

Exhibit No.:  
Issue: Demand Side Investment Mechanism  
Rider  
Witness: Tim M. Rush  
Type of Exhibit: Direct Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations  
Company  
Case No.: ER-2017-\_\_\_\_\_  
Date Testimony Prepared: June 1, 2017

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2017-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
June 2017**

**Certain Schedules Attached To This Testimony Contain Highly Confidential Information.  
All Such Information Should Be Treated Confidentially  
Pursuant To 4 CSR 240-2.135.**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. ER-2017-\_\_\_\_\_**

1 **Q: Please state your name and business address.**

2 A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City,  
3 Missouri 64105.

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

5 A: I am employed by Kansas City Power & Light Company (“KCP&L” or “Company”) as  
6 Director, Regulatory Affairs.

7 **Q: What are your responsibilities?**

8 A: My general responsibilities include overseeing the preparation of rate cases, class cost of  
9 service (“CCOS”) and rate design for both KCP&L and KCP&L Greater Missouri  
10 Operations Company (“GMO”). I am also responsible for overseeing the regulatory  
11 reporting and general activities as they relate to the Missouri Public Service Commission  
12 (“MPSC” or “Commission”), including Missouri Energy Efficiency Investment Act  
13 (“MEEIA”) filings.

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

15 A: I received a Master of Business Administration degree from Northwest Missouri State  
16 University in Maryville, Missouri. I did my undergraduate study at both the University  
17 of Kansas in Lawrence and the University of Missouri in Columbia. I received a  
18 Bachelor of Science degree in Business Administration with a Concentration in  
19 Accounting from the University of Missouri in Columbia.

1 **Q: Please provide your work experience.**

2 A: I was hired by KCP&L in 2001 as the Director, Regulatory Affairs. Prior to my  
3 employment with KCP&L, I was employed by St. Joseph Light & Power Company  
4 (“Light & Power”) for over 24 years. At Light & Power, I was Manager of Customer  
5 Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well  
6 as marketing, energy consultant and customer services area. Customer services included  
7 the call center and collections areas. Prior to that, I held various positions in the Rates  
8 and Market Research Department from 1977 until 1996. I was the Manager of that  
9 department for 15 years.

10 **Q: Have you previously testified in a proceeding before the MPSC?**

11 A: I have testified on many occasions before the MPSC on a variety of issues affecting  
12 regulated public utilities.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my testimony is to support the rate schedules filed by GMO to adjust the  
15 Demand Side Investment Mechanism (“DSIM”) Rider. My testimony will explain the  
16 change to the DSIM components based upon actual and estimated performance in the six-  
17 month period ending June 2017, as well as, forecasted performance through December  
18 2017 for Program Costs and Throughput Disincentive (“TD”). The proposed change will  
19 result in an increase to a residential customer’s rate from \$0.00139 to \$0.00374 per kWh.  
20 The proposed non-residential rate would increase from \$0.00751 to \$0.00995 per kWh.

21 **Q: What are the MEEIA rule requirements for adjustments of DSIM rates?**

22 A: The requirements for adjustment of DSIM rates are found in Commission rules 4 CSR  
23 240-20.093(4) and 4 CSR 240-3.163(8). In summary, the requirements outline that the

1 update filing include applicable DSIM rate tariff sheets, supporting testimony, and  
2 inclusion of the following:

- 3 A) Amount of revenue that was over-collected or under-collected through the most  
4 recent recovery period by rate class.
- 5 B) Proposed adjustments or refunds by rate class.
- 6 C) Electric utility's short term borrowing rate.
- 7 D) Proposed adjustments to the current DSIM rates.
- 8 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 9 F) Annual report as required by 4 CSR 240-20.093(8).
- 10 G) Any additional information the Commission ordered to be provided.

11 As part of my Direct Testimony, I have included the information required for update of  
12 the DSIM rate in the attached Schedules TMR-1, TMR-2 and TMR-3. In addition,  
13 GMO's 2016 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in  
14 Item F above, was filed on March 31, 2017 in Case No. EO-2017-0257.

15 **Q: Are you sponsoring this information?**

16 A: Yes, I am.

17 **Q: Please explain why GMO has filed adjusted DSIM Rider rate schedules at this time?**

18 A: The Commission's rule governing DSIM filings and submission requirements for electric  
19 utilities, specifically 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), require GMO to  
20 make semi-annual adjustments of DSIM rates that reflect the amount of revenue that has  
21 been over/under collected. Based upon actual and estimated performance during the six-  
22 month time period(s), DSIM rates may be adjusted up or down.

1 **Q: How did you develop the various DSIM rate components that make up the proposed**  
2 **DSIM rate?**

3 A: As the DSIM tariff describes, the DSIM rate components consist of projected Program  
4 Costs and projected TD<sup>1</sup> associated with Cycle 2 for July 2017 through December 2017  
5 and the reconciliation of expected Program Costs and expected TD/TD-NSB for both  
6 Cycles 1 and 2 through June 2017. The performance incentive from Cycle 1 will  
7 continue to be recovered over a two year period, so essentially one-fourth of the  
8 performance incentive is reflected in the DSIM rate in this filing. These amounts are  
9 divided by the projected retail sales, excluding opt-out sales from customers, for August  
10 2017 through January 2018, to develop a rate to be used in the DSIM rate. All of this is  
11 separately distinguished between Residential and Non-Residential classes.

12 **Q: Please describe the impact of the change in costs and how it will affect GMO**  
13 **customers.**

14 A: At this time, based on actual performance experienced through April 2017 and forecasts  
15 through December 2017, the residential DSIM rate will be higher than the current rate of  
16 \$0.00139 per kWh and will become \$0.00374 per kWh. For a residential customer using  
17 1,000 kWh's, this would mean an increase of \$2.35 per month. The DSIM rate will also  
18 increase for the non-residential class from \$0.00751 per kWh to \$0.00995 per kWh. For a  
19 non-residential customer, for every 1,000 kWh's used, this would mean an increase of  
20 \$2.44.

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<sup>1</sup> Effective April 7, 2017, in Case No. EO-2015-0241, the MPSC approved GMO's request to  
revise the Company's Technical Resource Manual ("TRM"). These changes are reflected  
in the projected TD calculation for the period beginning April 2017.

1 **Q: Please explain why GMO is also including a 2<sup>nd</sup> Revised Sheet No. 138.8 with this**  
2 **DSIM Rider filing.**

3 A: During the current KCP&L rate case, Case No. ER-2016-0285, the MEEIA margin rates  
4 were recalculated for purposes of rebasing the calculation of the TD, in compliance with  
5 the MEEIA S&A filed on November 23, 2015. This calculation revealed that a minor  
6 adjustment of GMO's MEEIA margin rates that were effective February 22, 2017 in Case  
7 No. ER-2016-0156, was merited. Based on recent communications with Staff during the  
8 KCP&L rate case, Staff is aware of the need for this change in the GMO jurisdiction.  
9 The original MEEIA margin rates (those used effective February 22, 2017) utilized rate  
10 class level weightings by customer count; whereas, the Company has refined the  
11 distribution of customer count by rate code, resulting in new proposed rates that have  
12 been included in this filing. This adjustment for GMO allows for greater precision in the  
13 margin rate and aligns with the methodology used in the KCPL-MO jurisdiction.

14 **Q: What is the result of the change in the MEEIA margin rates for GMO?**

15 A: The correction in MEEIA margin rates resulted in a decrease in rates as compared to  
16 those originally calculated and sent to Staff at the conclusion of the GMO rate case that  
17 became effective February 22, 2017. The proposed corrected margin rates are included in  
18 this DSIM rider calculation and have been applied to the calculation of the TD back to  
19 February 22, 2017.

20 **Q: If the rate schedules filed by GMO are approved, what safeguards exist to ensure**  
21 **that the revenues the Company bills to its customers do not exceed actual DSM**  
22 **Program Costs and TD/TD-NSB incurred, as well as the earnings opportunity or**  
23 **performance incentive?**

1 A: GMO's DSIM Rider mechanism and the Commission's rules provide two mechanisms to  
2 ensure that amounts billed to customers do not exceed GMO's actual, prudently incurred  
3 DSM Program Costs and TD/TD-NSB and earnings opportunity or performance  
4 incentive. First, at the end of each recovery period, the Company is required to true up  
5 amounts billed to customers through the DSIM Rider based upon Program Cost and  
6 TD/TD-NSB actually incurred during that six-month period. Per MEEIA rule 4 CSR  
7 240-20.093(4), these adjustments will be supported by complete documentation and  
8 workpapers that demonstrate the need for DSIM rate adjustment. All proposed  
9 adjustments and supporting documentation is subject to review by MPSC Staff and all  
10 MEEIA stakeholders. Second, per MEEIA rule 4 CSR 240-20.093(10), GMO's DSIM is  
11 subject to periodic prudence reviews by MPSC Staff to ensure that only prudently  
12 incurred Program Costs and TD/TD-NSB are billed to customers through GMO's DSIM.  
13 These two mechanisms serve as checks to ensure that the Company's customers pay only  
14 the prudently incurred, actual Program Costs and TD/TD-NSB resulting from  
15 implementation of MEEIA DSM programs.

16 **Q: What action is GMO requesting from the Commission with respect to the rate**  
17 **schedules that the Company has filed?**

18 A: The Company requests the Commission approve the rate schedule to be effective as of  
19 August 1, 2017.

20 **Q: Does that conclude your testimony?**

21 A: Yes, it does.

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

In the Matter of KCP&L Greater Missouri Operations )  
Company's Demand Side Investment ) Case No. ER-2017-\_\_\_\_\_  
Mechanism Rider Rate Adjustment and True-Up )  
Required by 4 CSR 240.3.163(8) )

**AFFIDAVIT OF TIM RUSH**

STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

Tim M. Rush, being first duly sworn on his oath, states:

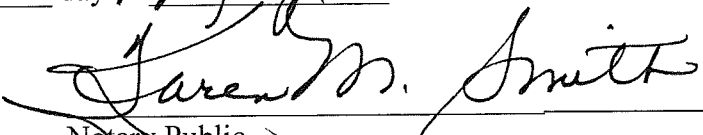
1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by KCP&L Greater Missouri Operations Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of six (6) 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.

  
\_\_\_\_\_  
Tim M. Rush

Subscribed and sworn before me this 31st day of May 2017.

  
\_\_\_\_\_  
Notary Public

My commission expires April 16, 2020

