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SEP 13 2012

Missouri Public Service Commission

Data Request

Missouri Public Service Commission

Data Request No. 0120
Company Name Empire District Electric Company, The-Investor(Electric)
Case/Tracking No. ER-2012-0345
Date Requested 8/8/2012
Issue General Information and Miscellaneous - Other General Info & Misc.
Requested From Angela Cloven
Requested By Kim Bolin
Brief Description Interim Rate Request - Expense Reduction Plan

Description Please provide a copy of any "austerity plan" or expense reduction program implemented in response to the May 2011 tornado or for any other reason since January 2011. If such a plan exists, also provide a copy of any notices provided to Empire's officers and/or employee body in total communicating the existence and provisions of such a plan.

Due Date 8/14/2012

Response **Provided by Kelly Walters - See attached response.**

The attached information provided to Missouri Public Service Commission Staff in response to the above data information request is accurate and complete, and contains no material misrepresentations or omissions, based upon present facts of which the undersigned has knowledge, information or belief. The undersigned agrees to immediately inform the Missouri Public Service Commission Staff if, during the pendency of Case No. ER-2012-0345 before the Commission, any matters are discovered which would materially affect the accuracy or completeness of the attached information.

If these data are voluminous, please (1) identify the relevant documents and their location (2) make arrangements with requestor to have documents available for inspection in the Empire District Electric Company, The-Investor(Electric) office, or other location mutually agreeable. Where identification of a document is requested, briefly describe the document (e.g. book, letter, memorandum, report) and state the following information as applicable for the particular document: name, title number, author, date of publication and publisher, addresses, date written, and the name and address of the person(s) having possession of the document. As used in this data request the term "document(s)" includes publication of any format, workpapers, letters, memoranda, notes, reports, analyses, computer analyses, test results, studies or data, recordings, transcriptions and printed, typed or written materials of every kind in your possession, custody or control or within your knowledge. The pronoun "you" or "your" refers to Empire District Electric Company, The-Investor(Electric) and its employees, contractors, agents or others employed by or acting in its behalf.

MEUA Exhibit No. 6
Date 10-10-12 Reporter KF
File No. ER-2012-0345

**Security
Rationale**

**Public
NA**

Response to Interim Data Request No. 120
Missouri Case ER-2012-0345
Austerity Plans

The Company does not have a formal, written austerity or economy plan designed to reduce expenses and/or cash outflows below the results produced by normal operations. However, during the last five years, which included a very heavy construction cycle, executive management has continually evaluated the business conditions and the economic climate to see if restrictions in spending are appropriate. This evaluation process is still in place today and was in place when the tornado struck Joplin in May of 2011. Executive management will instruct Company personnel to reduce spending below budgeted levels when appropriate. These instructions are generally communicated to department heads who report directly to executive management. Department heads are charged with communicating such instructions to personnel in their respective area. As a result of the tornado, Empire incentive pay plans for executive officers and department heads were either eliminated or substantially reduced and Empire's dividend was suspended for two quarters.

Prior to the May 2011 tornado there have been several instances in which executive management instructed Company personnel to take actions to reduce operating and capital expenditures below budgeted levels. In addition, during the last five years, many times the Company instituted a hiring freeze for a number of months.. In 2009, executive management and department heads were given the option to receive incentive bonus awards in the form of Company common stock to control cash outflows.

The Company also engages in initiatives designed to reduce spending and increase efficiencies in the long term. Some examples of these initiatives include a supply chain alliance and commercial operations staffing plan, a Board of Directors information portal, and various initiatives designed to increase productivity through improved response to outages, management of vegetation maintenance, and improved overall system reliability.