

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-2018-\_\_\_\_\_  
Date Testimony Prepared: November 30, 2017

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2018-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
November 2017**

**Certain Schedules Attached To This Testimony Contain 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-2018-\_\_\_\_\_**

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 KCP&L 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 December 2017, as well as, forecasted performance through June  
18 2018 for Program Costs and Throughput Disincentive (“TD”). The proposed change will  
19 result in an increase to a residential customer’s rate from \$0.00543 to \$0.00665 per kWh.  
20 The proposed non-residential rate would increase from \$0.00502 to \$0.00592 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 and TMR-2. In addition, KCP&L's  
13 2016 Demand-Side Program Annual Report for MEEIA Cycle 1, referenced in Item F  
14 above, was filed on March 31, 2017 in Case No. EO-2017-0256 and KCP&L's 2017  
15 Demand-Side Program Annual Report for MEEIA Cycle 2, referenced in Item F above,  
16 was filed on June 30, 2017 in Case No. EO-2017-0355 and later corrected on July 25,  
17 2017.

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

19 A: Yes, I am.

20 **Q: Please explain why KCP&L has filed an adjusted DSIM rate schedule at this time?**

21 A: The Commission's rule governing DSIM filings and submission requirements for electric  
22 utilities, specifically 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8), require KCP&L to  
23 make semi-annual adjustments of DSIM rates that reflect the amount of revenue that has

1           been over/under collected. Based upon actual and estimated performance during the six-  
2           month time period(s), DSIM rates may be adjusted up or down.

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

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

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

16   A:   At this time, based on actual performance experienced through October 2017 and  
17      forecasts through June 2018, the residential DSIM rate will be higher than the current rate  
18      of \$0.00543 per kWh and will become \$0.00665 per kWh. For a residential customer  
19      using 1,000 kWh's, this would mean an increase of \$1.22 per month. The DSIM rate will  
20      also increase for the non-residential class from \$0.00502 per kWh to \$0.00592 per kWh.  
21      For a non-residential customer, for every 1,000 kWh's used, this would mean an increase  
22      of \$0.90.

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

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

20 **Q: Has KCP&L been subject to any prudence reviews by MPSC Staff?**

21 A: Yes, KCP&L has been through two prudence reviews. In the first prudence review,  
22 initiated by Staff on January 15, 2016 in Case No. EO-2016-0183, Staff recommended  
23 seminar training costs of \$6,000 plus interest be returned to customers in the semi-annual

1 DSIM rate update filed on November 30, 2016. The second prudence review was  
2 initiated by Staff on February 1, 2017 in Case No. EO-2017-0209. Staff found no  
3 instances of imprudence by KCP&L but recommended the Commission approve an  
4 adjustment of \$4,723 plus interest be returned to customers in this filing resulting from a  
5 calculation error found in KCP&L's performance incentive award amount for Cycle 1.  
6 As recommended, the adjustment of \$4,723 plus interest has been included in this filing.

7 **Q: What action is KCP&L requesting from the Commission with respect to the rate**  
8 **schedule that the Company has filed?**

9 A: The Company requests the Commission approve the rate schedule to be effective as of  
10 February 1, 2018.

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

12 A: Yes, it does.

