

**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 \$255,000,000 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. EF-2006-0263

**STAFF'S STATUS REPORT**

COMES NOW the Staff ("Staff") of the Missouri Public Service Commission ("Commission") and respectfully states as follows:

1. On December 19, 2005, The Empire District Electric Company ("Empire" or "Company") filed an Application requesting authority to issue and sell, from time to time, up to and including \$255,000,000 aggregate principal amount of Empire's First Mortgage Bonds under its existing Indenture of Mortgage and Deed of Trust.

2. On February 1, 2006, the Commission issued an Order directing the Staff to file its Recommendation or a Status Report regarding the Recommendation by March 1, 2006.

3. On August 2, 2005, the Commission approved a Stipulation And Agreement in Case No. EO-2005-0263, which, among other things, included an amortization provision that allows the Company the opportunity to maintain financial ratios for its Missouri jurisdictional electric utility operations that are consistent with the benchmark financial ratios for a BBB credit

rating. The financial ratios used for this provision will be directly affected by much of the financing proposed in this Application. The need to consider the financial impact of this provision along with the impact of Empire's proposed acquisition of the Missouri gas properties of Aquila, Inc. has necessitated a more elaborate and detailed Staff inquiry into the subject Application.

4. Assuming that the Staff is able to obtain any needed additional information from Empire by March 10, 2006, the Staff expects to file its Recommendation by March 17, 2006.

Respectfully submitted,

/s/ Dennis L. Frey

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### **Certificate of Service**

I hereby certify that copies of the foregoing have been mailed, hand-delivered, or transmitted by facsimile or electronic mail to all counsel of record this 1st day of March 2006.

/s/ Dennis L. Frey