

## **FIRST TERRITORIAL AGREEMENT**

THIS AGREEMENT is made and entered into as of this 25th day of May, 2002, by and between The Empire District Electric Company, a Kansas corporation, with its principal office located at 602 Joplin Street, Joplin, Missouri ("Empire") and Southwest Electric Cooperative, a Missouri rural electric co-operative organized and existing pursuant to Chapter 394, RSMo, with its offices located at 1023 S. Springfield, in Bolivar, Missouri ("Southwest").

### **WITNESSETH:**

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

WHEREAS, Section 394.312, RSMo. 2000, provides that competition to provide retail electrical service as between rural electric cooperatives such as Southwest and electrical corporations such as Empire may be displaced by written territorial agreements; and

WHEREAS, Empire and Southwest 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 First Territorial Agreement does not require any customer of either Empire or Southwest to change its supplier;

NOW, THEREFORE, Empire and Southwest, 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 two parcels of land in Greene County, Missouri, located near the present south city limits of the City of Strafford. For purposes of this Agreement, one parcel shall be referred to as "Sunrise Estates Phase 3." The other parcel shall be referred to as "Section 3."

B. The legal description of Sunrise Estates Phase 3, as recorded in Book VV at page 49 of the Recorder of Deeds on August 29, 2000, is as follows:

All that part of Lot Six (6) of the Northwest Fractional Quarter (NW frl. 1/4) of Section Three (3), Township Twenty Nine (29) North, Range Twenty (20) West, City of Strafford, Greene County, Missouri, described as follows: Beginning at the Southwest corner of Sunrise Estates Phase 2, a recorded subdivision in

Greene County, Missouri; thence along the South line of said Sunrise Estates Phase 2 the following three courses: (1) S 87° 44' 11" E, 200.54 feet; (2) N 02° 15' 49" E, 35.58 feet; and (3) S 87° 44' 11" E, 150.00 feet; thence S 02° 15' 49" W, 676.19 feet to the South line of said Lot 6 of the Northwest Fractional Quarter; thence N 85° 57' 10" W, with said South line, 686.67 feet; thence N 02° 16' 14" E, 286.44 feet; thence S 87° 44' 28" E, 142.94 feet; thence N 02° 15' 32" E, 85.00 feet to the South line of Sunrise Estates, a recorded subdivision in Greene County, Missouri; thence S 87° 44' 28" E, with said South line 50.00 feet; thence S 02° 15' 32" W, 102.20 feet; thence S 87° 44' 11" E, 142.80 feet; thence N 02° 16' 05" E, 349.96 feet to the point of beginning. Containing 7.52 acres. Being subject to all easements, rights-of-way and restrictions of record.

C. The legal description of Section 3 is as follows:  
Beginning at the Northeast (NE) Corner of the intersection of Farm Road (Fm. Rd.) 104 and Fm. Rd. 231, thence northerly along the East line of Fm. Rd. 231 2,328.35 feet; thence easterly, 2,662.48 feet, thence southerly, 1,012.65 feet; thence westerly 1,331.54 feet; thence southerly, 1,320.79 feet; thence westerly 1,297.57 feet along the north line of Fm. Rd. 104, more or less, to the point of beginning, excepting therefrom the South half (S 1/2) of the West half (W 1/2) of Lot Four (4) of said section, Township 29, Range 20.

D. A copy of a plat map depicting Sunrise Estates Phase 3 is attached as **Exhibit A**.

E. A copy of a map from the Greene County Assessor's Office on which is depicted Section 3, and which also shows the relative location of Sunrise Estates Phase 3, is attached as **Exhibit B**.

F. This Agreement shall have no effect whatsoever upon service by Southwest or Empire in any areas other than Section 3 and Sunrise Estates Phase 3.

G. Sunrise Estates Phase 3 is located within the corporate limits of the City of Strafford, Missouri, and thus is not a "rural area" as defined by Section 394.020(3) RSMo 2000.

H. Section 3 is not located within the corporate limits of the City of Strafford, Missouri, or any other city, town or village with a population in excess of 1,500, and thus is a "rural area" as defined by Section 394.020(3) RSMo 2000.

## 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 Service Areas described herein.

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 definitions exist, the term shall be defined as it appeared in section 393.106 RSMo 2000, 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 it is not complete from the standpoint that permanent wiring for the electrical power and energy to be utilized by or within 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 is effective pursuant to the terms of such Report and Order, 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 Southwest both execute a document which establishes an Effective Date for purposes of this Agreement.

### 3. Exclusive Service Areas Established

A. Southwest, pursuant to this First Territorial Agreement, shall be entitled to provide permanent service to all structures now located within Sunrise Estates Phase 3 and all new structures within Sunrise Estates Phase 3 and therefore it shall be considered the exclusive Service Area of Southwest, as between Empire and Southwest. Empire does not now serve any structures, and shall not be allowed to serve any new structures, within Sunrise Estates Phase 3.

B. Empire, pursuant to this First Territorial Agreement, shall be entitled to provide permanent service to all structures it is now serving and all new structures within Section 3 and therefore it shall be considered the exclusive Service Area of Empire, as between Empire and Southwest. Southwest shall not be allowed to serve any new or existing structures within Section 3.

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 Southwest. 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 Agreement. 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. There are approximately six (6) structures located within Section 3 on the date of this Agreement which are currently receiving permanent service from Empire. None are receiving service from Southwest. To the knowledge of Empire and Southwest, there are no other suppliers of electricity providing permanent service within Section 3. There are no structures located within Sunrise Estates Phase 3 which are currently receiving permanent service.

B. It is the intent of the parties that, subject to the terms of this Agreement, permanent service to the existing structures in Section 3 shall remain with Empire, its successors or assigns, for the term of this Agreement. This provision is not to be construed as meaning that service to the present structures cannot be changed during the term of this Agreement. It simply means that no changes are a prerequisite to the approval of this Agreement and neither party is requesting that a change occur at this time as a result of this Agreement or its approval by the Commission.

6. Structures Coming Into Existence After the Effective Date

A. After the Effective Date, Southwest shall have the exclusive right, as between Empire and Southwest, to provide permanent service to new structures within Sunrise Estates Phase 3.

B. After the Effective Date, Empire shall have the exclusive right, as between Empire and Southwest, to provide permanent service to new structures within Section 3.

C. Boundary Structures. Notwithstanding the provisions in paragraphs 6.A. and 6.B., Empire and Southwest may subsequently agree in writing, on a case by case basis, to allow any new structure in either Service Area established by this Agreement 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 Addendums.
- 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, or the Commission on its own motion, does not submit a pleading objecting to the Addendum within sixty (60) days of the filing thereof, the Addendum shall be deemed approved by the Commission. 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.

D. During the interim period between the date of execution of this Agreement and the Effective Date, the parties shall not be bound by the territorial division provisions of this Agreement and may provide service to any customer seeking service if the supplier can lawfully provide such service in the particular location. Pending the issuance of a decision by the Commission either granting or denying approval of this agreement, however, neither party shall construct primary or secondary electric facilities within the territory assigned exclusively to the other pursuant to this Agreement, unless (i) ordered to do so by the Commission or a court of competent jurisdiction or (ii) as a necessary part of the provision of service to its customers in other areas and such construction is within a previously established easement obtained for the purpose of providing service in other areas. In the interim before this Agreement is approved by the Commission, if a new structure should come into existence on one side of the proposed boundary and request service from the party on the opposite side of the boundary, and that party has the existing right to provide such service, the parties agree to submit the matter to the Commission for determination in the case docketed for approval of this Agreement. The parties agree to propose to the Commission in

such case that the party which will have the exclusive right to serve the customer if this Agreement is approved by the Commission should have the exclusive right and obligation to serve the customer in the interim.

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 areas. 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 service 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 twenty (20) years from and after the Effective Date ("initial term"). Thereafter, this Agreement shall be automatically renewed for successive five (5) year terms ("renewal terms") commencing on the anniversary of the Effective Date ("renewal date") 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 territories 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 in the other's Service Area hereunder, unless such a change is otherwise permitted by law.

9. Cooperation. Empire and Southwest agree to undertake all actions reasonably necessary to implement this Agreement. Empire and Southwest will cooperate in presenting a joint application to the Commission demonstrating that this Agreement is in the public interest. Southwest shall pay 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 Descriptions: The land descriptions utilized in this Agreement are assumed by the parties to be accurate and reliable and to match the maps being submitted; however, where there are maps 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 Southwest 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 or repealed 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 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 Area 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 Southwest 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 2000, 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 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 Southwest established by this Agreement, or Southwest from providing electrical power and energy to structures within the Service Area of Empire established by this Agreement, under the terms of

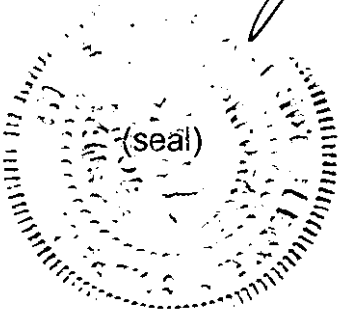
such future legislation, notwithstanding the terms of this Agreement to the contrary. However, if either § 393.106, § 394.315, or § 394.312 RSMo are repealed and not reenacted in a form substantially equivalent to their status on the Effective Date, this Agreement shall terminate, coincident with the 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 25th day of May, 2002.

THE EMPIRE DISTRICT  
ELECTRIC COMPANY

By: Michael E. Palmer  
V.P. COMMERCIAL OPERATIONS

Attest: J. Watson



SOUTHWEST  
ELECTRIC COOPERATIVE

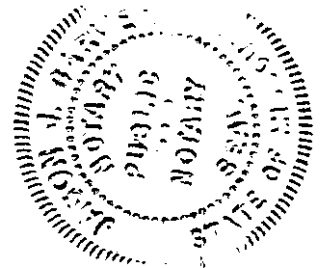
By: Greg W. Quinn  
CEO/Gen. Mgr.

Attest: Steve Skopes

(seal)

JASON J. CARVER  
Notary Public, Polk County, MO  
My Comm. Expires Mar. 24, 2003

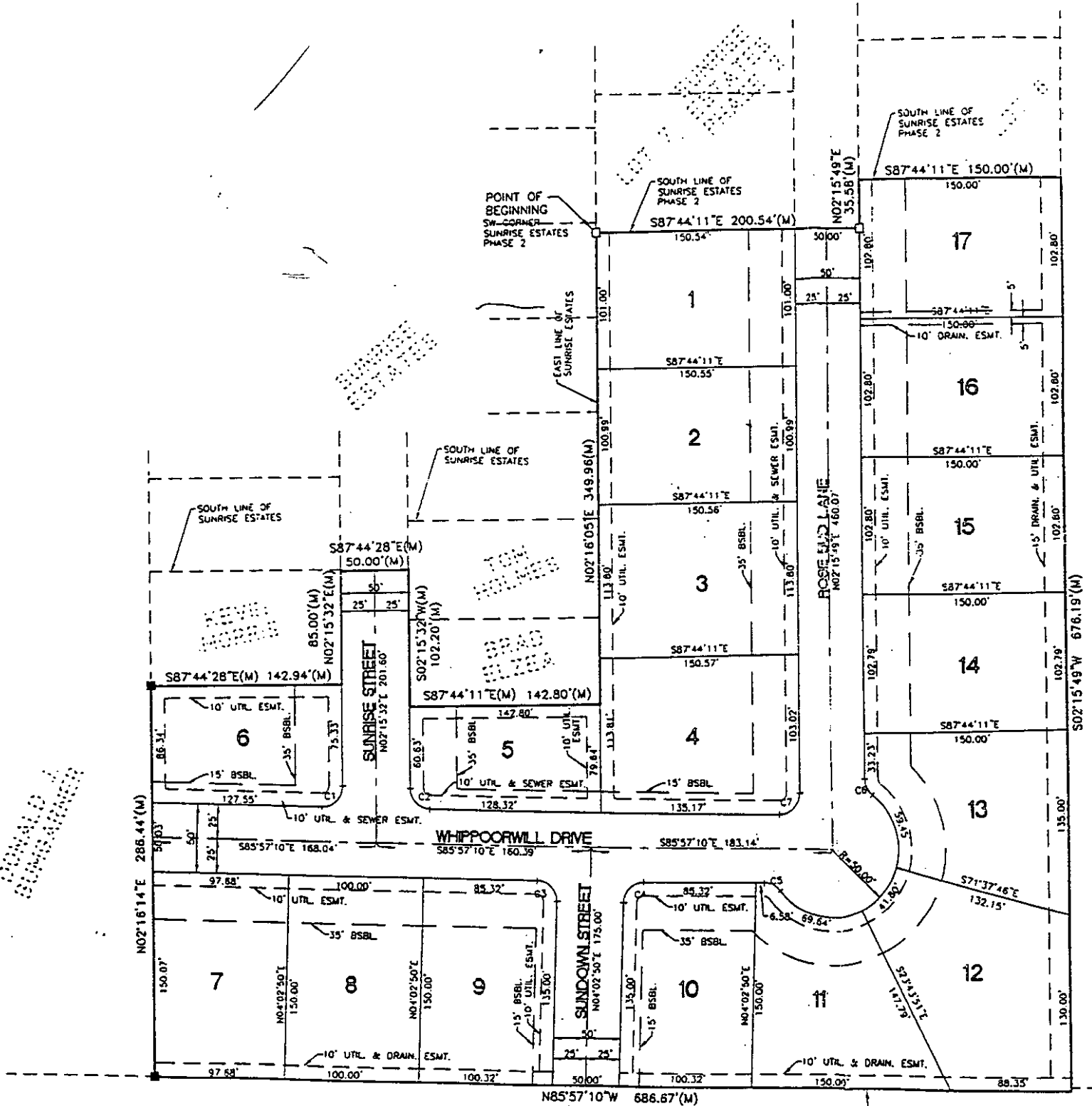
Jason J. Carver





OWNER/DEVELOPER

BOBBY TOOD  
RT. 3 BOX 153-20  
STRAFFORD, MO 65757



LEGEND

UTL ESMT. = Utility Easement

DRAIN. ESMT. = Drainage Easement

BSBL = Building Setback Line

WAYNE B. ETAL  
SUNGARNER

EXHIBIT A

BENCHMARK DATA:

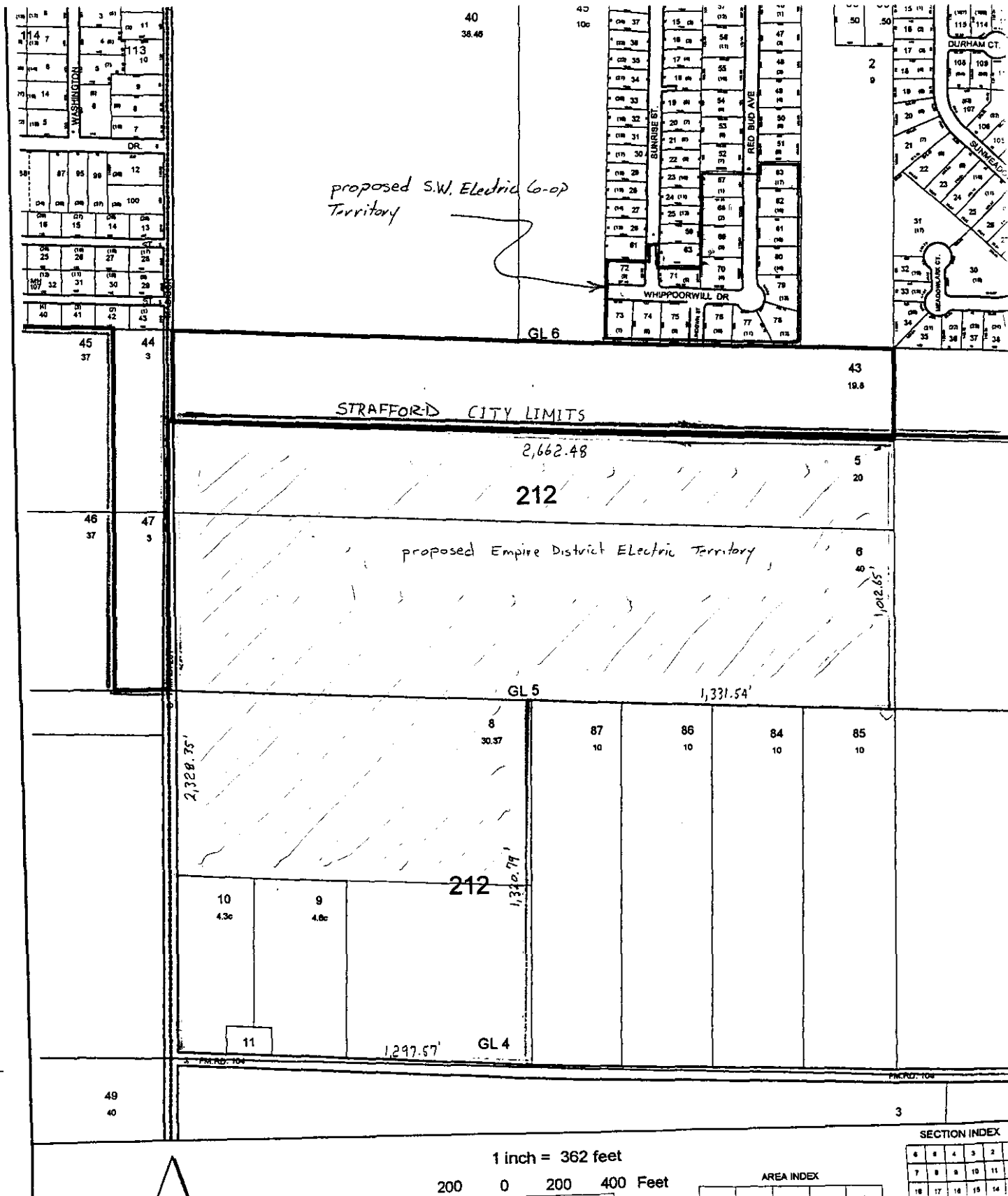


EXHIBIT B