

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-2015-_____
Date Testimony Prepared: June 1, 2015

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2015-_____

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
June 2015**

**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-2015-_____

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, for both
9 KCP&L and KCP&L Greater Missouri Operations Company (“GMO”). I am also
10 responsible for overseeing the regulatory reporting and general activities as they relate to
11 the Missouri Public Service Commission (“MPSC” or “Commission”), including
12 Missouri Energy Efficiency Investment Act (“MEEIA”) filings.

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

14 A: I received a Master of Business Administration degree from Northwest Missouri State
15 University in Maryville, Missouri. I did my undergraduate study at both the University
16 of Kansas in Lawrence and the University of Missouri in Columbia. I received a
17 Bachelor of Science degree in Business Administration with a concentration in
18 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-MO to
15 adjust the Demand Side Investment Mechanism (“DSIM”) Rider. This testimony will
16 explain the change to the DSIM components based upon actual and estimated
17 performance in the six-month period through June 2015, as well as, forecasted
18 performance through December 2015 for Program Costs and Throughput Disincentive
19 (“TD-NSB”). This six-month period is the second accumulation period under the
20 KCP&L-MO MEEIA DSIM Rider, which was originally approved by the Commission in
21 Case No. EO-2014-0095 on June 5, 2014. The proposed change will result in a decrease
22 to residential customers’ rate from \$0.00352 to \$0.00132 and increase to non-residential
23 customers’ rate from \$0.00247 to \$0.00450.

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 include the information required for update of the
15 DSIM rate in the attached Schedules TMR-1 through TMR-2.

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

17 A: Yes, I am.

18 **Q: Has KCP&L been granted a waiver for any MEEIA rule requirement impacting
19 this update?**

20 A: Yes. Per Commission rule 4 CSR 240-20.093(4), semi-annual adjustments to DSIM rates
21 shall only include adjustments to the DSIM cost recovery revenue requirement. Since
22 KCP&L's DSIM rate includes recovery of TD-NSB, KCP&L requested a variance under
23 the Non-Unanimous Stipulation and Agreement ("S&A") filed on May, 27, 2014 to allow

1 adjustment to the DSIM rate for the TD-NSB component of the rate. The Commission
2 approved this S&A and granted this variance on June 14, 2014. Per the granted variance,
3 KCP&L has included in this semi-annual adjustment an adjustment to the TD-NSB.
4 Additionally, the annual report requirement (item F above) was filed on March 31, 2015
5 under Non-Case Related Filing BIRR-2015-1125, which was transferred on May 18,
6 2015 to Case No. EO-2015-0306.

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

9 A: The Commission's rule governing DSIM filings and submission requirements for electric
10 utilities-specifically 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8) require KCP&L to
11 make semi-annual adjustments of DSIM rates that reflect the amount of revenue that has
12 been over/under collected. Based upon actual and estimated performance during the six-
13 month time period(s), DSIM rates may be adjusted up or down. KCP&L's approved
14 DSIM Rider requires a semi-annual adjustment through December 31, 2015.

15 **Q: How did you develop the adjustments for the various DSIM rate components that**
16 **make up the proposed DSIM rate?**

17 A: The adjustment reflects actual Program Costs, TD-NSB, and retail base sales for October,
18 November, and December 2014 in order to true-up estimates previously included in the
19 December 2014 true-up filing in addition to actuals for January, February and March
20 2015. Also included in this true-up are estimates for Program Costs, TD-NSB, and retail
21 base sales for April, May, and June 2015. These estimates for Program Costs and TD-
22 NSB reflect forecast changes that are anticipated for the remainder of 2015 and are based
23 on current estimates of participation levels for each program. The adjusted rate also

1 includes estimates for the Program Costs and TD-NSB through the next six-month period
2 or December 2015, and retail base sales for July 2015 through January 2016.

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

5 A: At this time, based on actual performance experienced through March 2015 and forecasts
6 through December 2015, the residential DSIM rate will be lower than the current rate
7 from \$0.00352 per kWh to \$0.00132 per kWh. The DSIM rate will increase for the non-
8 residential class from \$0.00247 per kWh to \$0.00450 per kWh. For a residential
9 customer using 1,000 kWh's, this would mean a decrease of \$2.20 per month.
10 Conversely, for a non-residential customer, for every 1,000 kWh's used, this would mean
11 an increase of \$2.03.

12 **Q: If the rate schedules filed by KCP&L are approved, what safeguards exist to ensure**
13 **that the revenues the Company bills to its customers do not exceed actual DSM**
14 **Program Costs and TD-NSB incurred?**

15 A: KCP&L's DSIM Rider mechanism and the Commission's rules provide two mechanisms
16 to ensure that amounts billed to customers do not exceed KCP&L's actual, prudently
17 incurred DSM Program Costs and TD- NSB. First, at the end of each recovery period,
18 the Company is required to true up amounts billed to customers through the DSIM Rider
19 based upon Program Cost and TD-NSB actually incurred during that 6 month period. Per
20 MEEIA rule 4 CSR 240-20.093(4), these adjustments will be supported by complete
21 documentation and workpapers that demonstrate the need for DSIM rate adjustment. All
22 proposed adjustments and supporting documentation is subject to review by MPSC Staff
23 and all MEEIA stakeholders. Second, per MEEIA rule 4 CSR 240-20.093(10), KCP&L's

1 DSIM is subject to periodic prudence reviews by MPSC Staff to ensure that only
2 prudently incurred Program Costs and TD-NSB are billed to customers through
3 KCP&L's DSIM. These two mechanisms serve as checks to ensure that the Company's
4 customers pay only the prudently-incurred, actual Program Costs and TD-NSB resulting
5 from implementation of MEEIA DSM programs.

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

8 A: The Company requests the Commission approve the rate schedule to be effective as of
9 August 1, 2015.

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

11 A: Yes, it does.

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

In the Matter of Kansas City Power & Light)
Company's Second Demand Side Investment) Case No. ER-2015-
Mechanism Rider Rate Adjustment and True-Up)
Required By 4 CSR 240-3.163(8))

AFFIDAVIT OF TIM M. RUSH

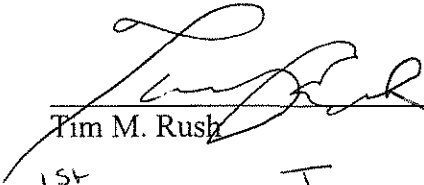
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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 Kansas City Power & Light Company as Director, Regulatory Affairs.

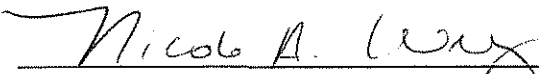
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of Kansas City Power & Light Company consisting of six (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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 1st day of June, 2015.



Notary Public

My commission expires: Feb. 4, 2019

