

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Application of)	
The Empire District Electric Company)	
and The Empire District Gas Company)	Case No. AO-2012-0062
for Approval of Their Cost)	
Allocation Manual.)	

RESPONSE TO STAFF RECOMMENDATION

COME NOW The Empire District Electric Company (“Empire Electric”) and The Empire District Gas Company (“Empire Gas”) (collectively, the “Utilities”), by and through counsel, and, in response to the Recommendation to Defer Approval Pending Appropriate Revision filed herein by the Staff of the Missouri Public Service Commission (“Commission”), respectfully state as follows:

1. In Empire Electric’s last general rate case, Case No. ER-2011-0004, certain parties entered into a Global Agreement, which was filed with the Commission on May 27, 2011, and approved by the Commission by its Order Approving Global Agreement dated June 1, 2011, effective June 6, 2011. Paragraph six of the Global Agreement provides as follows: “. . . Empire agrees to file for Commission approval of its Cost Application Manual (CAM).” Pursuant to this provision, the Utilities filed their joint application herein on August 23, 2011.

2. The Commission issued its *Order Accepting Joint Proposal Regarding Certain Procedural Matters* herein on September 19, 2011, requiring a Staff recommendation to be filed by November 10, 2011, and responses to said Staff recommendation by December 16, 2011. The parties are to notify the Commission of any unresolved issues remaining for Commission resolution by February 10, 2012.

3. Staff filed its Recommendation herein on November 10, 2011, recommending to the Commission that approval of the Utilities' CAM be deferred until "Empire files an appropriately revised CAM consistent with the revisions described in Staff's Memorandum."

4. The Utilities are working with Staff on Staff's suggested revisions for the CAM. The Utilities anticipate filing a revised CAM at the conclusion of these discussions.

WHEREFORE, the Utilities respectfully submit this response to Staff's Recommendation to Defer Approval Pending Appropriate Revision. The Utilities request such relief as the Commission deems necessary or appropriate under the circumstances.

Respectfully submitted,

BRYDON, SWEARENGEN & ENGLAND P.C.

By:

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Certificate of Service

I hereby certify that a true and correct copy of the above and foregoing document was sent via electronic mail on this 15th day of December, 2011, to all counsel of record.

_____/s/ Diana C. Carter_____
