# BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

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| In the Matter of the Tariff Filings of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company to Modify their Economic Development Riders | ) ) ) ) | **Case No. ER-2014-**<br>Tariff File No. JE-2014-0026<br>Tariff File No. JE-2014-0027 |

**MOTION TO SUSPEND TARIFFS AND MOTION FOR EXPEDITED TREATMENT**

COMES NOW the Office of the Public Counsel and for its Motion to Suspend Tariffs and Motion for Expedited Treatment states as follows:

1. On July 19, 2013, Kansas City Power & Light Company (KCPL) and KCPL Greater Missouri Operations (GMO) filed nearly identical proposed Economic Development Rider (EDR) tariff sheets, the stated purpose of which is to:

> Encourage economic growth and development within Missouri by partnering with state, county, city and other local agencies in providing financial stimulus for businesses to locate, expand or remain in the Company's service territory.

The tariff sheets bear an effective date of August 18, 2013.[1]

2. Public Counsel submitted approximately two dozen data requests this week seeking information that would allow Public Counsel to assess the cost-effectiveness, protections against free riders, potential for discriminatory rate treatment and other aspects of the proposed revised EDR tariffs. The data requests were sent earlier this week and responses are not due until the last week in August, subsequent to the date when the proposed tariffs would become effective if they are not suspended by the Commission.

3. Public Counsel requests that the Commission suspend the EDR tariff sheets to allow additional time for investigation, and possibly for a hearing. In the proposed EDR tariff

[1] The proposed tariff sheets are attached to this Motion.

sheets, KCPL and GMO have made dozens of revisions to the currently effective EDR tariff sheets which have been in place for a number of years. The KCPL EDR tariff sheets that KCPL now seeks to revise have been in place in their current form since July 9, 1996. Many of the proposed tariff changes will have substantial impacts on the Availability, Applicability, and Incentive Provisions of the existing KCPL and GMO EDR tariffs. In addition to many of the revisions having substantial impacts on the operation of the existing EDR tariffs, a number of the changes contain new provisions that are not generally present in the EDR tariffs of other investor owned utilities (IOUs) located in Missouri or elsewhere. Public Counsel's initial review of the revised EDR proposals has revealed a number of questions and problems.

4. The first problem is that the proposed revisions include additional language that would increase the likelihood that free riders would be eligible to receive rate discounts under the proposed EDR tariffs. EDR tariffs generally contain provisions intended to limit the extent to which EDR rate discounts will be available to customers that would probably have chosen to move to, or expand facilities within the service territory of the utility even without EDR rate discounts. KCPL's current EDR tariff states that "The availability of this Rider shall be limited to industrial and commercial facilities not involved in selling or providing goods and services directly to the general public." The current Union Electric Company EDR tariff contains a nearly identical provision that is intended to minimize the availability of EDR rate discounts to free riders. This type of provision is expected to reduce free ridership by making sure that customers who are likely to move to, or expand facilities within, a utility's service territory in order to be in close proximity with the retail market that they are serving will not be offered rate discounts to encourage behavior already expected to occur. When EDR rate discounts are made available to free riders, additional costs will be recovered in the rates of non-EDR customers to make up for

the decline in cost recovery from free riders receiving EDR discounts. The proposed EDR tariffs permit customers involved in selling or providing some unspecified proportion of their goods and services directly to the general public to receive EDR rate discounts.

5. Second, the proposed revision to the EDR tariffs that would permit customers involved in selling or providing some unspecified proportion of their goods and services directly to the general public to receive EDR rate discounts is inherently discriminatory. This proposed revision states that "The availability of this Rider shall be limited to industrial and commercial facilities whose product or service is not primarily sold directly to the local retail market." The potential for the utility to exercise discrimination in the application of this provision occurs because the word "primary" could be interpreted to represent anywhere between slightly greater than 50% of sales to the local market to 75% or 90% of sales to the local market. Without any definition of what it means for a industrial or commercial facility whose product or service is "primarily" sold directly to the local retail market, KCPL and GMO could apply this provision in an extremely discriminatory manner and the utility could defend its discriminatory actions by arguing that it was authorized by its tariff.

6. Third, the Applicability section of the proposed EDR tariffs contains conflicting language regarding the requirement for a customer taking service under the EDR tariff to maintain a load factor of 55% or greater. The proposed EDR tariffs state "The Customer **must maintain** an annual load factor of 55% or greater in years three (3) through five (5) of the service under this Rider to continue to be eligible for the incentive provisions." (Emphasis added) However, another provision in the Applicability section of the proposed tariffs states "If the above load factor criterion is not met, the Company **may consider, but not be limited to**, the following other factors when determining qualification for the Rider:" (Emphasis added) Not

only does this first provision in the Applicability section contradict the "must maintain" language in this section, but the second cited provision allows the utility to use its discretion ("may consider") in determining whether it will waive the load factor requirement, and this second provision even permits the utility to consider other factors not specified in the tariff ("but not be limited to") when determining whether a customer is qualified to be served under the proposed EDR tariff. Allowing a tariff to go into effect that contains provisions that are conflicting and also permit an almost unlimited amount of utility discretion in determining whether a customer is qualified to be served under the tariff creates the potential for KCPL and GMO to apply this provision in an extremely discriminatory manner. As noted above, the presence of such language in an EDR tariff may lead to litigation where the utility could attempt to defend its discriminatory actions by arguing that such actions were authorized by its tariff.

7. Fourth, the proposed EDR tariffs do not contain language that would protect ratepayers by ensuring that customers who receive rate discounts but fail to meet the criterion in the Availability and Applicability sections of the tariff would be required to re-pay the rate discounts that they were never qualified to receive. The current Union Electric Company EDR tariff requires the re-payment of EDR rate discounts in this situation pursuant to a provision that states "If customer fails to fulfill the entire term of the contract, any agreed upon discounts shall become void and shall be repaid by the customer."

8. Fifth, the proposed tariffs do not contain any provisions that would prevent customers who are shifting load between the KCPL and GMO service territories from being eligible for service under the proposed EDR tariff. Shifting of a customer's existing load from one or more locations within KCPL's service territory to a different location within KCPL's service territory under the proposed EDR tariff would be subject to the following provision, "For

Customers with existing facilities at one or more locations in the Company's service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider." The same provision would apply to shifting of load within GMO's territory. However, shifting of a customer's existing load from KCPL to GMO or from GMO to KCPL under the proposed EDR tariffs would not be subject to a similar provision that prevents the EDR from being applicable in those circumstances. The Commission should not permit a tariff to go into effect that permits a customer to receive rate discounts by shifting of load between KCPL and GMO because there will be a net detriment to KCPL/GMO customers if this is permitted since non-EDR KCPL/GMO customers would need to make up for the decrease in revenue resulting from the rate discount without receiving any benefits from having additional load or additional economic development benefits in the combined KCPL/GMO service territory. Such a detriment could be avoided by requiring KCPL and GMO to revise the "Shifting of Existing Load" provision in the proposed tariffs as follows: "For Customers with existing facilities at one or more locations in the combined KCPL/GMO service areas, this Rider shall not be applicable to service provided at any other delivery point in the combined KCPL/GMO service areas prior to receiving service under this Rider."

9. Finally, Public Counsel is still investigating a number of other concerns with the proposed EDR tariffs and assertions made by KCPL and GMO, including:

- The cover letter that was filed with the revised EDR tariffs in JE-2014-0026 and JE-2014-0027 contains assertions about a large amount of economic benefits that have resulted from having the existing EDR tariffs in place over the last five years and Public Counsel is seeking to obtain and review the facts and analysis that support these assertions.

- KCPL and GMO claim that customers being served under the EDR tariff make a contribution to fixed cost recovery that would not occur without the tariff but no facts or analysis have been provided to support this claim.
- KCPL and GMO claim that "any EDR impacts between general rate cases are borne by the Company", but Public Counsel doubts there will be any detriments to be borne by the Company between rate cases and instead believes that benefits will likely accrue to the Company between rate cases. The prospect of such benefits is the reason why utilities are not generally permitted by law to change rates outside of a general rate proceeding where all relevant factors are taken into account when determining what level of rates will be just and reasonable.
- New provisions in the Incentive Provisions section of the proposed tariffs appear to permit KCPL and GMO to apply EDR discounts to a portion of a customer's load when that portion of the load is not separately metered. Billing a customer based on estimated usage instead of actual usage over a number of years should not be permitted to occur. At least one of the proposed EDR tariffs (KCPL's) removes an existing provision that may have prevented billing based on estimated usage. This deleted provision stated that "Service under this Rider shall be subject to all other applicable tariffs and the Company's general rules and regulations applying to electric service as the same may change from time to time as provided by law."
- An entirely new provision in the Incentive Provisions section of the proposed tariffs titled "Beneficial Location of Facilities" permits an all new EDR rate discount beyond the five year period generally covered by EDR tariffs and provides for a 10% discount in the sixth year if KCPL or GMO "determines that loads under this Rider utilize existing infrastructure

in a manner which is beneficial to the local electric service delivery system." The tariff does not provide even a broad outline of how such a determination would be made by the utility.

10. Public Counsel requests expedited treatment. Pursuant to 4 CSR 240-2.080(14), Public Counsel states that it seeks Commission action prior to the tariff effective date of August 18, 2013. The harm that will be avoided by expedited action is that the proposed EDR tariff containing dozens of modifications will not take effect without a thorough review to determine whether it is lawful and in the public interest. This motion is being filed on August 9 so that the Commission will have time to review it and act on it at the August 14 Agenda meeting. Public Counsel files this motion as soon as it could have been filed following Public Counsel's review of the proposed tariff filings.

WHEREFORE, Public Counsel respectfully requests that the Commission suspend Tariff File Nos. JE-2014-0026 and JE-2014-0027 to allow for further review.

Respectfully submitted,

OFFICE OF THE PUBLIC COUNSEL

**/s/ Lewis R. Mills, Jr.**

By: ____________________________

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## CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing has been emailed to parties of record this 9th day of July 2013.

**Missouri Public Service Commission**
Office General Counsel
200 Madison Street, Suite 800
P.O. Box 360
Jefferson City, MO 65102
staffcounselservice@psc.mo.gov

**/s/ Lewis R. Mills, Jr.**

July 19, 2013

Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

RE: Request Commission Approval of New Tariff Sheet Nos. 32E, 32F, 32G, and 32H, and Frozen Tariff Sheet Nos. 32, 32A, 32B, 32C, and 32D – Economic Development Rider

Dear Secretary:

Kansas City Power & Light Company (hereinafter "KCP&L" or "Company") submits the following Economic Development Rider ("EDR") tariffs for approval. The purpose behind this tariff filing is to encourage economic growth and development within Missouri by partnering with state, county, city and other local agencies in providing financial stimulus for businesses to locate, expand or remain in the Company's service territory. Similar tariffs are being filed at KCP&L Greater Missouri Operations Company (hereinafter "GMO").

The EDR has been instrumental in encouraging commercial and industrial expansions and job growth in our service territories and the State of Missouri for many years. Since 2008 alone there have been 33 companies utilize the KCP&L and GMO EDR in Missouri, creating over 4,700 jobs and $2.38 billion in direct capital investment within our service territory.

The revised EDR is consistent with state economic development policy, specifically items outlined in the Governor's Missouri Strategic Initiative for Economic Growth, bringing both jobs and economic expansion to the service territory and state of Missouri. The revised EDR enhances capacity utilization of our existing facilities through the addition of high load factor growth as well allows retention of valuable companies within our service area. These enhancements fall right in line with two key strategies in the Missouri plan in optimizing incentive policies and supporting retention and expansion. The projects that receive the EDR are expected to continue to provide benefits to the system well beyond the duration of the EDR incentive program. The riders also foster jobs and an expanded tax base within the KCP&L and GMO service area.

The EDR has proven to be a "win-win-win" for new and existing customers, the economy in our local communities and the Company. Not only is the EDR directly assisting those companies that qualify, the new load receiving the EDR is providing a contribution above the short term marginal costs, thus providing a contribution to fixed costs. Fixed costs are spread over a larger base as a result of the new load, reducing customer rate responsibility for existing customers in future rate cases. Any EDR impacts between general rate cases are borne by the Company. The availability of these riders also demonstrate KCP&L and GMO's commitment to assisting communities in their efforts to attract new jobs and investment that benefit the local economy and might not have otherwise chosen the area or State to locate.

One of the primary objectives of the revised EDR tariffs is to establish consistent language at both KCP&L and GMO and to provide more flexibility in administering the tariffs to meet the needs of customers. The primary revisions in the proposed EDR tariffs include:

- **Incentive Application Flexibility:** Flexibility on how the incentive is applied each year. If elected by the Customer and approved by the Company before the EDR tariff is executed, the Company has the discretion to alter the application of the discount percentages over the course of the five (5) years not exceeding the 100% total or 30% in any single year.
- **Retention of Existing Customer:** The EDR can be offered to retain an existing Customer's load for which exit from the Company's service area is imminent. A Customer seeking this provision must furnish to the Company sufficient documentation to verify Customer's intent to select a viable electric supply option outside of Company's service area, including an affidavit stating Customer's intent. This provision is also only available in conjunction with local, regional or state governmental economic development activities where incentives have been offered and accepted by the Customer.
- **Beneficial Location Additional Incentive:** If the Company determines that loads under this EDR Rider utilize existing infrastructure in a manner which is sufficiently beneficial to the local electric service delivery system, an additional incentive of up to 10% reduction during a 6th year can be applied. Adding load without the need to add significant investment in new distribution facilities will increase revenue without significant increases in transmission or distribution plant, resulting in lower rates overall and increased delivery system efficiency.
- **Load Factor:** A load factor of greater than or equal to 55%. This percentage amount is currently used in the GMO EDR but not defined as 55% in the KCP&L-MO EDR.
- **Load Factor Exemptions:** Alternative criteria for exemptions to the load factor are amended for consistency across jurisdictions.
- **KCP&L-MO Incentive Summer Months:** The summer month exclusion for KCP&L-MO is eliminated to be consistent across jurisdictions
- **Business Type:** Eligible business type is revised to clarify eligibility for Customers who may have a retail component to the business but whose product or service is not primarily sold directly to the local retail market at the applicable facility.
- **Metering/Measuring:** Language has been added to allow: "at the Company's sole discretion, the ability to separately measure, in lieu of separately meter, the load to be billed under the EDR tariff. If in the Company's opinion the nature of the expansion is such that either separate metering is impractical or economically unfeasible, the Company will determine, based on historical usage, what portion of the Customer's load, if any, qualifies as new load for the EDR." GMO currently has the "measure" provision.

The Company is requesting the current EDR tariffs for KCP&L and GMO to be frozen, and Customers currently on an EDR tariff under contract will continue under the current tariffs.

Attached hereto is the current EDR tariff to be frozen (Nos. 32, 32A, 32B, 32C, and 32D) and the new proposed EDR tariff (Nos. 32E, 32F, 32G, and 32H).

The tariff has an effective date of August 18, 2013. The Commission's prompt attention to this matter is appreciated.

Sincerely,

Matthew Dority

Matthew Dority
Regulatory Affairs

Enclosure:
Proposed tariff sheet

cc:
D Ives
T Rush
L Liechti
Office of Public Council

PSC Mo. No. 7 Revised Sheet No. 32 through No. 32D
PSC Mo. No. 7 Original Sheet No. 32E through No. 32H

LETTER OF TRANSMITTAL

Kansas City Power & Light Company
July 19, 2013

To the Public Service Commission, State of Missouri, Jefferson City:

Accompanying schedules issued by the Kansas City Power & Light Company are sent to you for filing in compliance with the requirements of the Public Service Commission Law.

PSC Mo. No. 7 Revised Sheet No. 32 through No. 32D
PSC Mo. No. 7 Original Sheet No. 32E through No. 32H
Effective, August 18, 2013

Darrin R. Ives, Senior Director – Regulatory Affairs

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)**

**PURPOSE:**

The purpose of this Economic Development Rider is to encourage industrial and commercial business development in Missouri.

**AVAILABILITY:**

Electric service under this Rider is only available in conjunction with local, regional and state governmental economic development activities where incentives have been offered and accepted by the Customer to locate new facilities or expand existing facilities in the Company's Missouri service area. For purposes of this Rider, a new facility shall be defined as a Customer's facility that has not received electric service in the Company's combined service area within the last twelve (12) months. Electric service under this Rider is only available to a Customer otherwise qualified for service under the Company's SGS, MGS, LGS, LPS, SGA, MGA or LGA rate schedules. Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

The availability of this Rider shall be limited to industrial and commercial facilities not involved in selling or providing goods and services directly to the general public. Customers receiving service under this Rider must qualify under the criteria of this Rider or have been served under the superseded Rider on December 31, 1991.

**APPLICABILITY:**

The Rider is applicable to new facilities or the additional separately metered facilities meeting the above availability criteria and the following two applicability criteria:

1. The annual load factor of the new Customer or additional facility is reasonably projected to equal or exceed the Company's annual system load factor within two (2) years of the date the Customer first receives service under this Rider. The projected annual Customer load factor shall be determined by the following relationship:

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

**APPLICABILITY: (Continued)**

$$\frac{PAE}{PCD * HRS}$$

where:

PAE = Projected Annual Energy (kWh)
HRS = Hours in year (8760)
PCD = Projected Customer Demand coincident with Company System Peak Demand.

If the above load factor criterion is not met, the Company may consider the following other factors when determining qualification for the Rider:

a. The creation of 100 or more new permanent full-time jobs;
b. Capital investment of $500,000 or more.

2. The peak demand of the new or additional facility is reasonably projected to be at least two-hundred (200) kW within two years of the date the Customer first receives service under this Rider.

All requests for service under this Rider will be considered by the Company. Sufficiently detailed information shall be provided, by the Customer, to enable the Company to determine whether a facility is qualified for the Rider. Service under this Rider shall be evidenced by a contract between the Customer and the Company, which shall be submitted to the Commission.

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

**INCENTIVE PROVISIONS:**

1. Revenue Determination:
   The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the SGS, MGS, LGS, LPS, SGA, MGA, or LGA rate schedules, by 30% during the first contract year, 25% during the second contract year, 20% during the third contract year, 15% during the fourth contract year and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease. All other billing, operational and related provisions of the aforementioned rate schedules shall remain in effect. The reductions under this Rider shall not apply to service rendered to the Customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

   Bills for separately metered service to existing Customers, pursuant to the provisions of this Rider, will be calculated independently of any other service rendered to the Customer at the same or other locations.

2. Shifting of Existing Load:
   For Customers with existing facilities at one or more locations in the Company's combined service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Failure to comply with this provision may result in termination of service under this Rider.

3. Local Service Facilities:
   The Company will not require a contribution in aid of construction for standard facilities installed to serve the Customer if the expected revenues from the new load are determined to be sufficient to justify the required investment in the facilities.

**TERMINATION:**

Failure of the Customer to meet any of the applicability criteria of this Rider, used to qualify the Customer for acceptance on the Rider, within two (2) years of the date service under this Rider begins, may lead to termination of service under this Rider.

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

FORM OF CONTRACT

This Agreement is entered into as of this _____ day of _________, 200_, by and between Kansas City Power & Light Company (Company) and ______________________________________ (Customer).

WITNESSETH:

Whereas, Company has on file with the Public Service Commission of the State of Missouri (Commission) a certain Economic Development Rider (Rider), and;

Whereas, Customer is a new Customer, or has acquired additional separately metered facilities within the Company's service territory, and;

Whereas, Customer has furnished sufficient information to the Company to demonstrate that its new facilities or additional separately metered facilities (Facilities) satisfied the Availability and Applicability provisions of the Rider, and;

Whereas, Customer wishes to take electric service from the Company, and the Company agrees to furnish electric service to the Customer under this Rider and pursuant to all other applicable tariffs of the Company;

The Company and Customer agree as follows:

1. Service to the Customer's Facilities located at (address) ________________________________________, (city) ______________________, (state) ________________, (county) ________________shall be pursuant to the Rider, all other applicable tariffs, and the Company's General Rules and Regulations Applying to Electric Service, as may be in effect from time to time and filed with the Commission.

2. Customer acknowledges that the rate reductions provided by the Rider do not apply to service rendered to the customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

3. Customer further acknowledges that this Agreement is not assignable voluntarily by Customer, but shall nevertheless inure to the benefit of and be binding upon the Customer's successors by operation of law.

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

FORM OF CONTRACT (continued)

4. Customer acknowledges that all information provided to the Company for the purpose of determining whether the Customer is eligible for service under the Rider shall be retained by the Company, and shall be subject to inspection and disclosure under Chapters 386 and 393, RSMo 1986, as amended from time to time. Should the Customer designate any of such information as proprietary or confidential, Company shall notify Customer of any request for inspection or disclosure, and shall use good faith efforts to secure an agreement or Commission order protecting the proprietary or confidential nature of such information.

5. This Agreement shall be governed in all respects by the laws of the State of Missouri (regardless of conflict of laws provisions), and by the orders, rules and regulations of the Commission as they may exist from time to time. Nothing contained herein shall be construed as divesting, or attempting to divest, the Commission of any rights jurisdiction, power or authority vested in it by law.

In witness whereof, the parties have signed this Agreement as of the date first above written.

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|---|---|
| Kansas City Power & Light Company | ______________________________<br>Customer |
| By ______________________________ | By ______________________________ |

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR**

**PURPOSE:**

The purpose of this Economic Development Rider is to encourage industrial and commercial business development in Missouri and retain existing load where possible. These activities will attract capital expenditures to the State, diversify the Company's customer base, create jobs and serve to improve the utilization efficiency of existing Company facilities.

**AVAILABILITY:**

Electric service under this Rider is only available in conjunction with local, regional and state governmental economic development activities where incentives have been offered and accepted by the Customer to locate new facilities, expand existing facilities, or retain existing facilities in the Company’s service area. The qualifying load under this Rider shall be the entire load of a Customer’s new facilities, the incremental new load of an existing Customer, or the portion of an existing Customer’s load for which exit from the Company’s service area is imminent. For purposes of this Rider, a new facility shall be defined as a Customer's facility that has not received electric service in the Company's service area within the last twelve (12) months. Electric service under this Rider is only available to a Customer otherwise qualified for service under the Company's MGS, LGS, LPS, MGA or LGA rate schedules. Electric service under this Rider is not available in conjunction with service provided pursuant to any other Special Contract Service tariff agreements.

The availability of this Rider shall be limited to industrial and commercial facilities whose product or service is not primarily sold directly to the local retail market.

**APPLICABILITY:**

The Rider is applicable to new or existing facilities meeting the above availability criteria and the following two applicability criteria:

1. The annual load factor of the new Customer facility or expanded facility is reasonably projected to equal or exceed a fifty-five percent (55%) annual load factor within two (2) years of the date the Customer first receives service under this Rider. The Customer must maintain an annual load factor of 55% or greater in years three (3) through five (5) of the service under this Rider to continue to be eligible for the incentive provisions. The projected annual Customer load factor shall be determined by the following relationship:

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR** **(continued)**

**APPLICABILITY: (Continued)**

$$\frac{PAE}{PCD * HRS}$$

where:

PAE = Projected Annual Energy (kWh)
HRS = Hours in year (8760)
PCD = Projected Customer Peak Demand

If the above load factor criterion is not met, the Company may consider, but not be limited to, the following other factors when determining qualification for the Rider:

a. Number of new permanent full-time jobs created or percentage increase in existing permanent full-time jobs;
b. Capital investment
c. Additional Off-peak Usage
d. Curtailable/Interruptible Load
e. New industry or technology

Any of the above alternate factors considered will be documented as part of the approval process. Revenues to be received from a Customer over the term of the contract shall be greater than the applicable incremental cost to provide electric service, as determined by the Company, ensuring a positive contribution to fixed costs.

2. The peak demand of the new or additional facility is reasonably projected to be at least two-hundred (200) kW within two years of the date the Customer first receives service under this Rider. The Customer must maintain at least two-hundred (200) kW in years three (3) through five (5) of the service under this Rider to continue to be eligible for the incentive provisions.

All requests for service under this Rider will be considered by the Company. Sufficiently detailed information shall be provided by the Customer to enable the Company to determine whether a facility is qualified for the Rider.

In the case of retention of an existing Customer, as a condition for service under this Rider, Customer must furnish to Company such documentation as deemed necessary by Company to determine eligibility and verify Customer's intent to select a viable electric supply option outside of Company's service area, including an affidavit stating Customer's intent.

Service under this Rider shall be evidenced by a contract between the Customer and the Company, which shall be submitted along with supporting documentation to the Commission.

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR** **(continued)**

**INCENTIVE PROVISIONS:**

1. Revenue Determination:
The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the, MGS, LGS, LPS, , MGA, or LGA rate schedules, by 30% during the first contract year, 25% during the second contract year, 20% during the third contract year, 15% during the fourth contract year and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease unless provision #3 below applies. If elected by the Customer and approved by the Company before the EDR contract is executed, the Company may determine to alter the application of the discount percentages over the course of the five (5) years not exceeding 100% total and not exceed 30% in any single year. The selected discount percentage cannot change once signed as part of the contract. All other billing, operational and related provisions of the aforementioned rate schedules shall remain in effect.

   Bills for separately metered (or measured) service to existing Customers, pursuant to the provisions of this Rider, will be calculated independently of any other service rendered to the Customer at the same or other locations.

2. Shifting of Existing Load:
For Customers with existing facilities at one or more locations in the Company's service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Failure to comply with this provision may result in termination of service under this Rider.

3. Beneficial Location of Facilities:
If the Company determines that loads under this Rider utilize existing infrastructure in a manner which is beneficial to the local electric service delivery system, an additional incentive of up to 10% reduction during the 6$^{th}$ year can be applied to the pre-tax charges associated with the Customer's rate schedule. This provision does not apply for the retention of Customers.

4. Positive Contribution:
Revenues to be received from a Customer over the term of the contract shall be greater than the applicable incremental cost to provide electric service, as determined by the Company, ensuring a positive contribution to fixed costs.

5 Separately Measured Service:
For facilities contracting under this Rider due to expansion, the Company may install metering equipment necessary to measure load subject to this Rider. The Company reserves the right to make the determination of whether such load will be separately metered or sub-metered. If the Company determines that the nature of the expansion is such that either separate metering or sub-metering is impractical or economically infeasible, the Company will determine, based on historical usage, what portion of the Customer's load, if any, qualifies as new load eligible for this Rider.

**TERMINATION:**

Failure of the Customer to meet any of the applicability criteria of this Rider, used to qualify the Customer for acceptance on the Rider may lead to termination of service under this Rider.

# KANSAS CITY POWER & LIGHT COMPANY

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| P.S.C. MO. No. | 7 | First | ☐ | Original | Sheet No. | 32 |
| | | | ☒ | Revised | | |
| Cancelling P.S.C. MO. No. | 7 | All previous sheets | ☒ | Original | Sheet No. | 32 |
| | | | ☐ | Revised | | |
| | | | | For | Missouri Retail Service Area | |

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**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)**

**PURPOSE:**

The purpose of this Economic Development Rider is to encourage industrial and commercial business development in Missouri.

**AVAILABILITY:**

Electric service under this Rider is only available in conjunction with local, regional and state governmental economic development activities where incentives have been offered and accepted by the Customer to locate new facilities or expand existing facilities in the Company's Missouri service area. For purposes of this Rider, a new facility shall be defined as a Customer's facility that has not received electric service in the Company's combined service area within the last twelve (12) months. Electric service under this Rider is only available to a Customer otherwise qualified for service under the Company's SGS, MGS, LGS, LPS, SGA, MGA or LGA rate schedules. Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

The availability of this Rider shall be limited to industrial and commercial facilities not involved in selling or providing goods and services directly to the general public. Customers receiving service under this Rider must qualify under the criteria of this Rider or have been served under the superseded Rider on December 31, 1991.

**APPLICABILITY:**

The Rider is applicable to new facilities or the additional separately metered facilities meeting the above availability criteria and the following two applicability criteria:

1. The annual load factor of the new Customer or additional facility is reasonably projected to equal or exceed the Company's annual system load factor within two (2) years of the date the Customer first receives service under this Rider. The projected annual Customer load factor shall be determined by the following relationship:

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| DATE OF ISSUE: | July 19, 2013 | DATE EFFECTIVE: | August 18, 2013 |
| ISSUED BY: | Darrin R. Ives<br>Senior Director | | Kansas City, Mo. |

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Vice President

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# KANSAS CITY POWER & LIGHT COMPANY

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| P.S.C. MO. No. | 7 | First | ☐ | Original | Sheet No. | 32A |
| | | | ☒ | Revised | | |
| Cancelling P.S.C. MO. | 7 | All previous sheets | ☒ | Original | Sheet No. | 32A |
| | | | ☐ | Revised | | |
| | | | | For | Missouri Retail Service Area | |

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

**APPLICABILITY: (Continued)**

$$\frac{PAE}{PCD * HRS}$$

where:

PAE = Projected Annual Energy (kWh)
HRS = Hours in year (8760)
PCD = Projected Customer Demand coincident with Company System Peak Demand.

If the above load factor criterion is not met, the Company may consider the following other factors when determining qualification for the Rider:

a. The creation of 100 or more new permanent full-time jobs;
b. Capital investment of $500,000 or more.

2. The peak demand of the new or additional facility is reasonably projected to be at least two-hundred (200) kW within two years of the date the Customer first receives service under this Rider.

All requests for service under this Rider will be considered by the Company. Sufficiently detailed information shall be provided, by the Customer, to enable the Company to determine whether a facility is qualified for the Rider. Service under this Rider shall be evidenced by a contract between the Customer and the Company, which shall be submitted to the Commission.



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# KANSAS CITY POWER & LIGHT COMPANY

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| P.S.C. MO. No. | 7 | First | ☐ Original<br>☒ Revised | Sheet No. 32B |
| Cancelling P.S.C. MO. | 7 | All previous sheets | ☒ Original<br>☐ Revised | Sheet No. 32B |
| | | | For | Missouri Retail Service Area |

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**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN)** **(continued)**

**INCENTIVE PROVISIONS:**

1. Revenue Determination:
   The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the SGS, MGS, LGS, LPS, SGA, MGA, or LGA rate schedules, by 30% during the first contract year, 25% during the second contract year, 20% during the third contract year, 15% during the fourth contract year and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease. All other billing, operational and related provisions of the aforementioned rate schedules shall remain in effect. The reductions under this Rider shall not apply to service rendered to the Customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

   Bills for separately metered service to existing Customers, pursuant to the provisions of this Rider, will be calculated independently of any other service rendered to the Customer at the same or other locations.

2. Shifting of Existing Load:
   For Customers with existing facilities at one or more locations in the Company's combined service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Failure to comply with this provision may result in termination of service under this Rider.

3. Local Service Facilities:
   The Company will not require a contribution in aid of construction for standard facilities installed to serve the Customer if the expected revenues from the new load are determined to be sufficient to justify the required investment in the facilities.

**TERMINATION:**

Failure of the Customer to meet any of the applicability criteria of this Rider, used to qualify the Customer for acceptance on the Rider, within two (2) years of the date service under this Rider begins, may lead to termination of service under this Rider.

DATE OF ISSUE: July 19, 2013 DATE EFFECTIVE: August 18, 2013
ISSUED BY: Darrin R. Ives, Senior Director Kansas City, Mo.

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**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN) (continued)**

FORM OF CONTRACT

This Agreement is entered into as of this _____ day of _________, 200_, by and between Kansas City Power & Light Company (Company) and _____________________________________ (Customer).

WITNESSETH:

Whereas, Company has on file with the Public Service Commission of the State of Missouri (Commission) a certain Economic Development Rider (Rider), and;

Whereas, Customer is a new Customer, or has acquired additional separately metered facilities within the Company's service territory, and;

Whereas, Customer has furnished sufficient information to the Company to demonstrate that its new facilities or additional separately metered facilities (Facilities) satisfied the Availability and Applicability provisions of the Rider, and;

Whereas, Customer wishes to take electric service from the Company, and the Company agrees to furnish electric service to the Customer under this Rider and pursuant to all other applicable tariffs of the Company;

The Company and Customer agree as follows:

1. Service to the Customer's Facilities located at (address) _______________________________________, (city) _____________________, (state) _______________, (county) ________________shall be pursuant to the Rider, all other applicable tariffs, and the Company's General Rules and Regulations Applying to Electric Service, as may be in effect from time to time and filed with the Commission.

2. Customer acknowledges that the rate reductions provided by the Rider do not apply to service rendered to the customer during the three (3) months beginning with the first regular meter reading occurring on or after June 1 of each year.

3. Customer further acknowledges that this Agreement is not assignable voluntarily by Customer, but shall nevertheless inure to the benefit of and be binding upon the Customer's successors by operation of law.

# KANSAS CITY POWER & LIGHT COMPANY

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| P.S.C. MO. No. | 7 | First | ☐ | Original | Sheet No. | 32D |
| | | | ☒ | Revised | | |
| Cancelling P.S.C. MO. | 7 | All previous sheets | ☒ | Original | Sheet No. | 32D |
| | | | ☐ | Revised | | |
| | | | | For | Missouri Retail Service Area | |

**ECONOMIC DEVELOPMENT RIDER**
**Schedule EDR (FROZEN) (continued)**

FORM OF CONTRACT (continued)

4. Customer acknowledges that all information provided to the Company for the purpose of determining whether the Customer is eligible for service under the Rider shall be retained by the Company, and shall be subject to inspection and disclosure under Chapters 386 and 393, RSMo 1986, as amended from time to time. Should the Customer designate any of such information as proprietary or confidential, Company shall notify Customer of any request for inspection or disclosure, and shall use good faith efforts to secure an agreement or Commission order protecting the proprietary or confidential nature of such information.

5. This Agreement shall be governed in all respects by the laws of the State of Missouri (regardless of conflict of laws provisions), and by the orders, rules and regulations of the Commission as they may exist from time to time. Nothing contained herein shall be construed as divesting, or attempting to divest, the Commission of any rights jurisdiction, power or authority vested in it by law.

In witness whereof, the parties have signed this Agreement as of the date first above written.

Kansas City Power & Light Company ___________________________________
Customer

By ______________________________ By _________________________________

DATE OF ISSUE: July 19, 2013 DATE EFFECTIVE: August 18, 2013
ISSUED BY: Darrin R. Ives, Senior Director Kansas City, Mo

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July 19, 2013

Secretary of the Commission
Missouri Public Service Commission
P.O. Box 360
Jefferson City, MO 65102-0360

RE: Request Commission Approval of New Tariff Sheet Nos. 123.1 through 123.3, and Frozen Tariff Sheet Nos. 120 through 123 – Economic Development Rider

Dear Secretary:

KCP&L Greater Missouri Operations Company (hereinafter "GMO" or "Company") submits the following Economic Development Rider ("EDR") tariffs for approval. The purpose behind this tariff filing is to encourage economic growth and development within Missouri by partnering with state, county, city and other local agencies in providing financial stimulus for businesses to locate, expand or remain in the Company's service territory. Similar tariffs are being filed at Kansas City Power & Light Company (hereinafter "KCP&L").

The EDR has been instrumental in encouraging commercial and industrial expansions and job growth in our service territories and the State of Missouri for many years. Since 2008 alone there have been 33 companies utilize the KCP&L and GMO EDR in Missouri, creating over 4,700 jobs and $2.38 billion in direct capital investment within our service territory.

The revised EDR is consistent with state economic development policy, specifically items outlined in the Governor's Missouri Strategic Initiative for Economic Growth, bringing both jobs and economic expansion to the service territory and state of Missouri. The revised EDR enhances capacity utilization of our existing facilities through the addition of high load factor growth as well allows retention of valuable companies within our service area. These enhancements fall right in line with two key strategies in the Missouri plan in optimizing incentive policies and supporting retention and expansion. The projects that receive the EDR are expected to continue to provide benefits to the system well beyond the duration of the EDR incentive program. The riders also foster jobs and an expanded tax base within the KCP&L and GMO service area.

The EDR has proven to be a "win-win-win" for new and existing customers, the economy in our local communities and the Company. Not only is the EDR directly assisting those companies that qualify, the new load receiving the EDR is providing a contribution above the short term marginal costs, thus providing a contribution to fixed costs. Fixed costs are spread over a larger base as a result of the new load, reducing customer rate responsibility for existing customers in future rate cases. Any EDR impacts between general rate cases are borne by the Company. The availability of these riders also demonstrate KCP&L and GMO's commitment to assisting communities in their efforts to attract new jobs and investment that benefit the local economy and might not have otherwise chosen the area or State to locate.

One of the primary objectives of the revised EDR tariffs is to establish consistent language at both KCP&L and GMO and to provide more flexibility in administering the tariffs to meet the needs of customers. The primary revisions in the proposed EDR tariffs include:

- **Incentive Application Flexibility:** Flexibility on how the incentive is applied each year. If elected by the Customer and approved by the Company before the EDR tariff is executed, the Company has the discretion to alter the application of the discount percentages over the course of the five (5) years not exceeding the 100% total or 30% in any single year.
- **Retention of Existing Customer:** The EDR can be offered to retain an existing Customer's load for which exit from the Company's service area is imminent. A Customer seeking this provision must furnish to the Company sufficient documentation to verify Customer's intent to select a viable electric supply option outside of Company's service area, including an affidavit stating Customer's intent. This provision is also only available in conjunction with local, regional or state governmental economic development activities where incentives have been offered and accepted by the Customer.
- **Beneficial Location Additional Incentive:** If the Company determines that loads under this EDR Rider utilize existing infrastructure in a manner which is sufficiently beneficial to the local electric service delivery system, an additional incentive of up to 10% reduction during a 6th year can be applied. Adding load without the need to add significant investment in new distribution facilities will increase revenue without significant increases in transmission or distribution plant, resulting in lower rates overall and increased delivery system efficiency.
- **Load Factor:** A load factor of greater than or equal to 55%. This percentage amount is currently used in the GMO EDR but not defined as 55% in the KCP&L-MO EDR.
- **Load Factor Exemptions:** Alternative criteria for exemptions to the load factor are amended for consistency across jurisdictions.
- **KCP&L-MO Incentive Summer Months:** The summer month exclusion for KCP&L-MO is eliminated to be consistent across jurisdictions
- **Business Type:** Eligible business type is revised to clarify eligibility for Customers who may have a retail component to the business but whose product or service is not primarily sold directly to the local retail market at the applicable facility.
- **Metering/Measuring:** Language has been added to allow: "at the Company's sole discretion, the ability to separately measure, in lieu of separately meter, the load to be billed under the EDR tariff. If in the Company's opinion the nature of the expansion is such that either separate metering is impractical or economically unfeasible, the Company will determine, based on historical usage, what portion of the Customer's load, if any, qualifies as new load for the EDR." GMO currently has the "measure" provision.

The Company is requesting the current EDR tariffs for KCP&L and GMO to be frozen, and Customers currently on an EDR tariff under contract will continue under the current tariffs.

Attached hereto is the current EDR tariff to be frozen (Nos. 120, 121, 122, and 123) and the new proposed EDR tariff (Nos. 123.1, 123.2, and 123.3).

The tariff has an effective date of August 18, 2013. The Commission's prompt attention to this matter is appreciated.

Sincerely,

Matthew Dority

Matthew Dority
Regulatory Affairs

Enclosure:
Proposed tariff sheet

cc:
D Ives
T Rush
L Liechti
Office of Public Council

PSC Mo. No. 1 Revised Sheet No. 120 through No. 123
PSC Mo. No. 1 Original Sheet No. 123.1 through No. 123.3

LETTER OF TRANSMITTAL

KCP&L Greater Missouri Operations Company
July 19, 2013

To the Public Service Commission, State of Missouri, Jefferson City:

Accompanying schedules issued by the KCP&L Greater Missouri Operations Company are sent to you for filing in compliance with the requirements of the Public Service Commission Law.

PSC Mo. No. 1 Revised Sheet No. 120 through No. 123
PSC Mo. No. 1 Original Sheet No. 123.1 through No. 123.3
Effective, August 18, 2013

Darrin R. Ives, Senior Director – Regulatory Affairs

ECONOMIC DEVELOPMENT RIDER
ELECTRIC (FROZEN)

PURPOSE

The purpose of this Economic Development Rider is to encourage industrial and commercial development and thereby increase economic development opportunities in the Company's service area.

AVAILABILITY

Electric service under this Rider is available to certain customers otherwise qualified for service under the Company's Large General Service or the Company's Large Power Service rates that also meet the criteria stated herein on a first come, first serve basis as determined by the execution of the contract specified herein. The availability of this Rider shall be limited to qualified customers not involved in selling or providing goods and services directly to the general public. The Company will consider all requests for service under this Rider; however, requests will not be accepted for new or expanded facilities under construction or otherwise committed to operation prior to the first effective date of this Rider. Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

APPLICABILITY

Sufficiently detailed information shall be provided by the Customer to enable the Company to determine whether a facility is qualified for the Rider. Service under this Rider shall be evidenced by a contract between the Customer and the Company, a copy of which shall be submitted to the Commission Staff and Office of Public Counsel.

CRITERIA

Upon the election of the Customer and acceptance by the Company, the provisions of this Rider are applicable to new industrial and commercial customers and to the new facilities of existing industrial and commercial customers who expand operations and who meet the following criteria:

1. Annual kW Demand Criterion: The peak demand of the new customer or additional facilities is reasonably projected to be at least two hundred (200) kW within two (2) years of the new customer or separately measured facilities expansion first receiving service from Company. The new or expanding customer and Company will mutually agree upon a capacity expansion plan to be defined in the electric service agreement.

2. Load Factor Criterion: The annual load factor of the new customer or additional facilities is reasonably projected to exceed fifty-five percent (55%) within two (2) years of the new customer or additional separately measured facilities commencing service under this Rider. The customer must maintain an annual load factor exceeding fifty-five percent (55%) or greater in years three (3) through five (5) of the Rider to continue to be eligible for the incentive provisions. The customer’s annual load factor will be reviewed each year on the anniversary of the commencement date of the EDR.

ECONOMIC DEVELOPMENT RIDER (Continued)
ELECTRIC (FROZEN)

CRITERIA (Continued)

The annual load factor of the customer shall be determined by the following relationship.

$$\frac{\text{Annual Energy (kWh) / Hours in Year}}{\text{Maximum Summer Monthly Demand}}$$

The maximum summer monthly demand is defined as the actual measured demand of the new Customer or facilities during the four (4) summer months of June through September.

3. The new or additional facility receives local, regional or state governmental incentives.

INCENTIVE PROVISIONS

1. Rate Discount: Prior to taxes, the Customer's net monthly bill, calculated in accordance with the applicable rate schedules, will be discounted by thirty percent (30%) during the first (1st) contract year, twenty-five percent (25%) during the second (2nd) contract year, twenty percent (20%) during the third (3rd) contract year, fifteen percent (15%) during the fourth (4th) contract year, and ten percent (10%) during the fifth (5th) contract year. After the fifth (5th) contract year, this incentive provision shall cease.

2. Minimum Bill: The minimum monthly bill will be the charge for the minimum monthly Reserved Capacity of two hundred (200) kW pursuant to the applicable rate schedule. Other provisions of the applicable rate schedule which describe the calculation of Reserve Capacity and Billing Capacity apply. After the fifth (5th) contract year, this provision shall cease.

3. Local Service Facilities: The Company will not require an additional facilities or line extension charge for facilities installed to serve the customer if the Company's analysis of expected revenues from the new load on an ongoing basis is determined to be sufficient to justify the required investment in the facilities.

4. Separately Measured Service: Bills to existing Customers, pursuant to the provisions of this or other locations.

5. Shifting of Existing Load: For Customers with existing facilities at one (1) or more locations in the Company's service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Customer is prohibited from shifting loads from those locations already existing in the Company's service area to qualify for this Rider or to receive benefits from this Rider.

ECONOMIC DEVELOPMENT RIDER (Continued)
ELECTRIC (FROZEN)

TERM

The Company may file to freeze the availability of this Rider with respect to new loads at any time following one (1) year from the effective date of this tariff. Any Customer receiving service under the Rider on the date it is suspended may continue to receive the benefits of the incentive provisions herein through the remaining period of the Customer's contract.

TERMINATION

Failure of the Customer to meet or maintain any of the applicable criteria of this Rider, used to qualify the Customer for acceptance on the Rider, within the two (2) year period commencing with the date service under this Rider begins, may lead to termination of service under this Rider.

OTHER PROVISIONS

Service under this Rider shall be subject to all other applicable tariffs and the Company's general rules and regulations applying to electric service as the same may change from time to time as provided by law.

**FORM OF CONTRACT**

This Agreement is entered into as of this ______day of ___________, 20_____, by and between Aquila, Inc., d/b/a Aquila Networks (Company) and _________________________________ (Customer).

WITNESSETH:

Whereas, Company has on file with the Public Service Commission of the State of Missouri (Commission) a certain Economic Development Rider (Rider), and;

Whereas, Customer is a new Customer, or has acquired additional separately measured facilities within the Company's service territory, and;

Whereas, Customer has furnished sufficient information to the Company to demonstrate that its new facilities or additional separately measured facilities (Facilities) satisfied the Availability and Applicability provisions of the Rider, and;

Whereas, Customer wishes to take electric service from the Company, and the Company agrees to furnish electric service to the Customer under this Rider and pursuant to all other applicable tariffs of the Company;

The Company and Customer agree as follows:

1. Service to the Customer's Facilities shall be pursuant to the Rider, all other applicable tariffs, and the Company's General Rules and Regulations Applying to Electric Service, as may be in effect from time to time and approved by the Commission.

ECONOMIC DEVELOPMENT RIDER (Continued)
ELECTRIC (FROZEN)

**FORM OF CONTRACT (Continued)**

2. Customer acknowledges that this Agreement is not assignable voluntarily by Customer, but shall nevertheless inure to the benefit of and be binding upon the Customer's successors by operation of law so long as the successor continues to meet the criteria of the Rider.

3. Customer will furnish additional information, as requested by the Company, to assure the continued eligibility for service under the Rider. Customer acknowledges that all information provided to the Company for the purpose of determining whether the Customer is eligible for service under the Rider shall be retained by the Company, and shall be subject to inspection and disclosure under Chapters 386 and 393, RSMo 1986, as amended from time to time. Should the Customer designate any of such information as proprietary or confidential, Company shall notify Customer of any request for inspection or disclosure, and shall use good faith efforts to secure an agreement or Commission order protecting the proprietary or confidential nature of such information.

4. This Agreement shall be governed in all respects by the laws of the State of Missouri (regardless of conflict of laws' provisions), and by the orders, rules and regulations of the Commission, as they may exist from time to time. Nothing contained herein shall be construed as divesting, or attempting to divest, the Commission of any rights jurisdiction, power or authority vested in it by law.

In witness whereof, the parties have signed this Agreement as of the date first above written.

| | |
|---|---|
| Aquila Networks<br>a division of<br>Aquila, Inc. | ____________________<br>Customer |
| By ____________________ | By ____________________ |

ECONOMIC DEVELOPMENT RIDER
ELECTRIC

PURPOSE

The purpose of this Economic Development Rider is to encourage industrial and commercial business development in Missouri and retain existing load where possible. These activities will attract capital expenditures to the State, diversify the Company's customer base, create jobs, and serve to improve the utilization efficiency of existing Company facilities.

AVAILABILITY

Electric service under this Rider is only available in conjunction with local, regional and state governmental economic development activities where incentives have been offered and accepted by the Customer to locate new facilities, expand existing facilities, or retain existing facilities in the Company's service area. The qualifying load under this Rider shall be the entire load of a Customer's new facilities, the incremental load of an existing Customer, or the portion of an existing Customer's load for which exit from the Company's service area is imminent. For purposes of this Rider, a new facility shall be defined as a Customer's facility that has not received electric service in the Company's combined service area within the last twelve (12) months. Electric service under this Rider is only available to a Customer who is otherwise qualified for service under the Company's Medium General Service, Large General Service, or Large Power Service rate schedules. Electric service under this Rider is not available in conjunction with service provided pursuant to any other Special Contract Rate tariff agreements.

The availability of this Rider shall be limited to industrial and commercial facilities whose product or service is not primarily sold directly to the local retail market.

APPLICABILITY

The Rider is applicable to new or existing facilities meeting the above availability criteria and the following two applicability criteria:

1. The annual load factor of the new Customer facility or expanded facility is reasonably projected to equal or exceed 55% annual load factor within two (2) years of the date the Customer first receives service under this Rider. The Customer must maintain an annual load factor of fifty-five percent (55%) or greater in years three (3) through five (5) of the service under this Rider to continue to be eligible for the incentive provisions. The projected annual Customer load factor shall be determined by the following relationship:

$$\frac{PAE}{PCD * HRS}$$

where:

PAE = Projected Annual Energy (kWh)
HRS = Hours in year (8760)
PCD = Projected Customer Peak Demand

ECONOMIC DEVELOPMENT RIDER (Continued)
ELECTRIC

If the above load factor criterion is not met, the Company may consider, but not be limited to, the following other factors when determining qualification for the Rider:

a. Number of new permanent full-time jobs created or percentage increase in existing permanent full-time jobs;
b. Capital investment
c. Additional Off-peak Usage
d. Curtailable/Interruptible Load
e. New industry or technology

Any of the above alternative factors considered will be documented as part of the approval process. Revenues to be received from a Customer over the term of the contract shall be greater than the applicable incremental cost to provide electric service, as determined by the Company, ensuring a positive contribution to fixed costs.

2. The peak demand of the new or additional facility is reasonably projected to be at least two-hundred (200) kW within two years of the date the Customer first receives service under this Rider. The Customer must maintain at least two-hundred (200) kW in years three (3) through five (5) of the service under this Rider to continue to be eligible for the incentive provisions.

All requests for service under this Rider will be considered by the Company. Sufficiently detailed information shall be provided by the Customer to enable the Company to determine whether a facility is qualified for the Rider.

In the case of retention of an existing Customer, as a condition for service under this Rider, Customer must furnish to Company such documentation as deemed necessary by Company to determine eligibility and verify Customer’s intent to select a viable electric supply option outside of Company’s service area, including an affidavit stating Customer’s intent.

Service under this Rider shall be evidenced by a contract between the Customer and the Company, which shall be submitted along with supporting documentation to the Commission.

INCENTIVE PROVISIONS

1. Revenue Determination:
The pre-tax revenues under this Rider shall be determined by reducing otherwise applicable charges, associated with the Medium General Service, Large General Service, or Large Power Service rate schedules, by 30% during the first contract year, 25% during the second contract year, 20% during the third contract year, 15% during the fourth contract year and 10% during the fifth contract year. After the fifth contract year, this incentive provision shall cease unless provision #3 below applies. If elected by the Customer and approved by the Company before the EDR contract is executed, the Company may determine to alter the application of the discount percentages over the course of the five (5) years not exceeding 100% total and not to exceed 30% in any single year. The selected discount percentage cannot change once signed as part of the contract. All other billing, operational and related provisions of the aforementioned rate schedules shall remain in effect.

ECONOMIC DEVELOPMENT RIDER (Continued)
ELECTRIC

INCENTIVE PROVISIONS

1. Revenue Determination (continued):
Bills for separately metered (or measured) service to existing Customers, pursuant to the provisions of this Rider, will be calculated independently of any other service rendered to the Customer at the same or other locations.

2. Shifting of Existing Load:
For Customers with existing facilities at one or more locations in the Company's service area, this Rider shall not be applicable to service provided at any other delivery point prior to receiving service under this Rider. Failure to comply with this provision may result in termination of service under this Rider.

3. Beneficial Location of Facilities:
If the Company determines that loads under this Rider utilize existing infrastructure in a manner which is beneficial to the local electric service delivery system, an additional incentive of up to 10% reduction during the 6$^{th}$ year can be applied to the pre-tax charges associated with the Customer’s rate schedule. This provision does not apply for the retention of Customers.

4. Positive Contribution:
Revenues to be received from a Customer over the term of the contract shall be greater than the applicable incremental cost to provide electric service, as determined by the Company, ensuring a positive contribution to fixed costs.

5 Separately Measured Service:
For facilities contracting under this Rider due to expansion, the Company may install metering equipment necessary to measure load subject to this Rider. The Company reserves the right to make the determination of whether such load will be separately metered or sub-metered. If the Company determines that the nature of the expansion is such that either separate metering or sub-metering is impractical or economically unfeasible, the Company will determine, based on historical usage, what portion of the Customer’s load, if any, qualifies as new load eligible for this Rider.

TERMINATION

Failure of the Customer to meet any of the specified applicability conditions of this Rider, used to qualify the Customer for acceptance on the Rider may lead to termination of service under this Rider.

ECONOMIC DEVELOPMENT RIDER
ELECTRIC (FROZEN)

PURPOSE

The purpose of this Economic Development Rider is to encourage industrial and commercial development and thereby increase economic development opportunities in the Company's service area.

AVAILABILITY

Electric service under this Rider is available to certain customers otherwise qualified for service under the Company's Large General Service or the Company's Large Power Service rates that also meet the criteria stated herein on a first come, first serve basis as determined by the execution of the contract specified herein. The availability of this Rider shall be limited to qualified customers not involved in selling or providing goods and services directly to the general public. The Company will consider all requests for service under this Rider; however, requests will not be accepted for new or expanded facilities under construction or otherwise committed to operation prior to the first effective date of this Rider. Electric service under this Rider is not available in conjunction with service provided pursuant to any other special contract agreements.

APPLICABILITY

Sufficiently detailed information shall be provided by the Customer to enable the Company to determine whether a facility is qualified for the Rider. Service under this Rider shall be evidenced by a contract between the Customer and the Company, a copy of which shall be submitted to the Commission Staff and Office of Public Counsel.

CRITERIA

Upon the election of the Customer and acceptance by the Company, the provisions of this Rider are applicable to new industrial and commercial customers and to the new facilities of existing industrial and commercial customers who expand operations and who meet the following criteria:

1. Annual kW Demand Criterion: The peak demand of the new customer or additional facilities is reasonably projected to be at least two hundred (200) kW within two (2) years of the new customer or separately measured facilities expansion first receiving service from Company. The new or expanding customer and Company will mutually agree upon a capacity expansion plan to be defined in the electric service agreement.

2. Load Factor Criterion: The annual load factor of the new customer or additional facilities is reasonably projected to exceed fifty-five percent (55%) within two (2) years of the new customer or additional separately measured facilities commencing service under this Rider. The customer must maintain an annual load factor exceeding fifty-five percent (55%) or greater in years three (3) through five (5) of the Rider to continue to be eligible for the incentive provisions. The customer's annual load factor will be reviewed each year on the anniversary of the commencement date of the EDR.





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