Exhibit No.:	
Issue:	Revenue Allocation Affordability of Rates
Witness:	Richard Nelson
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Parties:	MECG
Case No.:	ER-2016-0023
Date Testimony Prepared:	May 16, 2016

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric Company of Joplin, Missouri for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers in the Missouri Service Area of the Company	**File No. ER-2016-0023** Tariff No. YE-2016-0104

Rebuttal Testimony of

Richard Nelson
Praxair, Inc.

On behalf of

MIDWEST ENERGY CONSUMERS GROUP

May 16, 2016

MECG Exhibit No. 5
Date 6-02-16 Reporter KF
File No. ER-2016-0023

" _____ **" Designates "Highly Confidential" Information Has Been Removed."**

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of The Empire District Electric Company for Authority to File Tariffs Increasing Rates for Electric Service Provided to Customers In the Company's Missouri Service Area	))))	Case No. ER-2016-0023

STATE OF ILLINOIS	)	
	)	SS
COUNTY OF COOK	)	

AFFIDAVIT OF RICHARD NELSON

Richard Nelson, being first duly sworn, on his oath states:

1. My name is Richard Nelson. I am employed by Praxair, Inc. as Energy Manager – Central / North Region. My principal place of business is East Chicago, Indiana.

2. Attached hereto and made a part hereof for all purposes is my surrebuttal testimony which was prepared in written form for introduction into evidence in Missouri Public Service Commission Case No. ER-2016-0023

3. I hereby swear and affirm that the testimony is true and correct and that it shows the matters and things that it purports to show.

_____
Richard Nelson

Subscribed and sworn to before me this ___ day of May, 2016

_____
Notary Public

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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Surrebuttal Testimony of Rick Nelson

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME AND OCCUPATION.

A. My name is Richard Nelson. I am employed by Praxair, Inc. as the Energy Manager for the Central / North region of the company's U.S. industrial gases division. In this role, I have been involved in energy management and utility regulation issues for six years and am responsible for procurement of over $200 million per year of electric power in the Midwest and Great Plains. In the ten years prior to assuming the Energy Manager position, I held various business and management positions with Praxair, including Sales Manager for the geography that includes Missouri. I am very familiar with Praxair's business in Missouri, including the challenges posed by significant and nearly annual increases in electric power costs at our Neosho, Missouri production facility over the last five years. Additionally, I am Chairman of the Executive Committee for the Indiana Industrial Energy Consumers (INDIEC) and am active in industrial groups in a number of other states, including Michigan, Minnesota and Missouri.

Q. PLEASE STATE YOUR BUSINESS ADDRESS.

A. My office is located at 4400 Kennedy Avenue in East Chicago, Indiana.

Q. PLEASE PROVIDE YOUR EDUCATIONAL BACKGROUND.

A. Bachelor's of Science – Chemistry, Illinois College (Jacksonville, IL)

Masters of Business Administration – Finance, DePaul University (Chicago, IL)

Business Energy Professional Certification (Association of Energy Professionals)

Certified Energy Manager Certification (Association of Energy Professionals)

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MISSOURI COMMISSION?

A. No. While Praxair has been involved in numerous dockets involving KCP&L and Empire, I have never testified before the Missouri Public Service Commission. However, other Praxair energy managers testified in past proceedings before the Missouri Public Service Commission.

Q. WHAT IS THE PURPOSE OF YOUR SURREBUTTAL TESTIMONY?

A. The purpose of my surrebuttal testimony is to respond to positions advanced by Staff and the Office of the Public Counsel ("OPC") in the context of their rebuttal testimony. Specifically, I will: (1) respond to OPC testimony regarding the competitiveness of Empire's industrial rates; (2) comment on OPC and Staff positions regarding the allocation of any revenue increase in this case; and (3) address OPC and Staff's positions regarding Empire's recovery of interruptible credits.

II. NATURE OF PRAXAIR'S OPERATIONS

Q. WOULD YOU DESCRIBE PRAXAIR'S OPERATIONS?

A. Praxair is the largest industrial gas supplier in North and South America, is growing in Asia, and has strong, well-established businesses in Europe. Praxair's primary products in its industrial gases business are atmospheric gases (oxygen, nitrogen, argon, and rare gases) and process gases (carbon dioxide, helium, hydrogen, electronic gases, specialty gases, and acetylene). The company also designs, engineers, builds and operates equipment that produces industrial gases.

Q. PLEASE DESCRIBE HOW PRAXAIR PRODUCES ATMOSPHERIC GASES.

A. Atmospheric gases are the highest volume products produced by Praxair. Using air as its raw material, Praxair produces oxygen, nitrogen and argon through several air separation processes of which cryogenic air separation is the most prevalent. Cryogenic air separation requires that the temperature of the air used be brought down to approximately minus 300 degrees Fahrenheit and attaining those temperatures requires large amounts of electricity. As a pioneer in the industrial gases industry, Praxair is a leader in developing a wide range of proprietary and patented applications and supply systems technologies. Praxair has also invested heavily in equipment and processes that allow it to quickly and easily modify its power usage and shed its electric load within sixty (60) minutes or less of a call to do so. Praxair also led the development and commercialization of non-cryogenic air separation technologies for the production of industrial gases.

Q. PLEASE DESCRIBE HOW PRAXAIR PRODUCES PROCESS GASES.

A. Process gases, including carbon dioxide, hydrogen, carbon monoxide, helium, specialty gases and acetylene are produced by methods other than air separation. Most carbon dioxide is purchased from by-product sources, including chemical plants, refineries and industrial processes and is recovered from carbon dioxide wells. Carbon dioxide is processed in Praxair's plants to produce commercial and food-grade carbon dioxide. Hydrogen and carbon monoxide are produced by either steam methane reforming of natural gas or by purifying by-product sources obtained from the chemical and petrochemical industries. Most of the helium sold by Praxair is sourced from certain helium-rich natural gas streams in the United States, with additional supplies being acquired from outside the United States. Acetylene is typically produced as a chemical by-product.

Q. WOULD YOU DESCRIBE PRAXAIR'S CUSTOMERS?

A. Praxair's customers utilize its industrial gases to improve the efficiency, productivity, quality, and environmental performance of their own operations. Praxair's customers served from its Neosho, Missouri plant are in a wide range of industries including aerospace, automotive, healthcare, chemicals, metal fabrication and food processing. In addition, Praxair industrial gases are also used in many other industries including transportation; energy; beverage; glass; metals; pharmaceutical & biotechnology; pulp & paper; refining; water & wastewater treatment; and welding. A complete description of the gases produced by Praxair and the industries that utilize those gases can be found at the Praxair website: www.praxair.com.

Q. HOW DOES PRAXAIR DELIVER INDUSTRIAL GASES TO ITS CUSTOMERS?

A. There are three basic distribution methods for industrial gases: (i) on-site; (ii) merchant or bulk liquid; and (iii) packaged or cylinder gases. These distribution methods are often integrated, with products from all three supply modes coming from the same plant. The method of supply is generally determined by the lowest cost means of meeting the customer's needs, depending upon factors such as volume requirements, purity, pattern of usage, and the form in which the product is used (as a gas or as a cryogenic liquid).

► *On-site*: Customers that require the largest volumes of product (typically oxygen, nitrogen and hydrogen) and that have a relatively constant demand pattern are supplied by cryogenic and process gas on-site plants. Praxair constructs plants on or adjacent to these customers' sites and supplies the product directly to customers by pipeline.

► *Merchant*: The merchant business is generally associated with distributable liquid oxygen, nitrogen, argon, carbon dioxide, hydrogen and helium. The deliveries generally are made from Praxair's plants by tanker trucks to storage containers at the customer's site which are owned and maintained by Praxair and installed at the customer's site for its use. Due to distribution cost, merchant oxygen and nitrogen is generally limited to a 250 mile distribution radius from the plants at which they are produced. Merchant argon and certain process gases such as hydrogen and helium can be shipped much longer distances. Praxair operates merchant production facilities in Neosho and Kansas City, Missouri and employees approximately 50 people in engineering, distribution, operations and sales.

► *Packaged Gases*: Customers requiring small volumes are supplied products in metal containers called cylinders, under medium to high pressure. Packaged gases include

atmospheric gases, carbon dioxide, hydrogen, helium, acetylene and related products. Praxair also produces and distributes in cylinders a wide range of specialty gases and mixtures. Cylinders may be delivered to the customer's site or picked up by the customer at a packaging facility or retail store. Praxair operates twelve packaged gases stores in Missouri under the name Praxair Distribution and employs approximately 100 people in distribution, management operations and sales. Notably, following the tornado that struck Joplin in 2011, Praxair Distribution maintained the supply of key medical gases to the main hospital; supporting its efforts to provide healthcare to victims in need.

Q. IS THE INDUSTRIAL GAS BUSINESS COMPETITIVE?

A. Yes. Praxair operates within a highly competitive environment. Praxair is the largest industrial gas company in North America. Competition is based on price, product quality, delivery, reliability, technology and service to customers. Major competitors in the industrial gases industry both in the United States and worldwide include Air Products and Chemicals, Inc.; Airgas Inc.; L'Air Liquide S.A.; and Linde AG. There are also numerous regional competitors in the United States including Matheson-Trigas, Inc. All of these competitors produce products in adjacent or nearby states and truck them into Missouri. Many of these competitors, particularly those operating in Arkansas, Iowa, Oklahoma and Texas, are enjoying significantly lower electric power costs and in concert with low transportation fuel costs are able to competitively truck product into the Missouri market.

Q. IS PRAXAIR'S PRESENCE IMPORTANT TO A LOCAL / REGIONAL ECONOMY?

A. Yes. Industrial gases are critical to the safe and reliable operation of a wide variety of manufacturing processes. Having local industrial gas production facilities is a favorable driver of local manufacturing activity.

Praxair gases facilitate customer efforts in increased productivity, decreased energy consumption, higher product quality and cost-effective achievement of environmental and safety standards. For example, nitrogen and carbon dioxide are used for emergency fire suppression systems required by law for the safety of employees. Those products are also commonly used in food processing for chilling and freezing. Oxygen is used in healthcare and certain chemical production processes. In short, Missouri's industry needs a reliable supply of gases such as those Praxair provides.

Q. ARE PRAXAIR'S OPERATIONS ENERGY INTENSIVE?

A. Yes. Energy is the single largest cost item in the production and distribution of industrial gases. Electric costs comprise 50-75% of Praxair's overall production costs depending on the industrial gas to be produced. Because electric power is such a substantial portion of Praxair's costs, competitively priced electric power is essential to Praxair being able to offer its products to customers at competitive prices. Higher electric power costs will be reflected in Praxair product prices. This puts Missouri manufacturers, who are already struggling with high electric power costs of their own, at yet a further disadvantage. Competitive power costs are critical to Praxair's ability to competitively supply

customers and successfully compete for regional industrial gases business against competitors outside the Empire footprint and indeed outside of Missouri.

III. PRAXAIR'S MIDWEST OPERATIONS

Q. WOULD YOU DESCRIBE PRAXAIR'S OPERATIONS IN THE EMPIRE SERVICE AREA?

A. Yes. Empire's primary industrial gas facility in the Empire service area is located in Neosho, Missouri. The Neosho facility was built in 1961 and has continuously produced argon, nitrogen and oxygen for customers in and around Missouri. In order to effectively minimize the utility's cost to serve us, Praxair has used non-firm (interruptible) power for over twenty years. Praxair regularly adjusts production at various plants in the Midwest so that it makes the most product at the plants with the lowest costs. When electricity costs are high at the Neosho plant, less product is produced there. In short, Praxair is operating its Neosho, Missouri facility at reduced production levels. Intermittent shutdowns are possible because electric power rates at other nearby sites are lower, resulting in better production economics at those sites. If this situation persists in the long term, Praxair could be forced to shut down production at Neosho in favor of increasing production at sites in other states with lower electricity costs.

Q. WOULD YOU DESCRIBE PRAXAIR'S FACILITIES WITHIN 250 MILES OF NEOSHO?

A. Yes. In addition to the Neosho facility, Praxair operates an industrial gas production facility in Kansas City, Missouri. The electric power costs for our Kansas City facility

are similar to those at Neosho. Additionally, Praxair has production facilities in Tennessee and Texas that have significantly lower electric power costs than Empire. Even with transportation costs, these facilities in other states have lower overall customer supply costs than the Neosho, Missouri facility. The result is that energy usage is being "dislocated" from Missouri utilities to utilities in adjacent and nearby states to the detriment of Missouri businesses and ratepayers.

IV. COMPETITIVENESS OF EMPIRE'S INDUSTRIAL RATES

Q. IN HIS REBUTTAL TESTIMONY (PAGES 33-37), OPC WITNESS MARKE ARGUES AGAINST THE COMMISSION'S USE OF EEI DATA WHICH SHOWS THAT EMPIRE'S INDUSTRIAL RATES ARE NOT COMPETITIVE WITH THE REGIONAL AND NATIONAL AVERAGE COST OF ELECTRICITY. DO YOU AGREE WITH DR. MARKE'S CONCLUSIONS?

A. No. As demonstrated by MECG witness Maini's surrebuttal testimony, Empire's industrial rate is 18.65% above the national average industrial rate. Meanwhile, Empire's residential rate is 2.32% below the national average.[1] The Commission relied upon this information in the last case in deciding to take steps to eliminate a portion of the residential subsidy. This disparity extends beyond a comparison to the national average. For instance, Empire's industrial rate is 31.27% above the regional average industrial rate while its residential rate is only 9.62% above the regional average residential rate. Still

[1] The competitiveness of Empire's residential and industrial rates has changed very little relative to the national average since the last case. Specifically, in the last case, the EEI data showed that Empire's industrial rate was 16% above the national average, while the residential rate was 3.5% below the national average. See, *Report and Order*, Case No. ER-2014-0351, issued June 24, 2015, at page 17.

again, Empire's industrial rate is 38.06% above the state average industrial rate while its residential rate is only 12.44% above the state average residential rate.

In addition to the EEI data summarized above, Praxair has comparison data from twenty-six states and provinces in the United States and Canada in which Praxair operates production plants. Of those twenty-six places, just one – California – has higher rates than Empire for electric power supplied by regulated utilities.

Q. DO YOU BELIEVE THAT THE CONCLUSIONS PRESENTED BY THE EEI DATA PRESENT AN ACCURATE DEPICTION OF THE COMPETITIVENESS OF EMPIRE'S INDUSTRIAL RATE?

A. Yes. The uncompetitive nature of Empire's industrial rate, as depicted in the EEI data, is consistent with the real life costs that Praxair pays, day in, day out. Specifically, when compared to other regional utilities, Empire's industrial rate is not competitive with other service areas.

Q. WOULD YOU COMPARE THE ELECTRIC RATE THAT PRAXAIR PAYS IN THE EMPIRE SERVICE AREA TO THAT WHICH IT PAYS FOR THESE OTHER FACILITIES?

A. Yes. Attached is a highly confidential chart which compares the average cost of electricity that Praxair pays in the Empire service area versus that which it pays in adjacent and nearby service areas.

Location	Utility	Electric Cost (2015)
Neosho, Missouri	Empire District Electric	** **
Kansas City, Missouri	KCPL	** **
Garland, Texas	City of Garland	** **
Memphis, Tennessee	Tennessee Valley Authority	** **
Riverport, Tennessee	Tennessee Valley Authority	** **

Note: Electric costs are 2015 actual (including interruptible credits as applicable).

Q. HAVE YOU REACHED ANY CONCLUSIONS REGARDING THE COMPETITIVENESS OF EMPIRE'S INDUSTRIAL RATES?

A. Yes. Empire District's high electric power costs are creating unfavorable production economics for our Neosho, Missouri facility. Given the high power cost relative to other production sites, Praxair will continue to under-utilize production at this facility, and in the long term may intermittently or even permanently discontinue operations at its Neosho, Missouri facility.

Q. WHAT IS THE SIGNIFICANCE OF THE 250 MILE RADIUS THAT YOU USED FOR COMPARING PRAXAIR FACILITIES?

A. As indicated previously, Praxair supplies customers in three ways: (1) on-site; (2) merchant; or (3) packaged. Merchant deliveries are made through tanker trucks or storage containers. Given the ability to deliver industrial gases in this way, Praxair is always weighing the production economics of maintaining an on-site production facility versus delivering the product by tanker truck and weighing the production economics of supplying each customer at the lowest total cost even if this means trucking product in from production facilities some distance away. In concert with the electric power cost advantage, the low cost of transportation fuels allows us to truck product from distant

production locations at a lower overall total cost than that of supply from our Neosho facility.

Q. WOULD EMPIRE'S CUSTOMER BASE BE HARMED BY THE CLOSING OF THE PRAXAIR NEOSHO FACILITY?

A. **_____

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Q. DOES PRAXAIR PROVIDE VALUE TO THE EMPIRE CUSTOMER BASE IN OTHER WAYS?

A. Yes. Given its ability to store its gas product and shift production, Praxair is capable of having its energy usage interrupted by Empire. In fact, it is my understanding that Praxair represents virtually all of Empire's interruptible load.[2] More importantly, Praxair

[2] Schedule SC-P specifically provides a minimum interruptible load of 5,600 kW. In contrast, the minimum interruptible load under Empire's Interruptible Rider ("IR") rate schedule is only 200 kW.

presents interruptible features unlike any of Empire's other interruptible customers. It is my understanding that Empire's other interruptible customers are served under the Interruptible Rider ("IR") rate schedule. Differences between the IR rate schedule and the SC-P schedule under which Praxair takes service also shows the unique nature of Praxair's interruptible service compared to other customers.

Feature	Schedule IR	Schedule SC-P
Minimum Interruptible Demand	200 Kw	5,600 kW
Notice	Four hours	Thirty minutes
Maximum Interruptions	10	13
Time Limits	Noon until 10:00 p.m. Monday through Friday	No limits

Q. HOW DOES EMPIRE'S INTERRUPTIBLE CREDIT FOR SC-P COMPARE TO THAT OF OTHER MIDWEST UTILITIES??

A. ** _____ _____ _____ _____ _____ **

Utility	Jurisdiction	Interruptible Credit
AEP Indiana Michigan Power Company[3]	Indiana	** _____ **
Northern Indiana Public Service Company[4]	Indiana	** _____ **
DTE Energy[5]	Michigan	** _____ **
Xcel Energy[6]	Minnesota	** _____ **

Note: The interruptible credits summarized above are as of January 2016.

[3] Tariff CS-IRP2
[4] Rider 675 (Option D)
[5] Rider 10. Interruptible credit is associated with avoided demand charges.
[6] Rate A24 (Short Notice)

V. REVENUE ALLOCATION

Q. DO YOU HAVE CONCERNS REGARDING STAFF'S PROPOSED ALLOCATION OF ANY REVENUE REQUIREMENT IN THIS CASE?

A. Yes. As demonstrated by the EEI rates survey as well as Praxair's own real life experience, Empire's industrial rates are not competitive with the state, regional or national average. This case presents another opportunity for the Commission to address the uncompetitive nature of Empire's industrial rates.[7] Specifically, in the testimony of Kavita Maini, MECG has presented a class cost of service study.[8] This study, based upon the Average & Excess (4 CP) production allocator, shows that residential rates are below cost of service while industrial rates (Large Power and Special Contract– Praxair) are above cost of service at present revenues. Furthermore, MECG's results show that Praxair is above cost of service even after including Staff's recommended rate increase. As such, MECG recommends a revenue neutral decrease for the LP class and no increase for Praxair.

In contrast, Staff presents a class cost of service based upon the BIP production allocation. Staff's study, while also showing a significant residential subsidy, concludes that industrial rates (Large Power and Special Contract– Praxair) are at cost of service and should not see any revenue neutral change.[9]

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[7] Empire did not produce a class cost of service study in this case. Rather, given the proximity in time to its last rate case, Empire relied upon the Commission's decision in that case. Specifically, since the Commission decision in the last case sought to eliminate 25% of the residential subsidy, Empire recommended that the Commission simply eliminate another 25% of the residential subsidy. Furthermore, Empire recognized that the vast majority of the rate increase in this case was the result of fixed cost investment. Since Praxair is an interruptible customer and does not drive the need for this investment, Empire recommended that Praxair receive very little increase. MECG agrees with the logic of Empire's position and appreciates Empire's effort to address its industrial rates.

[8] See, Maini Surrebuttal, page 12.

[9] Revenue neutral change refers to the amount of change in rates prior to any of the allocated revenue increase.

Thus, through its decision regarding the appropriate class cost of service study (MECG – A&E production allocator vs. Staff – BIP production allocator), the Commission can address Empire's uncompetitive industrial rates. For the reasons explained in Kavita Maini's rebuttal and surrebuttal testimony, I recommend that the Commission recognize the logic of the A&E production allocator and adopt the MECG class cost of service study.

Q. WHAT IS OPC'S POSITION REGARDING REVENUE ALLOCATION?

A. Not surprisingly, as the residential advocate, OPC opposes any steps that would address the residential subsidy. That said, OPC does not provide a class cost of service study that disproves the existence of a residential subsidy. Instead, OPC simply ignores the class cost of service studies in this case which shows that residential rates are approximately $14-$16 million below cost of service. Given this, OPC suggests that the Commission should ignore these cost of service studies by noticing that both the Staff and MECG recommendations "would represent over a double-digit rate increase for these [residential] customers in less than a year." It is OPC's position "there should be no revenue neutral shift and an equal percentage increase occur across classes."[10]

Q. DO YOU HAVE CONCERNS REGARDING OPC'S PROPOSED ALLOCATION OF ANY REVENUE REQUIREMENT IN THIS CASE?

A. OPC simply is seeking to preserve the current residential subsidy. Undoubtedly, if a study showed that the residential class was paying rates that were above cost of service, OPC would likely be asking that the Commission address the subsidy immediately. That

[10] See, Marke Rebuttal, pages 37-38.

said, in this case, OPC asks that the Commission ignore the class cost of service studies, as well as the evidence which shows that industrial rates are not competitive, and recommends that current inequitable rates be perpetuated. As the Commission found in the last case:

> Competitive industrial rates are important for the retention and expansion of industries within Empire's service area. If businesses leave Empire's service area, Empire's remaining customers bear the burden of covering the utility's fixed costs with a smaller amount of billing determinants. This may result in increased rates for all of Empire's remaining customers.[11]

OPC's recommendation that the Commission maintain the current residential subsidy ensures that Empire's uncompetitive industrial rates are maintained or exacerbated. In doing so, OPC places a significant obstacle in the way of industrial customers expanding into the Empire service area and, in fact, provides an impetus for industrial customers to leave the service area. As the Commission has found, this would result in higher rates for all of Empire's remaining customers. Given this, I recommend that the Commission reject OPC's recommendation and address the residential subsidy.

VI. RECOVERY OF INTERRUPTIBLE CREDITS

Q. DO YOU HAVE ANY THOUGHTS REGARDING STAFF POSITION REGARDING EMPIRE'S RECOVERY OF THE PRAXAIR INTERRUPTIBLE CREDITS?

A. Yes. In its testimony, Staff recommends that the Commission not allow Empire to recover the cost of the credits that it provides to Praxair for the right to interrupt its load.

[11] *Report and Order*, Case No. ER-2014-0351, issued June 24, 2015, at page 18.

Staff recommends this disallowance despite the fact that it allows for recovery of the credits associated with the Interruptible Rider rate schedule.

I believe that the Commission should reject Staff's proposed disallowance. First, the Commission has approved the interruptible credit provided by Empire to Praxair. The $4.01 / kW interruptible credit is specifically spelled out in the SC-P rate schedule approved by the Commission.[12] Second, while the compensation for the Praxair interruptible load is higher than the compensation for other interruptible load, Praxair provides benefits that the other interruptible customers do not provide. Specifically, Praxair has a much larger interruptible load, Praxair's load can be interrupted on 30 minutes' notice versus 4 hours' notice for the other interruptible load, and Empire can interrupt the Praxair load more frequently and at any time during the week. Finally, it is well established that the presence of interruptible load results in a cost savings for all other customers in that Empire does not have to include such load in its IRP filings and capacity additions. Given these benefits, I believe that Empire should be allowed to recover these Praxair interruptible credits.

VII. CONCLUSION

Q. WOULD YOU PROVIDE YOUR CONCLUSIONS FOR THE COMMISSION?

A. Yes. It is my recommendation that the Commission: (1) recognize that Empire's industrial rates are not in line with the industrial rates in the state of Missouri, regionally or nationally; (2) seek to address the uncompetitive Empire industrial rates by adopting the MECG class cost of service study that relies upon the A&E (4CP) production

[12] See, Schedule SC-P, Section 2, 9th Revised Sheet 9B, approved February 28, 2013.

allocator; and (3) allow Empire to recover the credits that it provides for the option of interrupting Praxair's load.

Q. DOES THIS CONCLUDE YOUR SURREBUTTAL TESTIMONY?

A. Yes.