

**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        ) File No. EF-2011-0393  
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.            )

**STAFF RECOMMENDATION**

Comes now the Staff of the Missouri Public Service Commission (Staff) in response to the Missouri Public Service Commission's (Commission's) June 20, 2011 Order Directing Filing, directing the Staff to file a recommendation by July 20, 2011, and the Commission's July 20, 2011 Order Granting Additional Time, authorizing the Staff until August 4, 2011 to file its recommendation. In response to the Commission's Orders, the Staff states as follows:

1. On June 16, 2011, The Empire District Electric Company (Empire) filed an Application for authority, through February 7, 2014, 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 First Mortgage Bonds.

2. On June 20, 2011, the Commission issued an Order directing the Staff to file a recommendation by July 20, 2011. On July 19, 2011, the Staff filed a Staff Motion for Additional Time To File Recommendation requesting that the deadline for the Staff's recommendation be extended approximately two weeks to August 4, 2011 from July 20, 2011.

On July 20, 2011 the Commission issued an Order Granting Additional Time in which it authorized the Staff until August 4, 2011 to file its recommendation.

3. Since Empire is a Kansas corporation, the Commission has jurisdiction over the proposed issuance and sale of First Mortgage Bonds by Empire, pursuant to Sections 393.180 and 393.190, RSMo. 2000, because Empire will create a lien or encumbrance on its Missouri properties to secure payment of bonded indebtedness.

4. The money, property, or labor to be procured or paid for by the issuance and sale of First Mortgage Bonds is reasonably required for the purposes specified in Empire's Application and the purposes are not in whole or in part reasonably chargeable to operating expense or income.

5. Subjecting Empire's Missouri properties to the lien of its Indenture to secure the First Mortgage 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 Mortgage will not result in a change of ownership of Empire's Missouri properties or in a change of the present location of the affected utility assets.

6. In the attached Staff Memorandum (Appendix A), the Commission's Financial Analysis Department recommends that the Commission conditionally authorize Empire, through February 7, 2014, to issue First Mortgage Bonds in an amount up to and including \$250,000,000, subject to the six (6) conditions set out in the Staff Memorandum at pages 5-6.

Wherefore the Staff recommends the Commission conditionally authorize The Empire District Electric Company to issue debt securities through February 7, 2014 in principal amount up to and including \$250,000,000, subject to the six (6) conditions stated in the Staff's Memorandum.

Respectfully submitted,

**/s/ Steven Dottheim**

Steven Dottheim  
Chief Deputy Staff Counsel  
Missouri Bar No. 29149

Attorney for the Staff of the  
Missouri Public Service Commission  
P. O. Box 360  
Jefferson City, MO 65102  
(573) 751-7489 (Telephone)  
(573) 751-9285 (Fax)  
steve.dottheim@psc.mo.gov

**CERTIFICATE OF SERVICE**

I hereby certify that the foregoing filing of Staff Recommendation was served via e-mail on this 4th day of August, 2011 on all counsel of record in this docket.

**/s/ Steven Dottheim**