

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

In the Matter of the Application of Kansas City)	
Power & Light Company for Approval to Make)	Case No. ER-2007-0291
Certain Changes in its Charges for Electric)	
Service to Implement its Regulatory Plan)	

STATEMENT OF POSITION

COMES NOW Praxair, Inc., pursuant to the Commission's April 5, 2007 Order Setting Procedural Schedule, and for its Statement of Position states as follows:

SPECIFIC ISSUES

23. Large Power Service Rate Design:

- a. Does the Stipulation and Agreement incorporating the KCPL Experimental Regulatory Plan that the Commission approved in Case No. EO-2005-0329 allow the signatories to the Stipulation and Agreement to make rate design modifications within the Large Power Service rate schedule?

- b. If so, what are the appropriate demand and energy charges for the Large Power Service rate schedule?

Position: The Stipulation and Agreement in Case No. EO-2005-0329 states that "[t]he Signatory Parties agree not to file new or updated class cost of service studies or to propose changes to rate structures in Rate Filing #2." (emphasis added). Noticeably, while this agreement precludes any changes in the rate structure, it does not prevent changes in rate design. Therefore, contrary to some parties' contentions, this agreement does not mandate the across-the-board treatment for any rate increase approved in this case. Rather, while this stipulation would prevent parties from making changes in the number of rate schedules or number of demand blocks in a particular rate schedule (rate structure), it does not preclude parties from seeking to propose changes in the amount of revenues collected from a particular rate schedule or in the amount of revenues collected from a particular rate schedule through either the demand or energy charge (rate design). [Pyatte Surrebuttal at pages 7-11].

In his testimony, Praxair Witness Brubaker points out that KCPL does not recover its fixed charges through the demand charge in the Large Power Service ("LPS") rate schedule. Rather, a large amount of those fixed charges are recovered through the various energy blocks contained in that schedule. Mr. Brubaker suggests that the LPS

energy blocks be reduced by 1¢ / kWh with a corresponding increase in the LPS demand charges. While not ensuring that all fixed costs are recovered through the demand charge, such an adjustment will move closer to a point where KCPL is recovering its fixed costs through the demand charge and its variable costs through the energy charge. [Brubaker Direct and Surrebuttal].

2. Capital Structure:

Position: Praxair supports the position advanced by the Office of the Public Counsel that KCPL's capital structure should consist of 45.24% debt, 1.33% preferred stock and 53.43% common equity. [Gorman Direct, pages 7-8].

3. Hawthorn 5 Subrogation Proceeds

Position: The Commission should recognize and amortize, over a five-year period, the insurance subrogation proceeds received by KCPL during the test-year. [Hyneman Surrebuttal, pages 4-12; Dittmer Direct, pages 13-16; Dittmer Surrebuttal].

14. Off-System Sales Margin:

Position: Praxair supports the positions advanced by the Office of the Public Counsel. Setting off-system sales at the 40th percentile provides adequate protection for KCPL while also ensuring that KCPL has sufficient incentive to maximize off-system sales margins. Furthermore, much like all other advances made by ratepayers (i.e., fuel adjustment balances and customer deposits), KCPL should be required to pay interest on any amount of off-system margins carried in the tracker mechanism. [Robertson Direct].

GENERAL ISSUES

4. Long-term Incentive Compensation
5. Short-term Incentive Compensation
6. Talent Assessment Program Employee Severance Cost
7. Employee Severance Cost
8. Cost of Removal Income Tax
9. Organization Membership Dues
11. Washington Employee Costs
12. KCPL Supplemental Executive Retirement Pension (SERP) costs
13. Meal Expenses
16. Research and Development Tax Credits
17. Bad Debt Expense
18. Wolf Creek Refueling Outage Costs
19. Rate Case Expense
20. Surface Transportation Board Litigation Expenses

Position: On each of the above issues, Praxair support the position set forth by the Missouri Public Service Commission Staff. Praxair reserves the right to more fully develop its position at hearing and in the Posthearing brief.

Respectfully submitted,

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ATTORNEYS FOR PRAXAIR, INC.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing pleading by email, facsimile or First Class United States Mail to all parties by their attorneys of record as provided by the Secretary of the Commission.

A handwritten signature in black ink, appearing to read "David L. Woodsmall", is written over a horizontal line. A vertical red line is positioned to the right of the signature.

David L. Woodsmall

Dated: September 25, 2007