

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Application of The)
Empire District Electric Company for)
authority to issue and sell under its)
existing Indenture of Mortgage and Deed)
of Trust dated as of September 1, 1944,)
as amended and supplemented, up to and)
including \$250,000,000 principal amount)
of its First Mortgage Bonds, in one or more)
series and to, among other things, execute)
and deliver a Supplemental Indenture or)
Indentures to provide for the terms of)
said Bonds.)

Case No. _____

APPLICATION

Comes now The Empire District Electric Company ("Empire") pursuant to §§ 393.180 and 393.190, RSMo 2000, and 4 CSR 240-2.060, 2.080, 3.110 and 3.605 and for its application to the Missouri Public Service Commission (hereinafter "Commission") for authority to issue and sell up to and including \$250,000,000 principal amount of its First Mortgage Bonds under its existing Indenture of Mortgage and Deed of Trust, states as follows:

1. Empire is a Kansas corporation with its principal office and place of business at 602 S. Joplin Avenue, Joplin, Missouri 64801. Empire is qualified to conduct business and is conducting business in Missouri as well as in the states of Kansas, Arkansas and Oklahoma. Empire is engaged, generally, in the business of generating, purchasing, transmitting, distributing and selling electric energy in portions of said states. Empire also provides water service in Missouri. Empire's Missouri operations are subject to the jurisdiction of the Commission as

provided by law. Through a wholly-owned subsidiary, The Empire District Gas Company, Empire provides natural gas utility service throughout a number of Missouri counties subject to the jurisdiction of the Commission.

2. A certified copy of Empire's Restated Articles of Incorporation, as amended, was filed in Case No. EF-94-39 and is incorporated herein by reference in accordance with Commission rule 4 CSR 240-2.130(2). A Certificate from the Missouri Secretary of State that Empire, a foreign corporation, is authorized to do business in Missouri was filed with the Commission in Case No. EM-2000-369 and is incorporated by reference in accordance with Commission rule 4 CSR 240-2.130(2). This information is current and correct. Other than complaint cases on file with the Commission and the following pending appellate case, Empire has no pending or final unsatisfied judgments or decisions against it from any state or federal agency or court that involve customer service or rates and that have occurred within the three years immediately preceding the filing of this Application: Case No. Case No. WD72119. Empire's annual report and assessment fees are not overdue.

3. All communications, notices, orders and decisions respecting this Application should be addressed to:

Gregory A. Knapp
Vice President – Finance and Chief Financial Officer
The Empire District Electric Company
P.O. Box 127
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Joplin, Missouri 64802
(471) 625-5100

Paul A. Boudreau
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4. Empire has outstanding an Indenture of Mortgage and Deed of Trust dated as of September 1, 1944. The Bank of New York Mellon Trust Company, N.A., is the principal trustee, and UMB Bank & Trust, N.A. is co-trustee. The Indenture of Mortgage and Deed of Trust, as amended and supplemented, including thirty-six (36) Supplemental Indentures, constitutes a first mortgage lien on substantially all of the properties presently owned by Empire and contains provisions for subjecting after-acquired property to the lien thereof. The Indenture of Mortgage and Deed of Trust and the First through Thirty-Sixth Supplemental Indentures relating to each new series of Bonds have heretofore been filed and/or authorized in Commission Case Nos. 10,460; 10,812; 11,263; 12,055; 12,968; 13,661; 16,415; 16,717; 16,945; EF-77-5; EF-78-76; EF-78-304; EF-79-108; EF-80-108; EF-89-26, EF-90-32, EF-92-199; EF-94-39; EF-94-143; EF-94-144; EF-94-259; EF-98-120, EF-2004-0109, EF-2006-0263 and EF-2009-0180. These documents are collectively incorporated herein by reference in accordance with Commission rule 4 CSR 240-2.130(2). Marked as Appendix 1, attached hereto and made a part hereof for all purposes, is a listing of the issued and outstanding bonds of Empire.

5. Empire proposes to issue and sell, for money only, in one or more series, from time to time, its First Mortgage Bonds (hereinafter "Bonds"), in such principal amounts as Empire shall elect, which amounts, in the aggregate, shall

not exceed \$250,000,000. The Bonds are to be issued in one or more new series under Empire's Indenture of Mortgage and Deed of Trust, as heretofore amended and supplemented and to be further amended and supplemented, including by a Supplemental Indenture for each new series of Bonds. Each such Supplemental Indenture will be dated on or prior to the date of the initial issuance of any Bonds of the series of Bonds to which such Supplemental Indenture relates and will, among other things, provide for the terms of the Bonds of such series and describe additional after-acquired property.

6. Empire may issue and sell each new series of Bonds in any of the following ways: (a) in a public offering through an underwriter or underwriters or dealer or dealers, (b) in a private placement directly to a limited number of purchasers or to a single purchaser, or (c) in an offering through agents.

7. Empire filed a Registration Statement with the Securities and Exchange Commission ("SEC") on January 28, 2011, for its \$400,000,000 universal shelf registration of common stock, preference stock, unsecured debt securities and first mortgage bonds. A copy of the Form S-3 Registration Statement filed with the SEC is marked Appendix 2, attached hereto and made a part hereof for all purposes. The Registration Statement was declared effective by the SEC on February 7, 2011. A copy of the proposed form of a Supplemental Indenture pursuant to which each new series of Bonds will be issued, if any, is marked Appendix 3, attached hereto and made a part hereof for all purposes. Said registration with the SEC allows Empire to offer, from time to time, its Bonds under its Indenture of Mortgage and Deed of Trust, unsecured

debt instruments and shares of its common stock and preference stock at prices and terms to be determined at the time of sale, in any combination such that the aggregate initial public offering price of all such series of bonds, unsecured debt securities, and common stock will not exceed \$400,000,000.

8. Each new series of Bonds will be issued and sold to the purchaser or purchasers, if in a sale exempt from the registration requirements of the Securities Act of 1933, or to the underwriter or underwriters or dealer or dealers, if in a public offering, or through agents, in an aggregate principal amount and at a price or prices to be determined by Empire. Each series of Bonds will have a designation, interest rate or rates and terms of payment of interest, maturity or maturities, redemption, purchase and sinking fund provisions, if any, and other terms and provisions as shall be determined by Empire. Because the market for the Bonds is constantly changing, Empire cannot, at this time, forecast the interest rate or rates or other terms and provisions of the Bonds; thus, the terms and provisions shall be determined at the time of sale. The maturities of the various Bonds are anticipated to be between 9 months and 30 years, but will in no event exceed 30 years. The interest rate or rates of the Bonds, including any applicable discount, shall be consistent with similar securities of comparable credit quality and maturities issued by other companies. Documentation setting forth the aggregate principal amount to be sold, price information and certain other terms and provisions concerning each issuance of Bonds will be late-filed and each made a part hereof for all purposes.

9. The Commission has jurisdiction in this case because Empire will create a lien or encumbrance on its Missouri properties to secure payment of bonded indebtedness. See § 393.190.1, RSMo 2000. Therefore, Empire seeks approval from the Commission to mortgage its Missouri properties to secure the Bonds. This case is not likely to be a contested case within the meaning of Commission rule 4 CSR 240-4.020(2).

10. Marked Appendix 4, attached hereto and made a part hereof for all purposes is information regarding Empire's capital stock outstanding, bonded indebtedness, long-term unsecured indebtedness and short term indebtedness and other financial information including a balance sheet for the twelve month period ending December 31, 2010, and financial statements with adjustments showing the *pro forma* effect of the issuance of up to \$250,000,000 of the Bonds which may be issued on bonded and other indebtedness and stock authorized and outstanding. Marked Appendix 5, attached hereto, and made a part hereof for all purposes, is a statement of Empire's capital expenditures for the acquisition of property and the construction, completion, extension and improvement of its plant and systems since the last application for encumbering assets was submitted in November of 2008, as well as the amount of retirements and permanent financing for the indicated period and a statement of Empire's net property additions. A statement of the estimated expenses of each issuance of Bonds will be late-filed and made a part hereof for all purposes.

11. The net proceeds from the sale of each series of the Bonds will be added to Empire's general funds for use in connection with the acquisition of

property, business or entities, the construction, completion or improvement of its plant or system, or the improvement or maintenance of service, or the discharge or lawful refunding of its obligations, or the reimbursement of moneys actually expended from income or any other moneys in the treasury not secured or obtained from the issuance of stocks, bonds, notes or other evidences of indebtedness. Empire contemplates that the proceeds from the sale of each series of the Bonds may be used to provide financing for its construction program, to discharge long-term indebtedness by the payment of principal at maturity, to refinance outstanding indebtedness, including the payment of applicable redemption premiums, and for other corporate purposes. The money, property or labor to be procured or paid for by the issuance and sale of Bonds is reasonably required for the purposes specified in this application and such purposes are not in whole or in part reasonably chargeable to operating expense or income.

12. Marked Appendix 6, attached hereto and made a part hereof for all purposes, is a certified copy of the Resolutions of Empire's Board of Directors which authorizes the transactions which are the subject of this application and authorizes the filing of this application.

13. Subjecting Empire's Missouri properties to the lien of its Indenture to secure the Bonds will have no impact on the tax revenues of the political subdivisions in which any of the structures, facilities or equipment of Empire is located. The described mortgage will not result in a change of ownership of

Empire's Missouri Properties nor will they result in the change of the present location of the affected utility assets.

14. Subjecting Empire's Missouri properties to the lien of its Indenture to secure the Bonds will not be detrimental to the public interest, and in fact will be beneficial to the public interest, because the public health, safety and welfare will be served by the ability of Empire to obtain access to the capital markets on the most favorable terms available. Granting the authority requested will be transparent to Empire's customers in that it will not cause any adverse impact on customer service or rates.

15. As noted above in ¶9, Applicant does not believe that the filing of this Application is likely to commence a contested case within the meaning of 4 CSR 240-4.020(2) because previous financing applications addressing the same issues presented in this filing have not become contested proceedings.¹ In the event that the Commission nevertheless concludes that the filing of this Application is likely to be a contested case, Applicant requests a waiver of the sixty (60) day notice for good cause shown as permitted by Commission rule 4 CSR 240-4.020(2)(A).

WHEREFORE, Empire respectfully requests that the Commission grant Empire's application and issue an order that:

a) Authorizes Empire to create one or more new series of its First Mortgage Bonds under its Indenture of Mortgage and Deed of Trust to The Bank of New York Mellon Trust Company, N.A. and UMB Bank & Trust, N.A., trustees, or their successor, dated as of September 1, 1944, as amended and

¹ Most recently, Case No. EF-2009-0180.

supplemented, including by the First through Thirty-Sixth Supplemental Indentures and to be amended and supplemented, including by a Supplemental Indenture for each new series of Bonds, each such series to be issued at such time, or from time to time, to be of such aggregate principal amount as shall be determined by Empire, provided the aggregate principal amount of all such series shall not exceed \$250,000,000, bearing interest, including any applicable discount, at a rate consistent with similar securities of comparable credit quality and maturities issued by other companies, having a maturity not less than 9 months and not more than 30 years, and having such designation and such redemption, purchase and sinking fund provisions, if any, and other terms and provisions as shall be determined by Empire.

b) Authorizes Empire to execute and deliver to The Bank of New York Mellon Trust Company, N.A. and UMB Bank & Trust, N.A., as trustees, or their successors, a Supplemental Indenture with respect to each such series of Bonds, each to be dated on or prior to the date of the initial issuance of any Bonds of the series of Bonds to which such Supplemental Indenture relates, supplemental to the Indenture of Mortgage and Deed of Trust dated as of September 1, 1944, in substantially the form of the Supplemental Indenture filed as Appendix 3;

c) Authorizes Empire to issue and sell and deliver in one or more new series, at such time, or from time to time, its Bonds in such amounts as Empire shall elect, which amounts, in the aggregate, shall not exceed \$250,000,000 principal amount, to obtain the authentication and delivery of the Bonds by the

principal trustee in any manner permitted by the Indenture of Mortgage and Deed of Trust dated as of September 1, 1944, as amended and supplemented, including by the First through Thirty-Sixth Supplemental Indentures and as to be amended and supplemented and to use the net proceeds of the sale or sales of the Bonds for the purposes hereinabove stated;

d) Authorizes Empire to create and make effective the lien of the Indenture of Mortgage and Deed of Trust, dated as of September 1, 1944, as amended and supplemented including by the First through Thirty-Sixth Supplemental Indentures, and as to be amended and supplemented, including by a Supplemental Indenture for each new series of Bonds, on the property of Empire in the State of Missouri to secure each new series of Bonds, provided that the aggregate principal amount thereof shall not exceed \$250,000,000;

e) Authorizes Empire to enter into, execute, deliver and perform the necessary agreements and other documents necessary to effectuate the transactions herein described;

f) Authorizes Empire to take such other actions as may be reasonably incidental, necessary, or appropriate to complete the subject transactions;

g) Authorizes Empire to amortize the expenses incident to the sale or sales of the Bonds over the respective life or lives thereof;

h) Orders that the money, property or labor to be procured or paid for by Empire through the issuance and sale of the one or more new series of Bonds is reasonably required and necessary for the purposes set forth above and will

be used therefor and that such purposes are not in whole or in part reasonably chargeable to operating expenses or to income;

i) If necessary, waives the requirement of a sixty (60) day notice of intent to file as set forth in 4 CSR 240-4.020(2) for good cause shown; and

j) Authorizes the Secretary of the Commission, from time to time, upon Empire's request, to confirm by letter that the commission's order is operative and effective as may be reasonably required at the time of the issuance of any new series of Bonds.

Respectfully submitted,

/s/ Paul A. Boudreau
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Attorneys for The Empire District
Electric Company

Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepared, or hand-delivered, or e-mailed on this 16th day of June, 2011, to:

General Counsel
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102

Mr. Lewis R. Mills, Jr.
Office of the Public Counsel
P.O. Box 7800
Jefferson City, MO 65102

/s/ Paul A. Boudreau
Paul A. Boudreau

List of Appendices

Appendix 1	Issued and Outstanding First Mortgage Bonds
Appendix 2	Form S-3 Registration Statement
Appendix 3	Form of Supplemental Indenture
Appendix 4	<i>Pro forma</i> financial information
Appendix 5	Capital expenditures schedule
Appendix 6	Certified copy of Resolutions of Board of Directors