

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-2016-_____
Date Testimony Prepared: June 1, 2016

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2016-_____

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

**Kansas City, Missouri
June 2016**

**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-2016-_____

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 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 2016, as well as, forecasted performance through December
18 2016 for Program Costs and Throughput Disincentive (“TD”). This six-month period is
19 the first filing for Cycle 2 under the GMO MEEIA DSIM Rider approved by the
20 Commission in Case No. EO-2015-0241 with tariffs implemented on April 1, 2016. The
21 proposed change will result in an increase to residential customers’ rate from \$0.00093 to
22 \$0.00162 per kWh. The proposed change will result in an increase to non-residential
23 customers’ rate from \$0.00340 to \$0.00589 per kWh.

1 **Q: During the recent audit by the Commission Staff of KCP&L’s MEEIA programs, it**
2 **was discovered that an error had occurred in the calculation of the Throughput**
3 **Disincentive – Net Shared Benefit (“TD-NSB”) for Cycle 1. Can you explain the**
4 **error and what you have reflected in this filing?**

5 A: Yes. During the Staff audit, it was discovered that the calculation of the TD-NSB for
6 Cycle 1 did not discount the program costs for the 2014 and 2015 TD-NSB back to the
7 first plan year in the calculation. The benefits were correctly discounted in the TD-NSB
8 calculation. However, by not discounting the program costs, it understated the net
9 benefits, which resulted in understating the TD-NSB. The correction of this results in an
10 increase in the unrecovered balance at the end of December 2015 of \$524,522 plus
11 carrying costs of \$13,327 for a total of \$537,849.

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

13 A: The requirements for adjustment of DSIM rates are found in Commission Rules 4 CSR
14 240-20.093(4) and 4 CSR 240-3.163(8). In summary, the requirements outline that the
15 update filing include applicable DSIM rate tariff sheets, supporting testimony, and
16 inclusion of the following:

- 17 A) Amount of revenue that was over-collected or under-collected through the most
18 recent recovery period by rate class.
- 19 B) Proposed adjustments or refunds by rate class.
- 20 C) Electric utility’s short term borrowing rate.
- 21 D) Proposed adjustments to the current DSIM rates.
- 22 E) Complete documentation for the proposed adjustments to the current DSIM rates.
- 23 F) Annual report as required by 4 CSR 240-20.093(8).

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

2 As part of my Direct Testimony, I include the information required for update of the
3 DSIM rate in the attached Schedules TMR-1 through TMR-2.

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

5 A: Yes, I am.

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

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

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

14 A: As the DSIM tariff describes, the DSIM rate components consist of projected Program
15 Costs and projected TD associated with Cycle 2 for July 2016 through December 2016
16 and the reconciliation of expected Program Costs and expected TD/TD-NSB for both
17 Cycles 1 and 2 through June 2016. These amounts are divided by the projected retail
18 sales, excluding opt-out sales from customers for August 2016 through January 2017, to
19 develop a rate to be used in the DSIM rate. All of this is separately distinguished
20 between Residential and Non-Residential.

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

1 A: At this time, based on actual performance experienced through April 2016 and forecasts
2 through December 2016, the residential DSIM rate will be higher than the current rate of
3 \$0.00093 per kWh and will become \$0.00162 per kWh. For a residential customer using
4 1,000 kWh's, this would mean an increase of \$0.69 per month. The DSIM rate will also
5 increase for the non-residential class from \$0.00340 per kWh to \$0.00589 per kWh. For
6 a non-residential customer, for every 1,000 kWh's used, this would mean an increase of
7 \$2.49.

8 **Q: Were any other changes made to the tariffs beyond the rate changes addressed**
9 **above?**

10 A: Yes. The Company proposes to change the current tariff sheet 138.7 in order to clearly
11 identify the rate which will be billed to customers. Previously, the customer would need
12 to look at both the rate on this tariff sheet and the Base DSIM reflected in the appropriate
13 retail tariffs.

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

17 A: GMO's DSIM Rider mechanism and the Commission's rules provide two mechanisms to
18 ensure that amounts billed to customers do not exceed GMO's actual, prudently incurred
19 DSM Program Costs and TD/TD-NSB. First, at the end of each recovery period, the
20 Company is required to true up amounts billed to customers through the DSIM Rider
21 based upon Program Cost and TD/TD-NSB actually incurred during that six-month
22 period. Per MEEIA rule 4 CSR 240-20.093(4), these adjustments will be supported by
23 complete documentation and workpapers that demonstrate the need for DSIM rate

1 adjustment. All proposed adjustments and supporting documentation is subject to review
2 by MPSC Staff and all MEEIA stakeholders. Second, per MEEIA rule 4 CSR 240-
3 20.093(10), GMO's DSIM is subject to periodic prudence reviews by MPSC Staff to
4 ensure that only prudently incurred Program Costs and TD/TD-NSB are billed to
5 customers through GMO's DSIM. These two mechanisms serve as checks to ensure that
6 the Company's customers pay only the prudently incurred, actual Program Costs and
7 TD/TD-NSB resulting from implementation of MEEIA DSM programs.

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

10 A: The Company requests the Commission approve the rate schedule to be effective as of
11 August 1, 2016.

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

13 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-2016-_____
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.

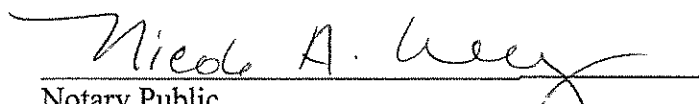
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of 51X (6) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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 2016.



Notary Public

My commission expires: Feb. 4, 2019

