

**STATE OF MISSOURI
PUBLIC SERVICE COMMISSION**

At a session of the Public Service
Commission held at its office in
Jefferson City on the 2nd day
of April, 2014.

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 \$150,000,000 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)

File No. EF-2014-0195

**ORDER GRANTING AUTHORITY
TO ISSUE DEBT**

Issue Date: April 2, 2014

Effective Date: April 12, 2014

On December 20, 2013, The Empire District Electric Company filed an application seeking authority to issue and sell up to \$150,000,000 aggregate principal amount of long-term indebtedness. Empire will use the funds for construction, completion or improvement of its plant or system, the improvement of maintenance of service, 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 evidence of indebtedness. The Commission has jurisdiction over Empire's request through Sections 393.180 and .190, RSMo.

On March 3, 2014, the Staff of the Commission filed a Memorandum, recommending that the Commission conditionally approve Empire's application. Empire does not oppose

those conditions. In its Memorandum, Staff informs the Commission that Empire has not filed with its application the final terms and conditions of its financing as required by Commission rule.¹ The Commission will therefore grant a variance with regard to this rule and, as suggested by Staff, allow the company to file this information as a late-filed exhibit.

Having considered Empire's application and Staff's Recommendation, it is the Commission's opinion, as required by law,² that the money, property or labor to be procured or paid for by the issue of such stock, bonds, notes or other evidence of indebtedness is or has been reasonably required for the purposes specified in this order, and that except as otherwise permitted in this order in the case of bonds, notes and other evidence of indebtedness, such purposes are not in whole or in part reasonably chargeable to operating expenses or to income. The Commission will grant the requested authority subject to the conditions suggested by Staff.

THE COMMISSION ORDERS THAT:

1. The Empire District Electric Company is authorized 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, date as of September 1, 1944, as amended and supplemented, including by the First through Thirty-Ninth 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 \$150,000,000, bearing interest, including any

¹ 4 CSR 240-3.120(2).

² Section 393.200.1, RSMo.

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.

2. The Empire District Electric Company is authorized 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, attached to the application.

3. The Empire District Electric Company is authorized 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 \$150,000,000 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-Ninth 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.

4. The Empire District Electric Company is authorized to enter into, execute, deliver and perform the necessary agreements and other documents necessary to effectuate the transactions herein described.

5. The Empire District Electric Company is authorized to take such other actions as may be reasonably incidental, necessary, or appropriate to complete the subject transactions.

6. The Empire District Electric Company is authorized to amortize the expenses incident to the sale or sales of the Bonds over the respective life or lives thereof.

7. The money, property or labor to be procured or paid for by The Empire District Electric Company 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.

8. The Secretary of the Commission is authorized, upon The Empire District Electric Company'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.

9. A variance from Commission rule 4 CSR 240-3.120(2) is granted and The Empire District Electric Company shall file the information required therein as a late-filed exhibit.

10. The authority granted by the Commission to The Empire District Electric Company is subject to the following conditions:

That Empire shall make available to the Staff sufficient documentation to ensure that the amount of the funds acquired through issuance of securities

under this application shall be used exclusively for the benefit of Empire's regulated electric utility operations, and not for the other operations of Empire or any of its affiliates or non-regulated activities.

That Empire shall be required to file with the Commission all final terms and conditions on this financing including, but not limited to, the aggregate principal amount to be sold or borrowed, price information, estimated expenses, and the loan or indenture agreement concerning each issuance.

That the rate on the securities Empire issues be consistent with similar securities of comparable credit quality and maturities issued by other issuers.

That Empire shall submit to Financial Analysis any information concerning communications with credit rating agencies in connection with the authority herein granted by the Commission.

That nothing in the Commission's order shall be considered a finding by the Commission of the value of these transactions for rate making purposes, and that the Commission reserves the right to consider the rate making treatment to be afforded these financing transactions and their results in cost of capital, in any later proceeding.

11. This order shall become effective on April 12, 2014.



BY THE COMMISSION

A handwritten signature in cursive script that reads "Morris L. Woodruff".

Morris L. Woodruff
Secretary

R. Kenney, Chm., Stoll, W. Kenney,
and Hall, CC., concur.

Jones, Senior Regulatory Law Judge