BEFORE THE PUBLIC SERVICE COMMISSION
<u>OF THE STATE OF MISSOURI</u>

In the Matter of Kansas City Power & Light	)	
Company's Request for Authority to Implement	)	Case No. ER-2012-0174
a General Rate Increase for Electric Service	)	

<u>APPLICATION FOR REHEARING</u>

COMES NOW, the Midwest Energy Consumers' Group ("MECG"), the Missouri Industrial Energy Consumers ("MIEC") and Praxair, Inc. (collectively the "Industrials Intervenors"), and for their Application for Rehearing, respectfully state as follows:

1. The Commission's decision, with regard to the allocation of the KCPL revenue requirement to the various customer classes is unlawful, unjust and unreasonable. As this pleading demonstrates, the Commission's Report and Order authorizes KCPL an increase of approximately 9.56%. In addition, without any consideration of rate shock, the Commission imposed an additional increase of roughly 4.25% on KCPL's Large Power industrial customers. Therefore, the Commission's Report and Order increases rates to Large Power customers by approximately **<u>13.81%</u>**.

2. The Industrial Intervenors include a large portion of KCPL's largest electric customers. The vast majority of these companies are provided service under KCPL's Large Power rate schedule. These companies have invested hundreds of millions of dollars in factories and facilities in the Kansas City area. In addition, these companies employ tens of thousands of individuals in the Kansas City area. Most of these companies manage and operate in multiple locations throughout the United States. As such, these companies are continually asked to make decisions regarding the dedication of capital dollars and the employment of individuals in the Kansas City area versus other areas in the country.

3. Over the past six years, these companies that are the largest drivers of the Kansas City economy have seen their rates skyrocket. With the 13.81% rate increase imposed by the Commission on the Large Power class, these companies have seen the following rate increases:

ER-2006-0314 (effective January 1, 2007):	10.46% increase
ER-2007-0291 (effective January 1, 2008):	6.50% increase
ER-2009-0089 (effective September 1, 2009):	16.16% increase
ER-2010-0355 (effective May 4, 2011):	5.23% increase
ER-2012-0174 (effective January 27, 2013):	13.81% increase
TOTAL:	**63.66% increase**

4. The unreasonableness of KCPL's industrial rates are obvious in comparison to the national average. From 2006-2011, the national average industrial rate has increased by only 10.67%.[1] As such, KCPL industrial rates have increased almost six times faster than the national average.

5. More disconcerting is that any advantage that Kansas City once had in attracting business as a result of its lower industrial electric rates has now completely disappeared. In 2006, KCPL's industrial rates were 29.8% below the national average. As indicated in its Minimum Filing Requirements, the average price per kWh for KCPL's Large Power customers for the test year was 5.851¢ / kWh. With the 13.8% increase imposed by the Commission, this rate will now be 6.659¢ / kWh. As such, KCPL's industrial rate now exceeds the last reported national average industrial rate of 6.64¢ / kWh. Therefore, what was once a competitive advantage in attracting business and employment, the Kansas City area is now at a competitive disadvantage as compared to the rest of the nation!

[1] See, Staff Cost of Service Report and page 19 (2006 national average industrial rate = 6.00 ¢ / kWh; 2011 national average industrial rate = 6.64 ¢ / kWh).

6. Against this backdrop of skyrocketing industrial rates, the Commission decided to adopt a revenue neutral shift of approximately 4.25% to the Large Power class. In its decision, the Commission failed to consider any rate shock to the LP class. Moreover, despite its role as part of the Department of Economic Development, the Commission failed to consider the implications of its decision on Kansas City area business development or employment. By any measure (GDP, unemployment, etc.), the Kansas City area lags the rest of the state in its recovery from the recent economic recession.[2] Nevertheless, the Commission imposed an additional 4.25% revenue neutral shift on the largest employers in the Kansas City area.

7. Given the rapid increase in KCPL's revenue requirement and the still precarious recovery in the Kansas City area, the Industrial Intervenors suggest that the Commission reconsider its decision to impose a 4.25% revenue neutral shift on the Large Power rate class. In fact, KCPL, as the sponsor of the class cost of service study relied upon by OPC in developing its recommendations, even suggested that the Commission simply implement the rate increase on a equal-percent, revenue neutral basis.[3] Given the rapid increase in KCPL's rates as well as the magnitude of the pending rate increase, the Industrial Intervenors suggest that KCPL's recommendation may be most warranted. The Commission should be aware that, since none of the benefits of its LP rate shift went to the residential class, a reversal of its decision and the adoption of an equal percent revenue allocation will not have any effect on the residential class.

WHEREFORE, the undersigned Industrial Intervenors respectfully request that the Commission grant rehearing of its decision with regard to class cost of service / revenue allocation and reverse its decision imposing an additional 4.25% revenue neutral increase on the Large Power rate schedule.

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[2] See, Staff Cost of Service Report at page 6-15.
[3] Rush Direct, page 9.

Respectfully submitted,

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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.

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David L. Woodsmall

Dated: January 18, 2013