

Exhibit No.:
Issue: True-Up Adjustments
Witness: Tim M. Rush
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2012-0174
Date Testimony Prepared: November 13, 2012

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2012-0174

TRUE-UP REBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
November 2012**

TRUE-UP REBUTTAL TESTIMONY

OF

TIM M. RUSH

Case No. ER-2012-0174

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: Are you the same Tim M. Rush who pre-filed Direct, Supplemental Direct, Rebuttal**
5 **and Surrebuttal Testimony in this matter?**

6 A: Yes, I am.

7 **Q: What is the purpose of your True-Up Rebuttal Testimony?**

8 A: The *Order Consolidating Cases for Hearing and Setting Procedural Schedule, and*
9 *Amended Notice of Hearing*, issued by the Missouri Public Service Commission
10 (“MPSC” or “the Commission”) on April 26, 2012, specified a true-up date of August 31,
11 2012. The purpose of my testimony is to discuss the true-up adjustments filed by
12 Missouri Public Service Commission Staff (“Staff”) and to address Office of Public
13 Counsel (“OPC”) witnesses Michael P. Gorman on proposed adjustments to the
14 Company’s capital structure.

15 **Q: How was the true-up deficiency determined?**

16 A: The MPSC Staff updated its revenue requirement model to incorporate data through or as
17 of August 31, 2012, as appropriate. Certain revenue requirement components were not
18 updated, to conform to the *Nonunanimous Stipulation and Agreement as to Certain*
19 *Issues*, approved by the Commission on November 7, 2012, and the Second

1 *Nonunanimous Stipulation and Agreement as to Certain Issues*, filed with the
2 Commission on November 8, 2012. If the Commission resolves the issues for any other
3 value, the revenue requirements will have to be adjusted to reflect the Commission's
4 value of those issues. The Staff's filed revenue requirement for KCPL was \$53,500,440.
5 The revenue requirement was filed by Staff in its November 8, 2012 True-Up Direct
6 filing, as well as addressed in the Second *Nonunanimous Stipulation and Agreement as to*
7 *Certain Issues*, filed with the Commission on November 8, 2012.

8 **Q: Does KCP&L agree with the true-up adjustments proposed by Staff?**

9 A: Yes.

10 **Q: Since the Company and the Staff agree as to the true-up adjustment amounts, does**
11 **that mean the two parties agree on the revenue increase necessary in this case?**

12 A: No. Certain issues still remain at issue in this case and set aside for the Commission to
13 address. The following issues must be decided even if the Commission approves the
14 second stipulation and agreement: (1) return on common equity; (2) capital structure and
15 (3) cost of debt. The revenue requirements filed by the Staff, with which we are in
16 agreement are based upon Staff's rate of return, including Staff's capital structure, cost of
17 debt and return on equity of 9.0%. Staff's revenue requirements would be adjusted to
18 implement the Commission's decision on those rate of return issues.

19 Other Issues to be addressed in this case include the transmission tracker, rate
20 design/class cost of service study issues except for those rate design and class cost of
21 service issues that are resolved in the Non-Unanimous Stipulation and Agreement
22 Regarding Class Cost of Service / Rate Design filed on October 29, 2012 and approved
23 by the Commission on November 8, 2012, and Resource Planning-LaCygne and

1 Montrose. The resolution of these issues by the Commission does not have an effect on
2 the revenue requirement in this case.

3 **Q: OPC witness Michael P. Gorman proposes to include short term debt as a**
4 **component of its capital structure to support ongoing operations. This appears to**
5 **be a change in his position as presented in his Direct and Surrebuttal Testimonies.**
6 **Do you believe that the True-Up Testimony is the proper place to change testimony**
7 **positions?**

8 A: No. It is my belief that the purpose of True-Up Testimony is to file updated information
9 on prior positions taken by parties. It is also the time when true-up test period actual
10 results are presented to the Commission. No new issues should be brought up in the true-
11 up period or at the true-up hearing. Mr. Gorman's true-up position is a new position and
12 therefore should not be considered in this proceeding. However, Company witness Kevin
13 Bryant has addressed the merits of Mr. Gorman's testimony in his True-up Rebuttal
14 Testimony.

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

16 A: Yes, it does.

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

In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service)) Case No. ER-2012-0174

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement General Rate Increase for Electric Service)) Case No. ER-2012-0175

AFFIDAVIT OF TIM M. RUSH

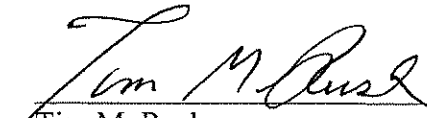
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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.

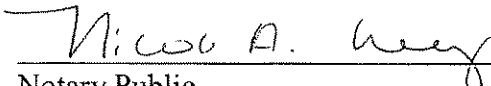
2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of three (3) pages, having been prepared in written form for introduction into evidence in the above-captioned 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 13th day of November, 2012.



Notary Public

My commission expires: Feb. 4, 2015

