

Exhibit No.:
Issue: Demand Side Investment Mechanism
Rider
Witness: Tim M. Rush
Type of Exhibit: Direct Testimony
Sponsoring Party: Kansas City Power & Light 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

KANSAS CITY POWER & LIGHT 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 KCP&L to adjust
15 the Demand Side Investment Mechanism (“DSIM”) Rider. My testimony will explain
16 the change to the DSIM components based upon actual and estimated performance in the
17 six-month period ending June 2017, as well as, forecasted performance through
18 December 2017 for Program Costs and Throughput Disincentive (“TD”). The proposed
19 change will result in an increase to a residential customer’s rate from \$0.00391 to
20 \$0.00553 per kWh. The proposed non-residential rate would increase from \$0.00433 to
21 \$0.00508 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) and 4 CSR 240-3.163(8). In summary, the requirements outline that the
4 update filing include applicable DSIM rate tariff sheets, supporting testimony, and
5 inclusion of the following:

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

8 B) Proposed adjustments or refunds by rate class.

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

10 D) Proposed adjustments to the current DSIM rates.

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

12 F) Annual report as required by 4 CSR 240-20.093(8).

13 G) Any additional information the Commission ordered to be provided.

14 As part of my Direct Testimony, I have included the information required for update of
15 the DSIM rate in the attached Schedules TMR-1 and TMR-2. In addition, KCP&L's
16 2016 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item F
17 above, was filed on March 31, 2017 in Case No. EO-2017-0256.

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

19 A: Yes, I am.

20 **Q: Please explain why KCP&L has filed adjusted DSIM Rider rate schedules at this**
21 **time?**

22 A: The Commission's rule governing DSIM filings and submission requirements for electric
23 utilities, specifically 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), require KCP&L to

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

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

6 A: As the DSIM tariff describes, the DSIM rate components consist of projected Program
7 Costs and projected TD¹ associated with Cycle 2 for July 2017 through December 2017
8 and the reconciliation of expected Program Costs and expected TD/TD-NSB for both
9 Cycles 1 and 2 through June 2017. The performance incentive from Cycle 1 will
10 continue to be recovered over an eighteen month period, so essentially one-third of the
11 performance incentive is reflected in the DSIM rate in this filing. These amounts are
12 divided by the projected retail sales, excluding opt-out sales from customers for August
13 2017 through January 2018, to develop a rate to be used in the DSIM rate. All of this is
14 separately distinguished between Residential and Non-Residential classes.

15 **Q: Please describe the impact of the change in costs and how it will affect KCP&L**
16 **customers.**

17 A: At this time, based on actual performance experienced through April 2017 and forecasts
18 through December 2017, the residential DSIM rate will be higher than the current rate of
19 \$0.00391 per kWh and will become \$0.00553 per kWh. For a residential customer using
20 1,000 kWh's, this would mean an increase of \$1.62 per month. The DSIM rate will also

¹ Effective April 7, 2017, in Case No. EO-2015-0240, the MPSC approved KCP&L'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 increase for the non-residential class from \$0.00433 per kWh to \$0.00508 per kWh. For a
2 non-residential customer, for every 1,000 kWh's used, this would mean an increase of
3 \$0.75.

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

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

1 **Q: What action is KCP&L requesting from the Commission with respect to the rate**
2 **schedules that the Company has filed?**

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

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

6 A: Yes, it does.

