Exhibit No.:	
Issues:	Special High Load Factor Market Rate
Witness:	Bradley D. Lutz
Type of Exhibit:	Direct Testimony
Sponsoring Party:	Evergy Missouri Metro
Case No.:	EO-2023-0022
Date Testimony Prepared	November 10, 2022

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2023-0022

DIRECT TESTIMONY

OF

BRADLEY D. LUTZ

ON BEHALF OF

EVERGY MISSOURI METRO

Kansas City, Missouri
November 2022

DIRECT TESTIMONY

OF

BRADLEY D. LUTZ

Case No. EO-2023-0022

Q: Please state your name and business address.

A: My name is Bradley D. Lutz. My business address is 1200 Main, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Evergy Metro, Inc. I serve as Director, Regulatory Affairs for Evergy Metro, Inc. d/b/a as Evergy Missouri Metro ("Evergy Missouri Metro"), Evergy Missouri West, Inc. d/b/a Evergy Missouri West ("Evergy Missouri West"), Evergy Metro, Inc. d/b/a Evergy Kansas Metro ("Evergy Kansas Metro"), and Evergy Kansas Central, Inc. and Evergy South, Inc., collectively d/b/a as Evergy Kansas Central ("Evergy Kansas Central") the operating utilities of Evergy, Inc.

Q: On whose behalf are you testifying?

A: I am testifying on behalf of Evergy Missouri Metro.

Q: What are your responsibilities?

A: My current responsibilities are focused on rates, regulatory operations and customer issues, providing support and oversight for a wide range of regulatory work including determination of retail revenues, load analysis, rate design, class cost of service, tariff administration, compliance reporting, response to customer complaints, docket management system administration, general tariff administration, and relationship development for the Company's regulatory activities in the Missouri and Kansas jurisdictions.

Q: Please describe your education, experience and employment history.

A: I hold a Master of Business Administration from Northwest Missouri State University and a Bachelor of Science degree in Engineering Technology from Missouri Western State University.

I joined Evergy, then Kansas City Power & Light, in August 2002 as an Auditor in the Audit Services Department. I moved to the Company's Regulatory Affairs group in September 2005 as a Regulatory Analyst where my primary responsibilities included support of our rate design and class cost of service efforts. I was promoted to Manager in November 2010 and was promoted to my current position in March 2020.

Prior to joining Evergy, I was employed by the St. Joseph Frontier Casino for two years as Information Technology Manager. Prior to St. Joseph Frontier Casino, I was employed by St. Joseph Light and Power Company for nearly 14 years. I held various technical positions at St. Joseph Light and Power Company, including Engineering Technician-Distribution, Automated Mapping/Facilities Management Coordinator, and my final position as Senior Client Support Specialist-Information Technology.

Q: Have you previously testified in a proceeding before the Missouri Public Service Commission ("Commission" or "MPSC") or before any other utility regulatory agency?

A: Yes, I have testified multiple times before the Commission concerning tariff, class cost of service and rate design topics as part of various recent proceedings. Additionally, I have testified multiple times before the Kansas Corporation Commission.

Q: What is the purpose of your direct testimony?

A: The purpose of my direct testimony is to discuss the proposed Special High Load Factor Market Rate tariff (example in Schedule BDL-1) and an example of the tariff contract that will be used for each customer receiving service under the rate (example Market Rate Contract, Confidential Schedule BDL-2), detail its designed application and the discuss the conditions leading to its proposal.

Q: Is the Special High Load Factor Market Rate tariff proposed in this case similar to the Special High Load Factor Market Rate tariff recently approved in the Evergy Missouri West jurisdiction by the Commission in Case No. EO-2022-0061 ("EMW Tariff Case")?

A: Yes. The Evergy Missouri West tariff served as the model for the EMM tariff. Edits were made to address the needs of the prospective customer. More specifically,

- In the AVAILABILITY section the load factor term was modified to provide for a single average load factor instead of a separate term for ramp up and one for steady state. Language was added to require prospective customers to notify the Company at least one year in advance of expecting to receive service to allow for planning and Commission filing. Language was added to clarify that participation in third-party aggregation is not allowed unless made part of the tariff contract and approved by the Commission.
- In the TERM section, provisions for agreements have been extended to no more than ten years and pricing terms no more than five years.
- In the ADDITIONAL PROVISIONS section, references to a Renewable Energy Standard Rate Recovery Mechanism have been removed.

Q: Who is the prospective customer for this proposed tariff?

A: Google, LLC has approached EMM and expressed interest in this type of rate design for a potential data center project in the Kansas City area. We have also had other conversations with potential customers interested in this rate.

Q: Beginning with the conditions leading to this proposal, what need is Evergy expecting to fill with the proposed rate?

A: Over the past four to five years, Evergy has been approached by multiple potential customers seeking to locate data centers in the Company's Missouri jurisdictions. The projects planned by these potential customers are similar in timing and energy needs. Generally, the customers are seeking to locate large data centers in the Midwest to take advantage of regional benefits (land availability, security, resiliency, energy grid connectivity, etc.) and to improve the response time and capabilities of the services hosted by these companies. By "large", I mean these customers expect loads of at least 150MW to 200MW for each data center campus when fully built out. The loads will be consistent, having a high load factor due to the "always on" aspect of computer/internet technology. When first built, these loads tend to "ramp up" over a period of years as the data center equipment is installed, tested and commissioned in phases. These customers plan to invest hundreds of millions of dollars into the area, supporting their construction and operations. Each customer is operating under an internal development timetable and are seeking solutions to fit those timing needs. All have corporate renewable energy mandates and seek to partner with local utilities and municipalities to ensure success of these installations. These customers are scouring the region looking for the best combination of factors to support their investment decisions. Given the load size and load factor, these potential customers are distinct from other customers served by EMM. For example, a single data center meeting the above description would represent a load over twice the size of the Nucor Steel plant added to the Evergy Missouri West jurisdiction in 2019.

Q: Does electric price factor into the location decision for these customers?

A: Yes. My understanding is that the price of electricity comprises a substantial component of a data center's operating and expense budget. Thus, competitive electricity rates are very important to these customers and represent a primary factor in their decision to choose a location.

Q: Could these needs be served with an existing Evergy retail rate?

A: Not competitively. The Company does have options under its current tariff. Whether it be a generally available rate or the Special Contract tariff, each could produce a solution. However, given the sheer size and unique nature of the data center customer load and the need to make a marketable and competitive rate for their large load and renewable energy goals, the Company needed to seek another alternative.

Q: The Special Contract tariff seems particularly suited for this application. What made that rate unworkable for these customers?

A: The Special Contract tariff was considered but requirements to include embedded cost riders made it difficult to achieve competitive and predictable pricing. Since energy pricing was a primary concern, we sought other alternatives.

Q: Please describe the proposed Special High Load Factor Market rate and how it is designed to address the needs of these customers.

A: Velvet Technical Services, LLC ("Velvet") was the first to explore this type of service from the Company. Velvet served as our design case and made us aware of rate designs in other jurisdictions that set energy pricing based on power pool day-ahead energy pricing. The most applicable example is Rate 261M offered by the Omaha Public Power District[1]. This rate was approved in 2017 to provide service to large transmission level customers in the Omaha area[2] providing their customers access to Southwest Power Pool ("SPP") energy prices and describing it as a solution that brought economic development benefits to the area and supported customers' in meeting their renewable goals by pricing retail energy at SPP market prices to align with pricing of customer owned renewable projects on the SPP grid. The design of the Special High Load Factor Market rate is similar. The most significant design element is its connection to the SPP day-ahead market, allowing customers to procure renewable energy resources through their own means. Customers then may use the renewable resources to support their load and renewable goals and manage their overall energy cost, while protecting other EMM customers by allowing the utility to cover its incremental costs.

In establishing the design for the Special High Load Factor Market rate tariff, we sought additional control and flexibility by replicating the tariff- with a separate tariff contract approach used under the Evergy Missouri West Special Rate for Incremental Load Service tariff. With this approach, the Company will seek separate Commission approval of the Special High Load Factor Market rate tariff and a customer-specific Market Rate contract. For Nucor in EO-2019-0244, these were filed at the same time. With this tariff, the Market Rate contract will be filed separately. The Evergy Missouri West Special High Load Factor Market Rate tariff was approved by the Commission on March 24, 2022 and became effective on April 3, 2022.

[1] https://www.oppd.com/media/207840/oppd-rate-manual.pdf#nameddest=261M
[2] https://www.publicpower.org/periodical/article/oppds-innovative-rate-brings-new-facebook-data-center-neb

Q: Please clarify this intention. What are you requesting from the Commission now versus later?

A: With this filing the Company is seeking Commission approval of the tariff only. This filing will also inform the Commission about the future Market Rate contract. The combination will provide our prospective customer confidence that the Special High Load Factor Market rate will be available to them when they are ready to receive service and allow the customer to continue investment at the site. If the tariff is approved by the Commission, the Company plans to file a Market Rate contract with Google under the terms of the tariff no sooner than 2025. At the time of the Market Rate contract filing, the Company will offer customer-specific details including pricing, terms and customer agreements. To inform the Commission more fully now and support approval of the tariff, the Company has included examples of the Market Rate contract as an exhibit to this testimony. Please refer to Confidential Schedule BDL-2. The Market Rate contract filed for Commission approval will be substantially similar to Confidential Schedule BDL-2.

Q: You mention Google as a prospective customer. Has Google expressed interest in this rate design for service to their potential data center?

A: Yes.

Q: Are you able to provide more detail about this customer?

A: Yes**.** Evergy has been working with Google since 2018 to understand their needs and have been given insight into their operations and plans. Google is a technology company providing products and services to organize the world's information and make it universally accessible and useful. All of Google's core products including Search, Android, Maps, Chrome, YouTube, Google Play, Gmail, Photos, and Drive run in their data centers.

The company also offers a broad collection of cloud-based products and services, including Google Workspace business productivity apps like Docs, Drive, and Calendar and satellite mapping and analysis platforms like Google Earth and Google Earth Engine.

Q: What is Google's interest in data centers?

A: I have been made aware that in 2006, Google opened its first North American data centers in Georgia and Oregon and has since opened new data centers in nine other states, including Iowa, North Carolina, Oklahoma, and South Carolina (2008); Alabama, Tennessee, Texas, Nevada; and two campuses in Virginia (all 2019). Together, these 12 campuses represent a $17.5 billion investment in North America's technological future. Through network infrastructure currently being developed by Google, these data centers are connected to countries throughout the world. This infrastructure consists of fiber links that span North America and physically connect the entire region to the global internet.

Google's data centers support Google's diversified portfolio of products and services, including a search engine, email service, web browser, and cloud platform. Due to the constant demand for their services, Google data centers are required to operate constantly without interruption and require highly reliable electric power service.

Q: Does Evergy have any concerns with the extended time between possible tariff approval and the filing of the Market Rate contract?

A: No. This approach has the advantage of allowing the Company to identify costs based on conditions observed near the time of the customer receiving service and establish pricing suitable to cover those costs. Further, having tariff approval in hand and knowing the Commission was informed and had the opportunity to examine the example agreement, Google, and other potential customers, can have confidence in their energy cost assumptions associated with their investment. Given Google's need to ensure rate availability, the two-step approach provides the best balance for our respective needs.

Q: Turning to the rate, please describe its design.

A: EMM chose to mirror the design used for the EMW Special High Load Factor Market rate tariff consisting of a simple, three-part rate for providing service to these large, high load factor customers. The key element is the energy pricing. Energy price is set by the SPP day-ahead hourly price at the EMM node. The customer service charge and the capacity charge are set based on the incremental cost to serve and negotiated amounts to address design risks. Specific to providing capacity to support the tariff, the Company expects options may include, but are not limited to construction of physical resources or a distinct request for proposal for firm capacity offered in the SPP market.

All efforts will be made to maximize the benefit of the capacity options for the Customer and the Company. Availability of this service will be limited to customers who are able to meet and maintain load and load factor minimums. The Company proposes that customers have a monthly demand equal to or in excess of 100 megawatts ("MW") or is reasonably projected to be at least 150 MW within five (5) years of the new customer first receiving service from Company, and is able to demonstrate and maintain an average annual load factor throughout the year of 0.85 or greater. Customers receiving service under this tariff will be served at substation or transmission voltages. Terms of service under the Special High Load Factor tariff will be ten (10) years and pricing terms of no more than five (5) years with the opportunity for renewal, subject to pricing change to reflect then current conditions. A separate filing and Commission approval will be sought for each pricing change. Billing under the proposed tariff will be excluded from charges from the Company Fuel Adjustment Clause and other embedded cost recovery riders.

Q: Why is it reasonable to exclude this rate from the Fuel Adjustment Clause?

A: The Fuel Adjustment Clause is designed to periodically adjust the price of energy sold to customers to account for changes in fuel costs not represented by the cost included in the base rates paid by customers. Prospective customers under this new tariff would be served under a special rate designed to address their incremental cost and would not be subject to the base rates of the Company. Further, prospective customers will be served by the SPP energy market and dedicated capacity resources obtained incrementally to serve the specific load. These factors do not support application of the Fuel Adjustment Clause for this customer.

Q: Are any Riders applicable to the Rate?

A: Yes, the Company Tax Adjustment Rider is applicable. The Company Demand Side Investment Mechanism Rider is also applicable, but we expect that Google would make the required demand side investments in their facility to utilize the opt-out provisions of that rider.

Q: Does EMM expect to incur any incremental infrastructure cost to serve these prospective customers?

A: Yes. It is expected that each prospective customer will have some level of interconnection cost to provide service. It is also expected that these prospective customers may have advanced needs such as redundant feeds. When a prospective customer contacts the Company for service under the proposed rate, EMM will evaluate these needs and manage the costs accordingly. Based on our experience with prospective customers, some of these infrastructure costs will be paid entirely, up front, by the customer and others will be incorporated into the rate design and recovered through future billings.

Q: Please describe how this rate will be applied to the prospective customer.

A: If the tariff is approved by the Commission, our focus will turn to the Market Rate contract. EMM will continue to work with Google and, closer to the time service will be needed under the proposed tariff, will determine the cost to provide service and finalize the customer rate pricing. A Market Rate contract substantially similar to Schedule BDL-2 will be brought before the Commission for approval in sufficient time to receive approval ahead of the needed service. That filing will include all customer-specific detail and support to inform the Commission on the appropriateness of the rate. Prior to taking service under the proposed tariff, the Google site would receive service under our Large Power rate and Limited Large Economic Development rider, allowing them to construct, make ready the facility, and begin increasing load.

The Company plans to execute a distinct Service Agreement, in addition to the Market Rate contract, with prospective customers under the Special High Load Factor Market rate. A Service Agreement is identified in the Company's current Rules & Regulation, serving to define the interaction between the Company and the customer and addressing non-rate terms and conditions, but normally is not executed in contract form. With customers under the Special High Load Factor Market rate tariff, the Company plans to clearly link service under the new rate with the requirements of the Rules & Regulations while adding additional terms to address conditions unique to the respective customer. For the prospective customer the Service Agreement will have specific terms addressing cost recovery contingencies and managing load characteristics.

Q: Does the rate design include any risk mitigations to limit negative impacts to Evergy and other Evergy customers?

A: Yes. The tariff contemplates that costs to serve will be evaluated for the specific customer and pricing set for the customer and capacity to recover such costs. Further, these terms give the Company the ability to ensure service offered under this special rate is achievable and produces benefit for others than the customer. The proposed tariff language states,

> Availability of service under this tariff may be limited by the Company due to constraints with, or protection for, Company generation resources or the transmission grid and overall system. The Company will fully evaluate each Customer's operation and the expected impacts to the Company and remaining retail customers and reserves the right to determine a Customer's ability to participate in this rate based on that evaluation. Participation in this rate will not be allowed if the Company determines it to be uneconomic for the Company or the remaining retail customers.

The tariff also perpetuates "hold harmless" language established with the EMW tariff approval. This language states,

> The Special High-Load Factor Market Rate will be designed to recover no less than the incremental cost to serve the Customer over the term of the Special High-Load Factor Market Rate Contract. Non-MKT customers shall be held harmless from any deficiency in revenues provided by any customer served under this tariff or from any stranded investment or cost(s) associated with serving customers under this rate schedule remaining after any Commission determined and approved adjustment for specific quantifiable societal or other benefits or costs as noted in the following paragraph.
>
> The Company will make provisions to uniquely identify the costs and revenues for each respective Special High-Load Factor Market Rate Contract within its books and records. This information will be available to support periodic reporting as ordered by the Commission. At the time of any rate proceeding the portion of the Company's revenue requirement associated with the costs to serve the Customer shall be assigned to the Customer. The Customer's rate revenues shall be reflected in Company's net revenue requirement. If the Customer's rate revenues do not exceed the cost to serve the Customer as reflected in the revenue requirement calculation, the Company shall make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Special High Load Factor Market Rate customers will be held harmless from such effects from the service under

> the Special High-Load Factor Market Rate. As part of the rate proceeding involving a deficiency adjustment, any party may argue whether or not specific quantifiable societal or other benefits or costs should be included in the revenue analysis to determine whether a deficiency adjustment is warranted. In no event shall any revenue deficiency (that is, a greater amount of the cost to serve the Customer compared to revenues from the Customer) be reflected in the Company's cost of service in any rate proceeding for the duration of service to the Customer(s) during the terms of the contract between Company and Customer served under this tariff.
>
> Nothing in this tariff shall preclude the parties from proposing or the Commission from making adjustments, in any appropriate Commission docket, to address the impact of Schedule MKT customers on non-participating customers or to examine the just and reasonableness of the Special High-Load Factor Market Rate Contract. Such adjustments may include, but are not limited to, adjustments to prevent non-MKT customers from absorbing any incremental costs incurred to serve MKT customers or to prevent MKT customers from using assets that are otherwise included in the revenue requirement for non-MKT customers without some recognition that non-MKT customers are incurring the costs associated with those assets.

Additional protections will appear within the Market Rate contract. It is here where the terms and conditions supporting the pricing and billing will be memorialized. Specifically, the Company will be using a minimum demand threshold to set billing demand based on the forecasted load proposed by the customer. This step will help ensure the customer loads align with capacity design assumptions. The minimum demands, in addition to the customer Service Charge, will establish a minimum monthly bill, paid by the customer regardless of their energy consumption.

Although mentioned earlier, the ten-year term of the agreement and five-year term for pricing with the opportunity to revise pricing at the time of renewal or extension is a valuable protection. This fact alone will ensure the costs to serve are appropriately reflected in the rates paid by the customer over the life of their service under the rate.

The Company expects to include operational conditions in the customer Market Rate contract. Given the size of the customer load and the need to manage this load within our SPP market interactions, conditions requiring the customer to notify Evergy of load reductions will be included. These notifications will be used by Evergy to manage our SPP commitments and minimize any additional costs resulting from changes.

Lastly, the Service Agreement will include additional protections to ensure recovery of costs and provide assurances that the projected loads are achieved.

Q: What are the expected benefits of this rate?

A: In the Company's assessment, there is benefit for the prospective customer, the Company and for the region if this tariff is approved and customers seek service under its terms. I will explore each.

Q: Are there expected benefits for customers served under this rate?

A: Beyond being able to achieve a competitive price for service, the largest benefit in my opinion is the ability to leverage the market price for energy with a customer-owned renewable resource or portfolio of resources. These customers tend to be advanced in their procurement of renewable resources and often manage relatively extensive portfolios to meet their corporate renewable energy goals. As such, they can align pricing of renewable purchases with the retail energy prices they pay for electric service under the proposed market pricing tariff.

Q: What are the expected benefits for the community?

A: Please see the direct testimony of EMM witness Mr. G. Subash Alias for testimony explaining the importance of recruiting data centers to Missouri, support provided by Missouri groups to help secure the Google investment, and to emphasize the importance competitive energy rates have on the projects' success. Mr. Alias is the Chief Executive Officer of the Missouri Partnership. Missouri Partnership is a public-private economic development organization that works with governmental and private partners to attract and retain businesses in Missouri.

Q: Would Google have selected Kansas City as the site of its data center without the Special High Load Factor rate proposed by EMM?

A: Not necessarily. It is my understanding the rate is a key element of their decision to locate here. If Google is unable to confirm availability of a competitive rate here, it may move its investment to an alternate location.

Q: Finally, what are the expected benefits for Evergy?

A: The primary benefit in my mind is the Special High Load Factor Market rate gives us another tool to attract new customers to the area. High-load factor customers such as data centers have been difficult to attract to our service territory under our currently available rate offerings. Their needs can be challenging to meet and include aspects such as renewable energy, that are not always easy to address within our current rate options. The experience gained by working with Velvet in the EMW jurisdiction, working now with Google in the EMM jurisdiction, and leveraging successful approaches from other jurisdictions should help ensure the proposed rate is responsive to customer needs. Additionally, the Company looks favorably to the additional energy sales, directly to the data center customer, but also to secondary loads resulting from construction and operation of the new facilities. Furthermore, high load factor customers represent desirable loads for the Company. High load factor customers have a much more consistent load than customers currently served by EMM, improving the load factor for the entire utility. Finally, I would note that approval of the Special High Load Factor Market rate for EMM would align with the recent approval for the EMW jurisdiction and would provide consistency across the Missouri jurisdiction. This consistency would simplify economic development efforts for these types of customers in the state.

Q: In conclusion, do you believe EMM's filing is in the best interest of EMM's customers and citizens of the state of Missouri?

A: Yes. Attracting high load factor customers such as these high-tech data center loads to Missouri is in the interest of both the State of Missouri, the Kansas City region and other EMM customers. As an EMM customer, these prospective high load factor customers will increase the sales of electricity for the utility, both to the customer itself and to business supporting the construction and operation. For the State of Missouri and the Kansas City region, encouraging this load to locate here will promote economic development, improving the tax base and providing new employment opportunities. For these reasons, Evergy respectfully requests the Commission approve the new Special High Load Factor Market rate tariff.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of the Application of Evergy Missouri Metro, Inc. d/b/a Evergy Missouri Metro For Approval of a Special High Load Factor Market Rate Tariff	))))	File No. EO-2023-0022

AFFIDAVIT OF BRADLEY D. LUTZ

STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Bradley D. Lutz, being first duly sworn on his oath, states:

1. My name is Bradley D. Lutz. I work in Kansas City, Missouri, and I am employed by Evergy Metro, Inc. as Director – Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Evergy Missouri Metro consisting of sixteen (16) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Bradley D Lutz

Bradley D. Lutz

Subscribed and sworn before me this 10th day of November 2022.

Anthy R Westenkirchner

Notary Public

My commission expires: 4/26/2025

ANTHONY R. WESTENKIRCHNER
NOTARY PUBLIC - NOTARY SEAL
STATE OF MISSOURI
MY COMMISSION EXPIRES APRIL 26, 2025
PLATTE COUNTY
COMMISSION #17279952

Special High-Load Factor Market Rate
Schedule MKT

PURPOSE

This rate schedule is designed to provide certain Non-Residential Customers access to energy pricing as set by the Southwest Power Pool Integrated Marketplace.

AVAILABILITY

This special rate is available to Non-Residential customers for service to accounts originating after March 31, 2022, at a single location who:

- Operate a facility with a load equal to or in excess of a monthly demand of one hundred thousand kilowatts or is reasonably projected to be at least one hundred and fifty thousand kilowatts within five (5) years of the new customer first receiving service from Company.

  and

- Customer must be able to demonstrate and maintain an average annual load factor throughout the year of 0.85 or greater.

Service is available under this schedule to the following types of customers based on voltage level:

Substation voltage customer - Service is taken directly out of a distribution substation at primary voltage. The customer will own the feeder circuits out of this substation.

Transmission voltage customer - The customer owns, leases, or otherwise bears financial responsibility for the distribution substation. Service is taken off of the Company's transmission system.

This rate is not available for standby, breakdown, supplementary, maintenance or resale service except as noted below. Sub-metering or the reselling of electricity is prohibited.

Service under this tariff may not be combined with service under an Economic Development Rider, an Economic Redevelopment Rider, the Renewable Energy Rider, the Solar Subscription Rider, service as a Special Contract, or be eligible for participation in programs offered pursuant to the Missouri Energy Efficiency Investment Act, or for participation in programs related to demand response, including third-party aggregation, or off-peak discounts, unless otherwise ordered by the Commission when approving a contract for service under this tariff.

Special High-Load Factor Market Rate
Schedule MKT

AVAILABILITY (continued)

Availability of service under this tariff may be limited by the Company due to constraints with, or protection for, Company generation resources or the transmission grid and overall system. The Company will fully evaluate each Customer's operation and the expected impacts to the Company and remaining retail customers and will determine a Customer's ability to participate in this rate based on that evaluation. The Company will notify the Commission if participation is not allowed. Participation in this rate will not be allowed if the Company or the Commission determines it to be uneconomic for the Company or the remaining retail customers. Due to the time required for planning and obtaining Commission approval for service under this rate, prospective customers should notify the Company of intentions to seek this rate at least one year in advance of expecting to receive service.

RATES & CONDITIONS

1. RATE FOR ENERGY SERVICE

   An Energy Charge will be assessed based on the number of kilowatt-hours consumed in any given hour multiplied by the appropriate cost to purchase energy from the Southwest Power Pool (SPP) for that hour. The Company will specify the load node to be used in the Special High-Load Factor Market Rate Contract described below and that SPP node will be used to price the hourly energy and all applicable SPP charges. All elements included in the rate will be specified in the Special High-Load Factor Market Rate Contract described below.

2. RATE FOR CAPACITY SERVICE

   The Company will use good utility practice to identify lowest cost capacity options available at the time each Customer requests service under this schedule. The approach to identify these options may include, but is not limited to, pricing for construction of physical resources to serve capacity or a distinct, request for proposal for firm capacity offered in the SPP market. Recognizing that capacity may not be obtained in small increments to match Customer need, all efforts will be made to maximize the benefit of the capacity options for the Customer and the Company. As needed, the rate for capacity may be inclusive of other capacity-based costs including all applicable SPP charges, infrastructure investment recovery or Customer contributions. The rate and all elements included in the rate will be specified in the Special High-Load Factor Market Rate Contract described below.

3. PRICING FOR ALL OTHER SERVICE

   Pricing for Customer Charges and any other applicable charges applicable under this rate schedule are defined within the Special High-Load Factor Market Rate Contract described below and shall include all applicable minimum demand and facilities charges.

Special High-Load Factor Market Rate
Schedule MKT

RATES & CONDITIONS (continued)

4. CONTRACT DOCUMENTATION

The Special High-Load Factor Market Rate will be determined for each Customer based on expected loads planned to serve the Customer. Details about the rate start date, term, operating parameters, and terms and conditions related to the Special High-Load Factor Market Rate and all assumptions, inputs, and calculations used to determine that rate will be filed with the Commission and documented through a Special High-Load Factor Market Rate Contract. At least 90 days prior to the effective date of the Special High-Load Factor Market Rate Contract, the Company will file the individual Special High-Load Factor Market Rate Contract with the Commission for approval. In addition to the Market Rate Contract, the filing shall include:

a. Description of Service – definition of the customer requesting service, the nature of the loads and the proposed service(s) to be provided by the Company.
b. Cost of Service - the expected costs and revenues associated with providing service under the rate, inclusive of all assumptions, inputs, and calculations used to determine the customer rate
c. Economic Benefits – the economic benefits expected to be brought to the area as a result of providing service

Any part of the Special High-Load Factor Market Rate Contract filing may be filed as confidential information subject to the provisions of 20 CSR 4240-2.135 Confidential Information.

Customer will not be eligible to take service under this rate until the Commission approves the individual Special High-Load Factor Market Rate Contract. If the Commission does not approve the individual Special High-Load Factor Market Rate Contract, Customer may take service under another rate schedule for which they qualify.

TERM

The minimum term may vary for each customer served under this rate schedule but in no instance, should the term be more than ten (10) years and pricing terms no more than five (5) years. Customers may receive service for additional ten-year terms subject to updated pricing. If pricing is updated during the term, the revised Market Rate Contract will be submitted to the Commission under a 90-day review filing. Customers taking service under this rate schedule must provide written notice ninety (90) days before switching to any other Company rate schedule. If a Customer elects to leave this rate schedule they will not be allowed to resume service under this schedule for a period of one year.

ADDITIONAL PROVISIONS

1. Billings under this rate will be managed to follow SPP settlement timing and may vary from other retail billing schedules identified in the Company Rules & Regulations. As applicable, SPP settlements will be applied at the time received to the active billing period.

2. Customers who fail to maintain the Availability provisions of this rate schedule will have ninety (90) days from the day the Company provides notice of the failure to rectify the failure. In the event that the failure is not rectified after ninety (90) days, the Customer will be immediately moved to another rate schedule for which they qualify.

Special High-Load Factor Market Rate
Schedule MKT

ADDITIONAL PROVISIONS (continued)

3. The Special High-Load Factor Market Rate will be designed to recover no less than the incremental cost to serve the Customer over the term of the Special High-Load Factor Market Rate Contract. Non-MKT customers shall be held harmless from any deficiency in revenues provided by any customer served under this tariff or from any stranded investment or cost(s) associated with serving customers under this rate schedule remaining after any Commission determined and approved adjustment for specific quantifiable societal or other benefits or costs as noted in the following paragraph.

4. The Company will make provisions to uniquely identify the costs and revenues for each respective Special High-Load Factor Market Rate Contract within its books and records. This information will be available to support periodic reporting as ordered by the Commission. At the time of any rate proceeding the portion of the Company's revenue requirement associated with the costs to serve the Customer shall be assigned to the Customer. The Customer's rate revenues shall be reflected in Company's net revenue requirement. If the Customer's rate revenues do not exceed the cost to serve the Customer as reflected in the revenue requirement calculation, the Company shall make an additional revenue adjustment covering the shortfall to the revenue requirement calculation through the true-up period, to ensure that non-Special High Load Factor Market Rate customers will be held harmless from such effects from the service under the Special High-Load Factor Market Rate. As part of the rate proceeding involving a deficiency adjustment, any party may argue whether or not specific quantifiable societal or other benefits or costs should be included in the revenue analysis to determine whether a deficiency adjustment is warranted. In no event shall any revenue deficiency (that is, a greater amount of the cost to serve the Customer compared to revenues from the Customer) be reflected in the Company's cost of service in any rate proceeding for the duration of service to the Customer(s) during the terms of the contract between Company and Customer served under this tariff.

   Nothing in this tariff shall preclude the parties from proposing or the Commission from making adjustments, in any appropriate Commission docket, to address the impact of Schedule MKT customers on non-participating customers or to examine the just and reasonableness of the Special High-Load Factor Market Rate Contract. Such adjustments may include, but are not limited to, adjustments to prevent non-MKT customers from absorbing any incremental costs incurred to serve MKT customers or to prevent MKT customers from using assets that are otherwise included in the revenue requirement for non-MKT customers without some recognition that non-MKT customers are incurring the costs associated with those assets.

Special High-Load Factor Market Rate
Schedule MKT

ADDITIONAL PROVISIONS (continued)

5. Service under this tariff shall be excluded from projected energy calculations used to establish charges under Riders FAC and Customer will not be subject to any such charges, unless otherwise ordered by the Commission when approving a contract for service under this tariff. The Company will remove all identifiable costs of service under this tariff from the FAC charge recovered from all customers, and the Company will track those costs and identify those costs separately from other costs specifically identified in the FAC monthly reports submitted to the Commission. Customer may exercise the opt-out provisions contained in Section 393.1075.7, RSMo.1075.7, RSMo. to avoid being subject to Demand Side Investment Mechanism Rider charges.

6. For Schedule MKT customers with renewable attributes supporting its load greater than or equal to the then existing Renewable Energy Standard, the MKT Customer’s entire load will be subtracted from the calculation of total retail electric sales in in 20 CSR 4240-20.100. Renewable attributes means Renewable Energy Credits that the MKT Customer has retired, or had retired on its behalf, documented annually from an established renewable registry.

REGULATIONS

Subject to Rules and Regulations filed with the State Regulatory Commission.

Special High-Load Factor Market Rate
Schedule MKT

SPECIAL HIGH-LOAD FACTOR MARKET RATE CONTRACTS

Start Date	Name of Customer	Service Address

SCHEDULE BDL-2

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