

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-2019-_____
Date Testimony Prepared: November 30, 2018

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2019-_____

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
November 2018**

**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-2019-_____
Mechanism Rider Rate Adjustment and True-Up)
Required by 4 CSR 240-20.093(4))

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 29th day of November 2018.



Notary Public

My commission expires: 4/26/2021



DIRECT TESTIMONY

OF

TIM M. RUSH

Case No. ER-2019-_____

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 schedule 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 performance in the six-month period
17 ending October 2018, as well as, forecasted performance through June 2019 for Program
18 Costs and Throughput Disincentive (“TD”). The proposed change will result in a
19 decrease to a residential customer’s rate from \$0.00443 to \$0.00019 per kWh. The
20 proposed non-residential rate would decrease from \$0.00348 to \$0.00258 per kWh.

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

2 A: The requirements for adjustment of DSIM rates are found in Commission rules 4 CSR
3 240-20.093(4). In summary, the requirements outline that the update filing include
4 applicable DSIM rate tariff sheets, supporting testimony, and inclusion of the following:

5 A) Amount of revenue that was over-collected or under-collected through the most
6 recent recovery period by rate class.

7 B) Proposed adjustments or refunds by rate class.

8 C) Electric utility's short term borrowing rate.

9 D) Proposed adjustments to the current DSIM rates.

10 E) Complete documentation for the proposed adjustments to the current DSIM rates.

11 F) Any additional information the Commission ordered to be provided.

12 G) Annual report as required by 4 CSR 240-20.093(9).

13 As part of my Direct Testimony, I have included the information required for update of
14 the DSIM rate in the attached Schedules TMR-1 and TMR-2. In addition, GMO's 2017
15 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item G above,
16 was filed on March 28, 2018 in Case No. EO-2018-0261 and GMO's 2018 Demand-Side
17 Program Annual Report for MEEIA Cycle 2, referenced in Item G above, was filed on
18 June 29, 2018 in Case No. EO-2018-0406.

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

20 A: Yes, I am.

21 **Q: Please explain why GMO has filed an adjusted DSIM rate schedule at this time?**

22 A: The Commission's rule governing DSIM filings and submission requirements for electric
23 utilities, specifically 4 CSR 240-20.093(4), requires GMO to make at least annual

1 adjustments of DSIM rates that reflect the amount of revenue that has been over/under
2 collected. GMO will continue to make semi-annual rate adjustments. Based upon actual
3 and estimated performance during the six-month time period(s), DSIM rates may be
4 adjusted up or down.

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

7 A: As the DSIM tariff describes, the DSIM rate components consist of projected Program
8 Costs and projected TD associated with Cycle 2 for November 2018 through June 2019
9 and the reconciliation of actual and expected Program Costs and actual and expected
10 TD/TD-NSB for both Cycles 1 and 2 through October 2018. The performance incentive
11 from Cycle 1 will continue to be recovered over a two-year period ending January 2019.
12 So, the performance incentive is reflected in the DSIM rate in this filing only as it relates
13 to certain under-recovered balances. These amounts are divided by the projected retail
14 sales, excluding opt-out sales from customers, for February 2019 through July 2019, to
15 develop a rate to be used in the DSIM rate. All of this is separately distinguished
16 between Residential and Non-Residential classes.

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

19 A: At this time, based on actual performance experienced through October 2018 and
20 forecasts through June 2019, the residential DSIM rate will be lower than the current rate
21 of \$0.00443 per kWh and will become \$0.00019 per kWh. For a residential customer
22 using 1,000 kWh's, this would mean an decrease of \$4.24 per month. The DSIM rate
23 will decrease for the non-residential class from \$0.00348 per kWh to \$0.00258 per kWh.

1 For a non-residential customer, for every 1,000 kWh's used, this would mean a decrease
2 of \$0.90. This large decrease is primarily the result of a decrease in program costs due to
3 the scheduled expiration of MEEIA Cycle 2 programs effective March 31, 2019 with the
4 exception of certain long-lead projects which may be extended through March 31, 2020.

5 **Q: If the rate schedule filed by GMO is approved, what safeguards exist to ensure that**
6 **the revenues the Company bills to its customers do not exceed actual DSM Program**
7 **Costs and TD/TD-NSB incurred, as well as the earnings opportunity or**
8 **performance incentive?**

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

1 **Q: Has GMO been subject to any prudence reviews by MPSC Staff?**

2 A: Yes, GMO has been through three prudence reviews. Most recently, in the third
3 prudence review initiated by Staff on June 4, 2018 in Case No. EO-2018-0364, Staff has
4 recommended a disallowance and has requested the Commission to order an adjustment
5 of \$58,137 including interest to be returned to GMO's customers for certain
6 entertainment/general expenses, promotional giveaway expenses and TD costs. The
7 Company has requested a hearing on the matter, and as such, GMO has not included this
8 adjustment in this DSIM filing.

9 In the two previous prudence reviews: Case No. EO-2015-0180 and Case No. EO-
10 2017-0210, Staff found no instances of imprudence on the part of GMO.

11 **Q: What action is GMO requesting from the Commission with respect to the rate
12 schedule that the Company has filed?**

13 A: The Company requests the Commission approve the rate schedule to be effective as of
14 February 1, 2019.

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

16 A: Yes, it does.