

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the matter of the Application of)	
The Empire District Electric Compa-)	
ny for authority to file tariffs)	
reflecting increased charges for)	ER-2002-424
electric service within its Mis-)	
souri service area)	

**STATEMENT OF POSITION OF PRAXAIR INC.
ON LIST OF ISSUES**

COMES NOW PRAXAIR, INC. ("Praxair") and states its position with respect to the List of Issues submitted herein on October 1, 2002:

1. Capital Structure/Rate of Return

(a) What capital structure is appropriate for Empire?

Praxair Position: Praxair respectfully reserves its position on this issue pending review of any surrebuttal testimony and cross-examination during the hearing.

(b) What return on common equity is appropriate for Empire?

Praxair Position: Praxair respectfully reserves its position on this issue pending review of any surrebuttal testimony and cross-examination during the hearing.

2. Fuel and Purchased Power

(a) What is the appropriate price of natural gas?

Praxair Position: Praxair respectfully reserves its position on this issue pending review of any surrebuttal testimony and cross-examination on submitted testimony at the hearing. Generally, Praxair believes that costs for natural gas should be projected on a basis that protects ratepayers from price excursions and provides a strong incentive for the utility to minimize these costs.

- (b) What is the appropriate availability of purchased power and its annual average cost per MWH?

Praxair Position: Praxair respectfully reserves its position on this issue pending review of any surrebuttal testimony and cross-examination on submitted testimony at the hearing. Praxair is, however, concerned that its interruptible contract be properly used to allow the utility to forestall or defer installation of peak generating equipment and should not be used to allow the utility to make opportunity sales of energy or capacity that exceed tariff rates.

3. Interim Energy Charge

- (a) Should the Interim Energy Charge be continued? If so, at what levels?

Praxair Position: The circumstances surrounding the implementation of the Interim Energy Charge as a part of an overall settlement in the prior rate case no longer apply. Gas prices have stabilized and, in fact, have declined from the levels projected in the prior case. Empire witnesses have testified that they have implemented a "hedging" program that have removed risk from their natural gas portfolio. No other utility has a fuel adjustment clause. Because the reasons supporting the implementation of the exceptional procedure for Empire no longer exists, there is no reason for the IEC to continue.

- (b) Should a new Interim Energy Charge be implemented? If so, at what level(s)? How should it be structured?

Praxair Position: It does not appear from the evidence put forward in this case that a new IEC is needed. Were such found necessary, Praxair would encourage fuel-related costs to be identified and addressed on an energy basis similar to the existing IEC.

- (c) If the existing IEC is terminated and no new IEC is adopted in this case, then when should refunds related to the past IEC be returned to consumers pursuant to the IEC?

Praxair Position: The existing IEC contains provisions dealing with refunds of excess recoveries and interest to be paid thereon. Mechanically, the wind-up and true-up should take place as soon as possible, possibly

as an adjust to this case. Refunds of excess charges should be made expeditiously to the customers that paid the overcharges. Praxair desires to have any refund representing overpayment of the IEC pertaining to Praxair's use. Praxair disclaims any wish to receive refunds that pertain to overpayments by any other customers.

4. Energy Trader Commissions

How much, if any, of the commissions paid to Empire's energy traders should be included in cost of service?

Praxair Position: Praxair respectfully reserves its position on this issue until surrebuttal testimony and cross-examination has been completed.

5. Class Cost of Service/Rate Design

- (a) What should be the appropriate method of class cost of service allocation in this case?

Praxair Position: Praxair recommends that the Commission use or employ the industry-standard average and excess allocation methodology employed by Mr. Brubaker in this case.

- (b) What is the appropriate allocation of any increase in revenues to customer classes?

Praxair Position: Praxair recommends that any change in non-fuel/purchased power revenues in this proceeding be allocated to customer classes on an equal percentage basis after first removing the embedded fuel and purchased power component of each rate so as to preserve existing rate relationships. Any change from present fuel and purchased power revenues should be assigned on a kWh basis. This is the method recommended by Mr. Brubaker.

- (c) What are the appropriate adjustments to rates for the various customer classes?

Praxair Position: The appropriate adjustments to rates for the various customer classes should be those developed using the methodology recommended in response to the foregoing issue/question.

- (d) Should the rate differential between winter tail block and summer tail block for residential customers be reduced on a revenue-neutral basis? If so, how?

Praxair Position: Praxair respectfully reserves its position on this issue pending review of any surrebuttal testimony and cross-examination during the hearing.

- (e) Should Empire be permitted to institute an experimental low-income rider?

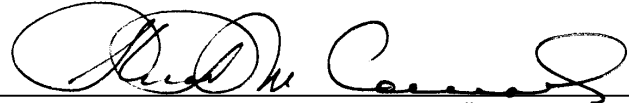
Praxair Position: Insofar as the costs of such an experimental program are retained within the residential and small commercial classes, Praxair defers to Public Counsel and Staff on this issue.

- (f) If an IEC is adopted in this case, what is the appropriate rate design treatment for this charge?

Praxair Response: Please see response to Issue 3(b) above.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.



Stuart W. Conrad Mo. Bar #23966
3100 Broadway, Suite 1209
Kansas City, Missouri 64111
(816) 753-1122
Facsimile (816) 756-0373
Internet: stucon@fcplaw.com

ATTORNEYS FOR PRAXAIR, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Application for Leave to Intervene by U.S. mail, postage prepaid addressed to all parties by their attorneys of record as provided by the Secretary of the Commission as shown below.

Mr. John Coffman
Assistant Public Counsel
Office of the Public Counsel
200 Madison Street
Suite 650
P. O. Box 7800
Jefferson City, MO 65101

Mr. Gary W. Duffy
Brydon, Swearengen & England, P.C.
312 East Capitol Avenue
Jefferson City, MO 65101

Mr. Dennis Frey
Assistant General Counsel
Missouri Public Service Commission
200 Madison Street
Suite 100
Jefferson City, MO 65101

Mr. James C. Swearengen
Brydon, Swearengen & England, P.C.
312 East Capitol Avenue
Jefferson City, MO 65101



Stuart W. Conrad

Dated: October 4, 2002