



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,

A handwritten signature in blue ink that reads "Matthew Dority". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

Matthew Dority
Regulatory Affairs

Enclosure:
Proposed tariff sheet

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