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May 15, 2001

FEDERAL EXPRESS

Mr. Dale H. Roberts
Secretary/Chief Regulatory Law Judge
Missouri Public Service Commission
200 Madison Street, Suite 100
Jefferson City, Missouri 65101

FILED²
MAY 16 2001
Missouri Public
Service Commission

Re: **Empire District Electric Company**
Case No. ER-2001-299

Dear Mr. Roberts:

Enclosed are the original and eight (8) conformed copies of **Statement of Positions of Praxair Inc. and Praxair's Motion for Leave to File One Day Out of Time**, which please file in the above matter and call to the attention of appropriate Commission personnel

An additional copy of each item to be filed is enclosed, which kindly mark as received and return to me in the enclosed envelope as proof of filing.

Thank you for your attention to this important matter. If you have any questions, please call.

Sincerely yours,

FINNEGAN, CONRAD & PETERSON, L.C.

By: 

Stuart W. Conrad

SWC:s
Enclosures

FILED²

MAY 16 2001

Missouri Public
Service Commission

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)
electric service within its Mis-)
souri service area)

Case No. ER-2001-299

INTERVENOR PRAXAIR'S STATEMENT OF POSITIONS

COMES NOW Intervenor Praxair Inc. and for its Statement
of Positions^{1/} on the identified issues in this case^{2/} states as
follows:

1. Cost of Service - Depreciation

A. Should Empire's test year depreciation expense be
adjusted?

(1) What are the appropriate average service lives for
plant in service other than at State Line Power
Plant?

(2) How shall the net salvage component be treated?

^{1/}Praxair was informally aware of discussions among several
of the parties to seek leave to extend the filing of this docu-
ment and had consented to join in such request for leave.
However, late Tuesday afternoon, while downloading e-mail,
Praxair Counsel discovered that selected parties had proceeded to
file on the current schedule. As it was then too late to make a
filing, Praxair is also enclosing a motion for leave to file this
statement one day out of time.

^{2/}Praxair is informally aware that a non-unanimous stipula-
tion concerning numerous fuel-related issues has been filed and
that a separate non-unanimous stipulation concerning in service
criteria has also been filed. Praxair reserves its position
regarding those filings and the issues comprehended therein
pending formal notification of the filing of such non-unanimous
stipulation.

B. How shall the depreciation for plant and facilities at State Line Power Plant be calculated?

- (1) Should future additional plant investments be recognized?
- (2) What are the appropriate average service lives for plant investment?
- (3) How shall the net salvage component be treated?

Praxair expects to support the position of the Staff or Public Counsel on depreciation issues.

2. Cost of Service - Bad Debt

Shall the Empire's Bad Debt expense be allowed to follow changes in Missouri jurisdictional revenues?

Praxair expects to support the position of the Staff or Public Counsel on bad debt issues.

3. Payroll - Incentive Pay

Shall discretionary, performance based, incentive pay for employees be allowed?

Praxair expects to support the position of the Staff or Public Counsel on payroll and incentive pay issues.

4. Class Cost of Service/Rate Design

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

A traditional Average and Excess (A&E) method should be adopted in this case. The cost of service study should recognize that 95% of Praxair's power requirement is interruptible.

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

The allocation should recognize the results of the Average and Excess cost of service methodology. In particular, the increase granted should follow the structure set forth on Schedule 7 of the exhibits attached to Praxair witness Brubaker's direct testimony (Exhibit No. ____).

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

Praxair takes a position only with respect to the rates which are applicable to Praxair. All elements of the rate, including the interruptible credit, should receive the same percentage increase as is assigned to Praxair.

- (d) What is the appropriate rate design treatment of the Interim Energy Charge?

If an IEC concept is followed, a total increase, based on the results of the class cost of service study, should be established for each rate schedule. This increase would recover the additional revenue requirement, including that amount represented by the IEC. The IEC amount should then be identified for each rate schedule as a uniform amount per kilowatthour, which would be subject to refund.

5. Capital Structure/Rate of Return

- (a) What capital structure is appropriate for Empire?

Praxair supports the position of the Staff that EDE's actual capital structure is most appropriate.

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

Praxair supports the position of the Staff that EDE's return on common equity should be no higher than 8.50 percent.

6. State Line Power Plant and Energy Center

- (a) What are the appropriate capital costs for inclusion in rate base for the State Line Combined Cycle Unit?

- (b) What are the appropriate expenses for Operation and Maintenance at the State Line Power Plant and the Empire Energy Center?

Praxair was informally advised late yesterday afternoon (roughly 5:30 p.m.) that a tentative settlement of these issues had been reached between Staff and Empire on these issues. Accordingly, Praxair reserves its position on these issues pending review of the provisions of that settlement, should it go forward.

7. True-Up Issues: The list above represents the issues that the parties believe are appropriate to present to the Commission during the hearings scheduled in May and June, 2001, and thus represent issues where there is a present controversy. The parties have not included in that list (and have not scheduled for hearing at this time) issues that the parties believe are more appropriate to the true-up portion of the case, thus, the list presented above is not intended to be a complete list of all possible issues which may arise during the course of this proceeding. It is to be noted that in its January 4, 2001 Order Setting Test Year, Setting True-Up Hearing and Adopting Procedural Schedule, the Commission adopted the list of true-up items set forth in a Staff recommendation filed on December 15, 2000. The list included the following items: a) Rate Base---plant in service, depreciation reserve, deferred taxes, fuel inventories for oil and coal - prices, related cash working capital; b) Capital Structure---rate of return (embedded cost of long-term debt, short-term debt and preferred stock) and capital structure; c) Income Statement---revenues and customer sales to account for growth, payroll (employee levels, current wage rates, payroll-related benefits, and payroll taxes), fuel prices for gas, oil and freight, purchased power prices, system loads, fuel and purchased power expense, rate case expense, property insurance, depreciation expense, property taxes, and income tax effects; d) invoices associated with the new State Line Combined Cycle Unit (through July 31, 2001) and e) jurisdictional allocation factors.

Praxair reserves its position on all true-up issues pending more precise identification of those issues and their magnitude and impact.

Respectfully submitted,

FINNEGAN, CONRAD & PETERSON, L.C.



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ATTORNEYS FOR PRAXAIR, INC.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon each person designated on the official service list compiled by the Secretary in this proceeding.

Dated: May 15, 2001.

A handwritten signature in black ink, appearing to read "Stuart W. Conrad", written over a horizontal line.

Stuart W. Conrad, Esq.
An attorney for Praxair Inc.