

THE EMPIRE DISTRICT ELECTRIC COMPANY

PROCEDURES FOR REPORTING COMPLAINTS ON ACCOUNTING, INTERNAL ACCOUNTING CONTROLS AND AUDITING MATTERS

POLICY

The Empire District Electric Company (the “Company”) is committed to conducting its businesses with integrity and in an ethical manner. These procedures offer employees and the public alike the opportunity to notify the Audit Committee of the Board of Directors of the Company of any complaints or allegations regarding accounting, internal accounting controls or auditing matters. While the Company’s Code of Business Conduct and Ethics includes a procedure for employees to report allegations of wrongdoing, these procedures specifically allow employees to report, on a confidential, anonymous basis, their concerns regarding questionable accounting or auditing matters to the Audit Committee.

SCOPE

These procedures relate to complaints relating to any questionable accounting or auditing matters, including, without limitation, the following:

- fraud or deliberate error in the preparation, evaluation, review or audit of any financial statement of the Company;
- fraud or deliberate error in the recording and maintaining of financial records of the Company;
- deficiencies in or noncompliance with the Company’s internal accounting controls;
- misinterpretations or false statement to or by a senior officer with respect to a matter contained in the financial records, financial reports or audit reports of the Company; or
- deviation from full and fair reporting of the Company’s financial condition.

PROCEDURES

Reporting Complaints

Employees may continue to report allegations of wrongdoing as outlined in the Company's Code of Business Conduct and Ethics. However, members of the public as well as employees may register a complaint concerning accounting, internal accounting controls and auditing matters by calling **MySafeWorkplace**, a toll-free hotline service at **1-800-461-9330**. MySafeWorkplace is an outside agency not affiliated with the Company whose trained, professional personnel will take your call 24 hours a day, 7 days a week, 365 days a year. You may also send a complaint by E-mail to **www.MySafeWorkplace.com**. Your communication shall state that it is an "accounting/auditing related complaint or concern". No matter the method of communication, if you decide the complaint should be treated on an anonymous, confidential basis, your request will be strictly honored. While you will not be asked to identify yourself, you will be assigned a confidential access number that will enable you to re-enter the website (or call center) at any time. The access number will be necessary for you to check on the status of your report and to respond to any questions that may come up during the investigation.

Reviewing the Complaint

Following the submission of a complaint, MySafeWorkplace will send an e-mail alert to each of the Chairperson of the Audit Committee, the Director of Auditing, the Chief Executive Officer and the Chief Financial Officer that will allow each such person to log in to MySafeWorkplace and retrieve the complaint. A reminder e-mail alert will be sent every 24 hours until each such person has reviewed the complaint.

Upon review of a complaint, the Director of Auditing will determine whether it is a complaint involving the Company's accounting, internal controls, or auditing matters or a concern regarding questionable accounting or auditing matters. Complaints within the scope of these procedures will be reviewed under the direction and oversight of the Audit Committee by the Director of Auditing, the Chief Executive Officer, the Chief Financial Officer, or such other persons, including independent experts, as the Audit Committee determines to be appropriate when considering, among other things, the nature and content of the complaint. Confidentiality will be maintained to the fullest extent possible, consistent with the need to conduct an adequate review.

Prompt and appropriate corrective action will be taken when and as warranted in the judgment of the Audit Committee by the Chief Executive Officer or by such other persons as the Audit Committee determines to be appropriate.

Consistent with the Company's Code of Business Conduct and Ethics, the Company will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any employee in the terms and conditions of employment based upon any lawful actions of such employee with respect to good faith reporting of complaints within the scope of these procedures or otherwise as specified in Section 806 of the Sarbanes-Oxley Act of 2002.

All complaints involving matters other than those concerning accounting, internal accounting controls or auditing will be investigated in accordance with the Company's Code of Business Conduct and Ethics.

Retention of Complaints and Investigations

The Director of Auditing will maintain a log of all complaints, tracking their receipt, investigation and resolution and shall prepare a periodic summary thereof for the Audit Committee. Copies of complaints and such logs will be maintained as directed by the Audit Committee.

Reporting to the Audit Committee

A report on all complaints received involving the Company's accounting, internal accounting controls, or auditing matters, or concerns regarding questionable accounting or auditing matters will be reviewed with the full Audit Committee at the next succeeding meeting. The report shall include the results of the investigation and actions taken, if any. Depending on the nature of the complaint, the Chairperson of the Audit Committee may convene a meeting of the full Audit Committee immediately.

Reply

If a reply to the communication is deemed necessary by the Director of Auditing, or the Audit Committee, it may be made utilizing the MySafeWorkplace system as discussed under "Methods of Communication."

Procedure Assessment

The Audit Committee shall periodically assess the effectiveness of these procedures and make whatever revisions or amendments it deems appropriate.