural electric cooperatives such as Ozark and electrical corporations such as Empire may be displaced by written territorial agreements;

WHEREAS, Empire and Ozark desire 1) to promote the orderly development of retail electrical service within a portion of Greene County, Missouri, 2) to avoid unnecessary duplication of electrical facilities therein, and 3) to assist in minimizing territorial disputes between themselves; and

WHEREAS, this Territorial Agreement does require present customers of Empire to change suppliers to Ozark;

NOW, THEREFORE, Empire and Ozark, in consideration of the mutual covenants and agreements herein contained, the adequacy and sufficiency of which are hereby acknowledged, agree as follows:

1. Description of Territory Affected.

A. This Agreement pertains only to one tract of land in Greene County located south of the City of Republic, Missouri. For purposes of this Agreement, this tract which is to be allocated to Ozark as its exclusive Service Area shall be referred to as "the Tract" or as "the Lakes at Shuyler Ridge."

B. The metes and bounds description of the Tract is as follows:

A tract of land, situated in Section 28, Township 28 North, Range 23 West, Greene County, Missouri, and more particularly described as follows: Beginning at an Existing Iron Pin at the Northwest Corner of the Southeast Quarter of the Northwest Quarter of said Section 28; THENCE South 89 degrees 12 minutes 31 seconds East along the North Line of said Southeast Quarter of the Northwest Quarter a distance of 1,339.21 feet to the Northeast Corner of said Southeast Quarter of the Northwest Quarter for corner; THENCE South 89 degrees 13 minutes 36 seconds East along the North Line of the Southwest Quarter of the Northeast Quarter of said Section 28 a distance of 1,341.46 feet to the Northeast Corner of said Southwest Quarter of the Northeast Quarter for corner; THENCE South 01 degrees 27 minutes 46 seconds West along the East Line of said Southwest Quarter of the Northeast Quarter a distance of 1,327.25 feet to an Existing Iron Pin at the Northeast Corner of the Northwest Quarter of the Southeast Quarter for corner; THENCE South 01 degrees 29 minutes 59 seconds West along the East Line of said Northwest Quarter of the Southeast Quarter and along the East Line of the Southwest Quarter of said Southeast Quarter a distance of 2,655.78 feet to the Southeast Corner of said Southwest Quarter of the Southeast Quarter for corner; THENCE North 89 degrees 01 minutes 25 seconds West along the South Line of said Southwest Quarter of the Southeast Quarter a distance of 1,344.17 feet to an Existing Square Bolt at the Southeast Corner of the Southeast Quarter of the Southwest Quarter of said Section 28 for corner; THENCE North 89 degrees 23 minutes 28 seconds West along the South Line of said Southeast Quarter of the Southwest Quarter a distance of 1,340.81 feet to the Southwest Corner of said Southeast Quarter of the Southwest Quarter for corner; THENCE North 01 degrees 33 minutes 31 seconds East along the West Line of said Southeast Quarter of the Southwest Quarter and along the West Line of the Northeast Quarter of said Southwest Quarter a distance of 2,653.49 feet to an Existing Iron Pin at the Northwest Corner of said Northeast Quarter of the Southwest Quarter for corner; THENCE North 01 degrees 31 minutes 51 seconds East along the West Line of said Southeast Quarter of the Northwest Quarter a distance of 1,329.10 feet to the POINT OF BEGINNING, and containing 245.15 acres of land, more or less, subject to easements and/or rights of way.

A copy of a map depicting the Tract is attached as **Appendix 1**.

C. This Agreement shall have no effect whatsoever upon service by Ozark or Empire in any areas other than in the Tract as so described.

D. The parties anticipate that all or parts of the Tract may become annexed into the incorporated limits of the City of Republic and will thus cease to be a "rural area" as defined by Section 394.020(3) RSMo. 2005.

2. Definitions.

A. For purposes of this Agreement, the references to "structure" have the same meaning as the statutory definition of the term "structure" found in Sections 393.106 and 394.315 RSMo. in effect at the relevant time. In the event no such statutory definitions exist or are not otherwise applicable, the term shall be construed to give effect to the intent of this agreement which is to designate an exclusive provider, as between the parties hereto, of retail electric service for anything using or designed to use electricity that is located within the Tract .

B. The term "permanent service" shall have the same meaning as the definition of "permanent service" found in Sections 393.106 and 394.315 RSMo., in effect at the relevant time. If no such statutory definition exists, the term shall be defined as it appeared in Section 393.106 RSMo. 2005, and shall be liberally construed to give effect to the expressed intent of this Agreement.

C. The term "new structure" shall mean (i) one on which construction has not commenced by the Effective Date, or (ii) one on which construction has commenced by the Effective Date but on the Effective Date is not complete from the standpoint that permanent wiring for the electrical power and energy to be utilized by or within in the structure has not been permanently installed and permanently energized by physical connection to the facilities of an electrical supplier, or (iii) one for which the respective electrical inspection authority has not granted a permit by the Effective Date for it to be energized, or (iv) one for which the respective building authority has not granted an occupancy permit by the Effective Date.

D. The term "Effective Date" shall mean 12:01 a.m. of the date on which the Report and Order of the Commission approving this Agreement becomes effective pursuant to its terms, unless a writ of review or other proceeding is taken challenging the Report and Order, in which

case there shall be no Effective Date of this Agreement until Empire and Ozark both execute a document which establishes an Effective Date for purposes of this Agreement.

3. Exclusive Service Area Established.

A. Ozark, pursuant to this Agreement, shall be entitled to provide permanent service to all structures within the Tract and therefore it shall be considered the exclusive Service Area of Ozark, as between Empire and Ozark. There are structures located within the Tract receiving permanent electric service from Empire as of the date of this Agreement and the parties anticipate that Empire will be connecting new customers at structures within the Tract as new homes or other structures are constructed and completed in the near future. The developer of the Tract has informed Empire and Ozark that it is notifying all purchasers of the possibility of a change in electric suppliers.

B. The parties understand that Ozark is currently contractually committed to provide retail electric service to the development known as "The Lakes at Shuyler Ridge" comprising approximately 245.15 acres and referred to herein as the Tract. While Ozark has such a contractual commitment with the developer of the Tract, including provisions that grant to the developer certain terms that Empire cannot provide pursuant to its tariff (which were the subject of the waiver request previously submitted by Empire to the Commission), Ozark does not presently own facilities within the Tract that are necessary to provide that service. In anticipation of approval of a document entitled "First Territorial Agreement" in consolidated Cases No. EO-2007-0029 and No. EE-2007-0030, Ozark in 2006 sold to Empire certain electric distribution infrastructure equipment and improvements that had been installed by Ozark but were not in use. Those were subsequently added to and extended by Empire in anticipation that the Tract would be the exclusive service area of Empire pursuant to that proposed territorial agreement. By its Report and Order effective February 9, 2007, the proposed territorial agreement was not approved, and thus by its terms, became null and void. The parties to this Agreement and other interested parties, including the City of Republic, subsequently have conferred and discussed the lack of approval of the prior proposal and the comments of the Commission in the Report and Order, and how best to deal with the present situation. Since the Commission chose not to approve the waiver requested by Empire in Case No. EE-2007-0030, Empire cannot provide the developer of the Tract with facilities at the prices agreed to

contractually by Ozark. Therefore, it appears appropriate for Ozark to serve the Tract and for Empire to transfer the installed facilities back to Ozark. Given the progress of construction of single-family dwellings in the Tract in the time since the first proposal was submitted to the Commission in July 2006, houses have been constructed and people have been purchasing houses in the Tract and thus are occupying structures that are connected to Empire's facilities. This is expected to continue during the time it may take the Commission to consider this Agreement. The parties recognize that the connection of customers to Empire's facilities in the Tract during this time will cause them to become "used and useful" and thus require Commission approval for their sale pursuant to Section 393.190.1 RSMo 2005. Accordingly, the parties request that the Commission approve the transfer to Ozark service of any and all customers who have become customers of Empire through permanent electric services connected during the time required to gain administrative approval of this Agreement, and that the Commission also authorize in its Report and Order the sale by Empire to Ozark of certain of the electrical facilities involved in providing service to the Tract. These are generally described as those originally installed by Ozark within the Tract and sold to Empire in 2006, those additional facilities installed by Empire within the Tract, except for those facilities such as transformers that cannot be utilized by Ozark and will be removed by Empire, and other facilities associated with service to the Tract. It is the intent of the parties that Ozark, after approval of this Agreement by the Commission, shall own all of the electrical distribution facilities associated with the Tract and serve all of the existing and new structures in the Tract, regardless of initial permanent service installation by Empire to some of the structures. The terms and conditions for Ozark's acquisition of such facilities useful to it that were previously purchased from Ozark or installed by Empire at subsequent dates, are reflected in a proposed Bill of Sale, a copy of which is attached hereto as **Appendix 2**.

C. This Agreement does not purport to affect the rights of any electric supplier not a party to this Agreement.

4. Condition Precedent – Regulatory Approvals. This Agreement is conditioned upon receipt of approval of it by the Commission with no changes, or those changes which have been expressly agreed to by Empire and Ozark. Either party may file an application for rehearing or other document with the Commission prior to the effective date of a Commission order

approving this Agreement if the party objects to the form or content of the Commission's order approving the same. If neither party files such an application for rehearing or document prior to the effective date of the Commission order approving this Agreement, it shall be presumed that the approval is satisfactory in form and content to both parties.

5. Service to Structures Receiving Service as of the Date of this Agreement.

A. As of July 14, 2007, there are currently twenty-one (21) structures located within the Tract that are receiving permanent service from Empire and eleven (11) structures that are receiving temporary (construction power) service from Empire. It is anticipated that additional structures may begin to receive electric service through permanent Empire facilities in the interim created by the time necessary to obtain Commission approval of this Agreement. This Agreement calls for them to be transferred to Ozark upon Commission approval of this Agreement as provided for in Paragraph 3C. The parties have agreed to request that a change of supplier be ordered by the Commission for all structures in the Tract in order to carry out the intent of this Agreement. As referenced earlier, the Developer has represented to the parties that it will cause purchasers of structures within the Tract to agree in advance to such a change of supplier as a part of the contract for the purchase of the structure.

6. Structures Coming Into Existence After the Effective Date.

A. After the Effective Date, Ozark shall have the exclusive right, as between Empire and Ozark, to provide permanent service to new structures within the Tract.

B. Boundary Structures. Notwithstanding the provisions of paragraph 6.A., Empire and Ozark may subsequently agree in writing, on a case by case basis, to allow any new structure in the Tract to receive service from one party even though the new structure would be required to be served by the other party pursuant to this Agreement, when the interests of both parties and the owner of the new structure are advanced thereby. Such situations shall be dealt with on a case by case basis, and shall not be deemed to be precedent for any future situations even if the facts may be similar.

- i. Each such agreement shall be treated as an Addendum to this Agreement and a copy thereof shall be submitted to the Staff of the Commission, directed to the Utility Services Division director, and a copy submitted to the Office of the Public Counsel.
- ii. There will be no filing fee for the submission of such Addendum.
- iii. The Addendums subject to this process apply to new structures only, and not to structures receiving permanent service on the Effective Date.
- iv. Each Addendum shall be accompanied by a notarized statement indicating that the two affected electric service providers support the Addendum.
- v. Each Addendum shall be accompanied by a notarized statement, signed by the customer to be served, which acknowledges such customer's receipt of notice of the contemplated electric service to be provided and that the Addendum represents an exception to the territorial boundaries approved by the Commission, and shall indicate the customer's consent to be served by the service provider contemplated by the Addendum.
- vi. Each Addendum shall include, or be accompanied by an explanation of the justification that electric service should be provided in the agreed manner.
- vii. If the Staff of the Commission, or the Office of the Public Counsel, do not submit a pleading objecting to the Addendum within forty-five (45) days of the filing thereof, the Addendum shall be deemed to be without their objection. If such a pleading is filed, then the Commission shall schedule an evidentiary hearing at the earliest reasonable opportunity to determine whether the Addendum should be approved.
- viii. Each party, pursuant to an executed Addendum, shall have the right to provide temporary service, as defined in Section 393.106 RSMo., until the Commission approves or disapproves the Addendum. No party shall be required to remove any facilities installed pursuant to an Addendum until the effective date of a final and non-appealable order of the Commission or a court regarding the removal of same.

7. Indirect Provision of Service to Structures Not Permitted. The intent of this Agreement is to designate an exclusive provider of electric service for structures or anything else using or designed to use electricity to be located within the described area. Neither party shall furnish, make available, assist in providing, render or extend electric service to a structure, which that party would not be permitted to serve directly pursuant to this Agreement, by indirect means such as through a subsidiary corporation, through another entity, or by metering services outside of the area for delivery within the area. This shall not be construed to otherwise prohibit sales of electric power and energy between the parties to this Agreement.

8. Term. The initial term of this Agreement shall be for a period of twenty (20) years. Thereafter, this Agreement shall be automatically renewed for successive five (5) year terms ("renewal terms"), unless either party hereto shall notify the other party in writing of its intent to terminate this Agreement at least one (1) year in advance of any such renewal date. The parties agree that a copy of any notice of termination of this Agreement shall be simultaneously served upon the Executive Secretary of the Commission and the Office of the Public Counsel. Termination of this Agreement shall eliminate the exclusive service territory provided for herein, but shall not entitle a party to provide service to a structure lawfully being served by the other party, or allow a change of supplier to any structure, unless such a change is otherwise permitted by law.

9. Cooperation. Empire and Ozark agree to undertake all actions reasonably necessary to implement this Agreement. Empire and Ozark will cooperate in presenting a Joint Application to the Commission demonstrating that this Agreement is in the public interest and will cooperate in seeking approval of any concomitant changes of electric supplier. The parties shall pay equally all the costs assessed by the Commission for seeking administrative approval of this Agreement. All other costs, including but not limited to the attorneys fees of each party, will be borne by the respective party incurring the costs.

10. General Terms.

A. Land Description: The land description utilized in this Agreement is assumed by the parties to be accurate and reliable and to match the map being submitted; however, where

there is a map and the map does not correspond with the metes and bounds description, the map shall be controlling.

B. No Constructive Waiver: No failure of Empire or Ozark to enforce any provision hereof shall be deemed to be a waiver.

C. Modifications: Neither the boundaries described in this Agreement nor any provision of this Agreement may be modified except by a signed writing of the parties which is approved by all applicable regulatory authorities.

D. Survival: This Agreement shall inure to the benefit of and be binding upon the parties, their respective successors and assigns.

E. Lack of Approval or Termination: If the Commission or any other regulatory authority having jurisdiction does not approve this Agreement, or if the Condition Precedent is not fulfilled, this Agreement shall be nullified and of no legal effect between the parties. If this Agreement is terminated pursuant to its terms, it shall thereafter be nullified and of no further legal effect except as may be necessary to govern disputes concerning situations existing prior to such termination. Further, if any part of this Agreement is declared invalid or void by a court or agency of competent jurisdiction, then the parties shall replace such provision as similarly as possible to the provision which was declared invalid or void so as to return each of them, as much as practical, to the status quo prior to the declaration.

F. This Agreement shall not be construed to prevent either party from obtaining easements or right of way through or in any part of the service areas of the other if the acquisition of such easement or right of way is reasonably necessary to or desirable for the performance of the party's duties to provide electric service to its customers in other areas.

G. The subsequent platting, re-platting, subdividing, re-subdividing, or re-naming of any parcel or subdivision covered by this Agreement shall not affect the respective rights of Empire or Ozark established by this Agreement.

11. Subsequent Legislation. This Agreement is reached between the parties based upon their understanding of the current state of the law in Missouri under Sections 393.106 and 394.315 RSMo. 2005, which allows an electrical supplier, once it lawfully commences supplying

retail electric energy to a structure through permanent service facilities, to have the right to continue serving such structure. Further, the concept of service under those sections at the current time contemplates not only the physical provision of the conductors to provide an electrical path and connection between the structure and the conductors of the electrical supplier, but also the provision of electrical power and energy through such conductors. In the event the law in Missouri is changed during any term of this Agreement to provide that the provider of the electrical facilities (i.e. conductors) within the service area is not also required or assumed to be the provider of electrical power and energy (i.e., the electricity), and thereby give customers a choice as to who provides their electricity, as contrasted with who owns the wires over which such electricity is provided, then nothing in this Agreement shall be construed to prohibit Empire from providing electrical power and energy to structures within the service area of Ozark established by this Agreement under the terms of such future legislation, notwithstanding the terms of this Agreement to the contrary. However, if either § 393.106, § 394.315 or § 394.312 RSMo. are repealed and not reenacted in a form substantially equivalent to their status on the Effective Date, this Agreement shall terminate, coincident with the effective date of the elimination of the current content of § 393.106, § 394.315 or § 394.312, as the case may be.

IN WITNESS WHEREOF, the parties have executed this Agreement as of this 14th day of August, 2007.

THE EMPIRE DISTRICT
ELECTRIC COMPANY

By: Michael E. Plun

Attest: Janet Watson

(seal)

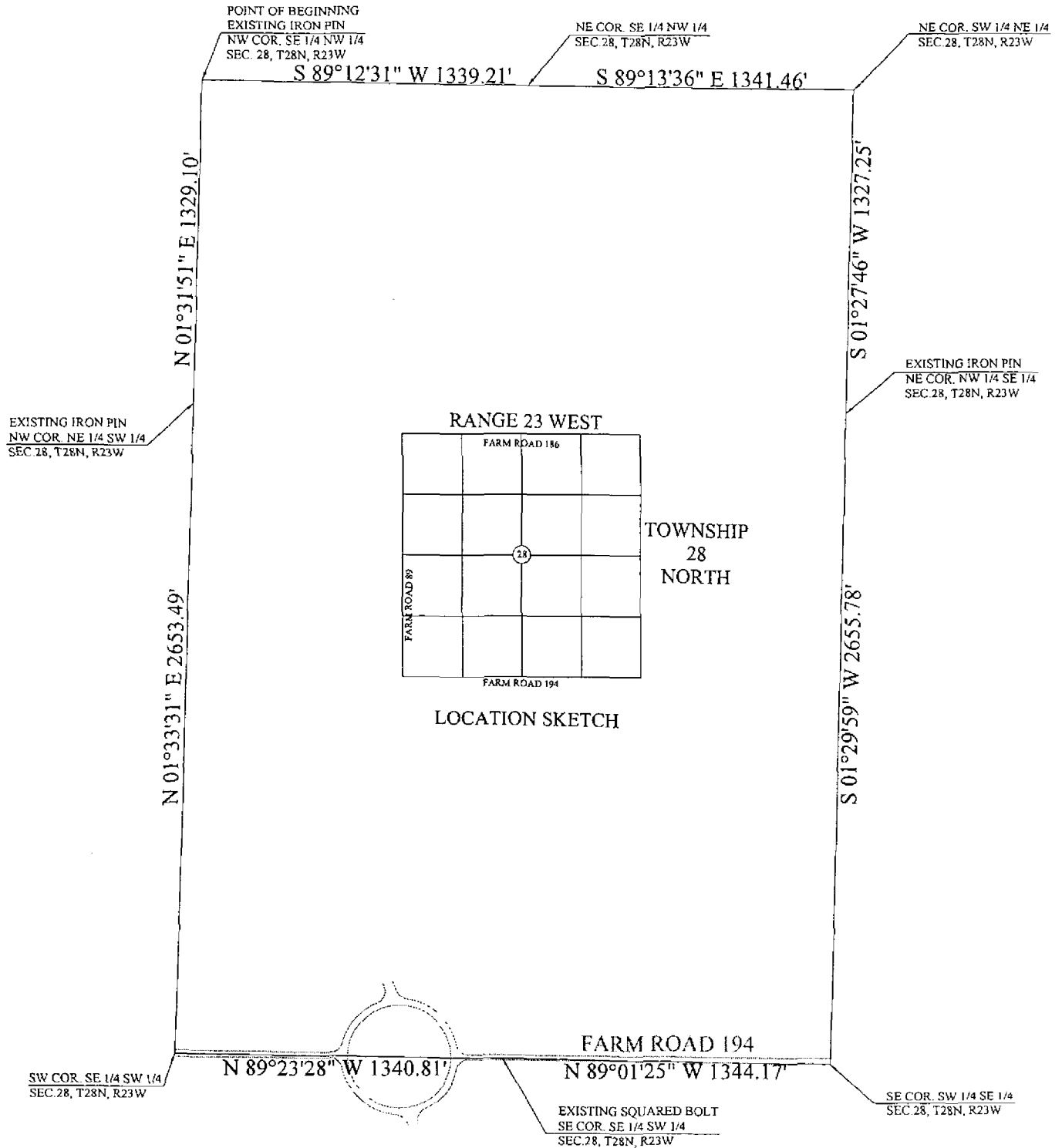
OZARK ELECTRIC COOPERATIVE

By: Patrick L. Pruitt

Attest: Debra Stokes

(seal)

**APPENDIX 1:
THE LAKES AT SHUYLER RIDGE
OZARK ELECTRIC EXCLUSIVE SERVICE AREA**



APPENDIX 2

BILL OF SALE

KNOW ALL BY THESE PRESENTS that The Empire District Electric Company, a corporation, (Seller) in consideration of Ten Dollars (\$10.00) and other good and valuable consideration to it paid by Ozark Electric Cooperative, (Buyer) the receipt of which is hereby acknowledged, does hereby **BARGAIN, SELL AND DELIVER** to the said Buyer, its successors and assigns, all of the items more particularly described on the attached five page document entitled "Lakes at Shuyler Ridge Subdivision – Expenses as of 7/14/2007" which is made a part hereof for all purposes. All of the property so included, and additional property which made be added to the final document before the date of closing of the transaction, is purchased by Ozark Electric Cooperative "as is" and no warranties are made to the Buyer, express or implied, as to the condition or fitness of said property.

Seller hereby covenants that it is the lawful owner of the said personal property; that it is free from all encumbrances; that Seller has the right to sell the same; and that Seller will warrant and defend the title to same against the lawful claims and demands of all persons whomsoever.

IN WITNESS WHEREOF, The Empire District Electric Company has caused this Bill of Sale to be executed this 14th day of August, 2007.

The Empire District Electric Company

Corporate
Seal

By: Michael E. Pelt

Lakes at Shuyler Ridge Subdivision – Expenses as of 7/14/2007

Subdivision Expenses:

			Installation	Removal
COOP Purchase Price (for Work the COOP Completed)			\$ 177,921.74	
Right of Way Expense			\$ 4,260.69	
Contract Labor Expense			\$ 27,367.09	
Labor			\$ 60,676.73	
Overheads			\$ 153,041.16	
Materials				
45' Poles & pfs	2	\$975.17		
600 amp switch disconnects	6	\$650.70		
4/0 AA	100'	\$169.44		
336 AA	300'	\$226.08		
750MCM Risers	2	\$7,540.30		
2" PVC & Sweeps	320'	\$397.78		
3" PVC & Sweeps	195'	\$1,831.80		
4" PVC & Sweeps	645'	\$2,307.09		
6" PVC & Sweeps	2,820'	\$18,222.42		
11' Pullboxes w/lids	14	\$8,887.68		
4' Pullboxes w/lids	54	\$7,690.98		
8' Pullboxes w/lids	3	\$2,426.54		
1 Phase Primary Pedestals	9	\$3,661.29		
3 Phase Primary Pedesals	6	\$5,080.62		
3 Phase Primary Pedesals 6 way	1	\$2,052.86		
3 Phase Primary Pedesals 4 way 600 amp	2	\$4,450.38		
4/0 UG TPLX	3,795'	\$4,705.80		
1/0 AA Primary URD & Associated Elbows	9,545'	\$19,972.81		
4/0 AA Primary URD & Associated Elbows	7,290'	\$15,627.75		
750 MCM Primary URD & Associated Elbows	9,090'	\$43,940.82		
Fault Indicators	69	\$9,524.07		
15KV Deadfront Switchgear Vault	1	\$1,657.00		
Switchgear 15KV 600amp PME-9	1	\$9,320.00		
Minor Materials, stores expenses and appurtenances		\$43,144.44		
Total			\$ 214,463.82	
Equipment Expense (i.e. Truck Expense)			\$ 23,016.75	
Labor - Transformer			\$ 4,243.00	\$ 8,842.50
Material - Transformer (45 @ 25KVA Transformers)			\$ 55,161.00	\$ (55,161.00)
TOTAL EXPENSES			\$ 673,833.48	

Subdivision Circulating Pump Pedestal Expenses:

		Installation	Removal
Contract Labor Expense		\$ 330.00	
Labor		\$ 711.00	
Overheads		\$ 745.00	

Materials

2" Secondary Riser	1	\$279.24				
2" PVC & Sweep	265'	\$284.64				
2/0 UG TPLX	295'	\$356.95				
Minor Materials, stores expenses and appurtenances		\$112.17				
Total			\$	1,033.00		
Equipment Expense (i.e. Truck Expense)			\$	198.00		
Meter Labor			\$	63.24	\$	19.65
Meter Pedestal Expense			\$	354.00		
TOTAL EXPENSES			\$	3,453.89		

Subdivision Common Area Pedestal Expenses:

					Installation	Removal
Contract Labor Expense					\$	100.00
Labor					\$	250.00
Overheads					\$	338.00
Materials						
2" PVC & Sweeps	80'		\$123.40			
2/0 UG TPLX	80'		\$96.80			
Minor Materials, stores expenses and appurtenances			\$49.80			
Total					\$	270.00
Equipment Expense (i.e. Truck Expense)					\$	68.00
Meter Labor					\$	63.24
Meter Pedestal Expense					\$	19.65
		</				

Subdivision Flag Pole Pedestal Expenses:

					Installation	Removal
Labor					\$	62.00
Overheads					\$	64.00
Materials						
2" PVC & Sweeps	2'		\$57.36			
2/0 UG TPLX	5'		\$6.65			
Minor Materials, stores expenses and appurtenances			\$18.99			
Total					\$	83.00
Equipment Expense (i.e. Truck Expense)					\$	34.00
Meter Labor					\$	63.24
Meter Pedestal Expense					\$	19.65
TOTAL EXPENSES					\$	679.89

Subdivision Temporary Line Expenses:

					Installation	Removal
Labor					\$ 3,659.00	\$ 1,856.00
Overheads					\$ 4,719.00	\$ 1,950.00
Materials						\$ (2,304.00)
40' Poles & pfs	(removal credit \$1,646)	7	\$1,940.42			
Guys & Anchors	(removal credit \$224)	4	\$300.23			
1 Phase Primary Riser	(removal credit \$258)	1	\$431.54			
1/0AA URD	(removal credit \$4)	60'	\$93.01			

2" PVC & Sweeps	30'	\$65.19		
1/0ACSR (removal credit \$113)	2,180'	\$526.70		
1/0AA Overhead Conductor (removal credit \$6)	120'	\$22.57		
Minor Materials, stores expenses and appurtenances (removal credit \$53)		\$334.34		
Total			\$	3,714.00
Equipment Expense (i.e. Truck Expense)			\$	991.00
			\$	552.00
TOTAL EXPENSES			\$	15,137.00

Subdivision Decorative Lighting Expenses:

			Installation	Removal
Contract Labor Expense			\$	3,642.50
Labor			\$	3,814.75
Overheads			\$	3,084.54
Materials				
Fiberglass Poles & pfs	38	\$48,665.52		
1" PVC & Sweeps	2,015'	\$826.15		
12/3 cable	3,269'	\$2,451.75		
150 watt HPS Cobra Street Lights	38	\$3,073.06		
Minor Materials, stores expenses and appurtenances		\$3,526.45		
Total			\$	58,542.93
Equipment Expense (i.e. Truck Expense)			\$	1,698.44
TOTAL EXPENSES			\$	70,783.16

MPI Roundabout Lighting Expenses:

			Installation	Removal
Labor			\$	6,068.00
Overheads			\$	7,829.00
Materials			\$	11,799.00
4" Pullbox & lid	1	\$142.43		
Fiberglass Poles & pfs	8	\$7,538.32		
1" PVC & Sweeps	860'	\$352.60		
12/3 cable	1,305'	\$978.75		
150 watt HPS Cobra Street Lights	8	\$646.96		
Minor Materials, stores expenses and appurtenances		\$2,282.37		
Total				
Equipment Expense (i.e. Truck Expense)			\$	1,609.00
Labor - Transformer			\$	393.00
Material - Transformer (1 @ 25KVA Transformer)			\$	1,228.00
			\$	196.50
			\$	(1,228.00)
TOTAL EXPENSES			\$	27,894.50
GRAND TOTAL EXPENSE AMOUNT			\$	793,244.81 *

* This total does not include expenses associated with services (see below). For installation with meter pedestal the cost of the meter material is not included.

Temporary Services Expenses (Each):

			<i>Installation</i>	<i>Removal</i>
Labor			\$ 31.00	\$ 19.65
Overheads			\$ 32.00	
Materials				
Meter	1	\$24.00		\$ (24.00)
Connections		\$18.00		
Total			\$ 42.00	
Equipment Expense (i.e. Truck Expense)			\$ 5.00	

TOTAL EXPENSES

\$ 105.65

Permanent Services Expenses (Each):

			<i>Installation</i>	<i>Removal</i>
Labor			\$ 93.00	\$ 19.65
Overheads			\$ 93.00	
Materials				
Meter	1	\$24.00		\$ (24.00)
Conductor		\$69.00		
Connections & sweep		\$28.00		
Total			\$ 121.00	
Equipment Expense (i.e. Truck Expense)			\$ 17.00	

TOTAL EXPENSES

\$ 319.65

Service as of July 14, 2007**Occupant****Cowherd Construction**

3159 W. Republic Road
Springfield, MO 65807

Address**Temp****Perm**

1321	Appomattox		7/2/07
1333	Appomattox		7/2/07
1357	Appomattox	5/31/07	
1477	Appomattox	5/31/07	
1501	Appomattox	5/31/07	
1455	Natchez	4/10/07	
1467	Natchez		7/2/07
1479	Natchez	6/28/07	
1491	Natchez		7/2/07
1515	Natchez		6/28/07
1468	Blockade Rd.		3/22/07
1492	Blockade Rd.		4/17/07
1504	Blockade Rd.		4/17/07
1480	Blockade Rd.		5/23/07
1708	Blockade Ct.		5/18/07
1720	Blockade Ct.		5/4/07

DRC Properties

3745 S. Fremont Ste. A
Springfield, MO 65804

1347	Natchez		6/15/07
1359	Natchez		2/27/07
1371	Natchez		6/28/07
1383	Natchez		6/15/07
1677	Thoroughfare	4/11/07	

1693	Thoroughfare	3/14/07	
1499	Antietam	5/8/07	
1511	Antietam		3/30/07
1523	Antietam		4/19/07
1535	Antietam		4/20/07

Thomas McPhail

12747 W. Farm Road 156
Republic, MO 65738

1673	New Madrid	6/12/07
1405	Cumberland	6/29/07

Vauble Homes

P.O. Box 653
Republic, MO 65738

1466	Natchez	7/9/07
------	---------	--------

Missouri Partners

800 State Highway 248, Bldg 3
Branson, MO 65616

1850	Williamsburg Walk	4/26/07
------	-------------------	---------

The Lakes at Shuyler Ridge

Property Owners Association Inc.

3159 W. Republic Road
Springfield, MO 65807

1717	Williamsburg Walk	2/28/07
1601	New Madrid	12/21/06

	Quantity	Price Per Service	Total Expense
Total Number of Temporary Services	11	\$ 105.65	\$ 1,162.15
Total Number of Permanent Services	21	\$ 319.65	\$ 6,712.65
Total Expense for Services as of 7/14/2007			\$ 7,874.80

TOTAL EXPENSES AS OF 7/14/2007**

\$ 801,119.61

** At time of actual sale all services for the Shuyler Ridge Subdivision will be tallied and charged to the Ozark Electric Cooperative at the rates listed above.