

Exhibit No.:  
Issue: Phase-In Carrying Costs  
Witness: Tim M. Rush  
Type of Exhibit: Direct Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations Company  
Case No.: ER-2012-0024  
Date Testimony Prepared: October 21, 2011

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2012-0024**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
October 2011**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. ER-2012-0024**

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”) as Director,  
6 Regulatory Affairs.

7 **Q: What are your responsibilities?**

8 A: My general responsibilities include overseeing the preparation of the rate case, class cost  
9 of service and rate design of both KCP&L and KCP&L Greater Missouri Operations  
10 Company (“GMO” or “Company”). 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”).

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 fifteen years.

10 **Q: Have you previously testified in a proceeding before the MPSC or before any other**  
11 **utility regulatory agency?**

12 A: I have testified on several occasions before the MPSC on a variety of issues affecting  
13 regulated public utilities. I have additionally testified at the Federal Energy Regulatory  
14 Commission and the Kansas Corporation Commission.

15 **Q: What is the purpose of your testimony?**

16 A: My testimony provides support for the Stipulation and Agreement (“Stipulation”)  
17 between the Staff and the Company filed in this case.

18 **Q: Did you supervise the preparation of the tariffs attached as Exhibit A to the**  
19 **Stipulation?**

20 A: Yes.

21 **Q: What does Exhibit A reflect?**

22 A: Exhibit A contains three sets of tariffs that implement the phase-in of rates ordered by the  
23 Commission in File No. ER-2010-0356 for GMO’s Light & Power (“L&P”) division.

1 The tariffs have a June 25, 2012, June 25, 2013 and June 25, 2014 effective date  
2 respectively and reflect a carrying cost rate of 3.25% as contained in the Stipulation.

3 The amount of rate increase reflected by these tariffs for June 25, 2012 is a  
4 \$11,756,983 increase above the June 25, 2011 tariffs, which reflect the phase-in rate  
5 increase of one half of the difference between \$29,772,796 and \$22,101,088  
6 (\$3,835,854), the deferred revenue during the period June 25, 2011 through June 24,  
7 2012 (\$7,671,708) and the carrying costs agreed to in the stipulation and agreement  
8 (3.25%) on the deferred revenue of \$7,671,708 (\$249,331).

9 In order to effectuate the June 25, 2013 phase, the tariffs reflect a rate decrease of  
10 \$124,665 below the June 25, 2012 tariffs. These tariffs reflect the remaining phase-in rate  
11 increase of one half of the difference between \$29,772,796 and \$22,101,088  
12 (\$3,835,854), the deferred revenue during the period June 25, 2012 through June 24,  
13 2013 (\$3,835,854) and the carrying costs (3.25%) on the deferred revenue of \$3,835,854  
14 (\$124,665). This increase is offset by the reversal of the prior year's deferred revenues  
15 and the prior year's carrying costs.

16 In order to complete the phase-in, L&P revised tariffs reflect an effective date of  
17 June 25, 2014. The amount of rate decrease reflected by these tariffs is \$3,960,519.  
18 These tariffs complete the phase-in and establish L&P's rates at \$29,772,796 (the amount  
19 of the L&P rate increase as ordered prior to any phase-in).

20 **Q: Do you have any schedules supporting these calculations?**

21 A: Yes. Schedule TMR-1, attached to my testimony provides the worksheet used to  
22 compute the phase-in rate increases used in developing the tariffs attached to the  
23 Stipulation and Agreement as Exhibit A. Also included in Schedule TMR-1 are three

1 pages demonstrating the class rate increases for each of the phase-in years. As can be  
2 seen on in this schedule, the increases/decreases reflected in the phase-in are an increase  
3 of 7.274% in 2012, a decrease of .072% in 2013 and a decrease of 2.286% in 2014.

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

5 A: Yes, it does.

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

In the Matter of the Determination of Carrying )  
Costs for the Phase-In Tariffs of KCP&L Greater ) Case No. ER-2012-0024  
Missouri Operations Company )

**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 KCP&L Greater Missouri Operations Company consisting of four (4) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

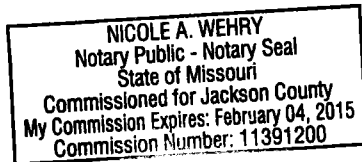
3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.

Tim M. Rush  
Tim M. Rush

Subscribed and sworn before me this 21<sup>st</sup> day of October, 2011.

Nicole A. Wehry  
Notary Public

My commission expires: Feb. 4, 2015



**Schedule TMR-1 (1 of 4)**

**ER-2012-0024**  
**KCP&L GMO L&P Phase In**

	<u>6/25/2011</u>	<u>6/25/2012</u>	<u>6/25/2013</u>	<u>6/25/2014</u>
Total Revenue Requirement	<b>29,772,796</b>			
Rate Increase	22,101,088	22,101,088	33,857,981	
65A - Remaining increase phased in in equal parts		3,835,854	3,835,854	
65B - Revenue which would have allowed in the absence of a phase in				
6-25-2011 through 6-24-2012		7,671,708	(7,671,708)	
6-25-2012 through 6-24-2013			3,835,854	
Carrying Costs				
6-25-2011 through 6-24-2012		249,331	(249,331)	
6-25-2012 through 6-24-2013			124,665	
Total Rate Increase		<u>33,857,981</u>	<u>33,733,315</u>	
Rate Decrease				3,960,519
Authorized Increase				<b>29,772,796</b>
Total revenue excluding carrying cost				
Total carrying cost				
Total revenue including carrying cost				
<b>Calculation of Carrying costs</b>				
	<b>6/25/11 to</b>	<b>6/25/12 to</b>		
	<b>6/24/2012</b>	<b>6/24/2013</b>		
Deferred Revenues	7,671,708	3,835,854		
Return on Rate Base	3.25%	3.25%		
	<u>249,331</u>	<u>124,665</u>		
Base Revenues	139,545,332			
Total revenue increase if no phase-in (excl. carrying cost)	29,772,796	29,772,796	29,772,796	29,772,796
Rate Increase		11,756,893	(124,665)	(3,960,519)
		7.274%	-0.072%	-2.286%
Starting Base Revenues	139,545,332	161,638,419	173,395,312	173,270,646
Ending Base Revenues	161,638,419	173,395,312	173,270,646	169,310,127
				7,671,708

SCHEDULE TMR-1 (2 of 4)

SUMMARY OF KWH SALES AND REVENUES  
 KCPL-GMOC - L&P ELECTRIC  
 MO PSC CASE NO. ER-2012-0024 - Phase In - Phase 1

	kWh	ER-2010-0356 Revenue	Post ER-2010- 0356 Revenue	Phase 1 Increase	Proposed Phase 1 Revenue	
<b>Residential</b>						
<b>Total Residential</b>	<b>791,740,502</b>	<b>60,895,912</b>	<b>70,599,904</b>	<b>5,135,138</b>	<b>75,735,042</b>	7.274%
<b>Small General Service</b>						
<b>Total Small GS</b>	<b>105,716,147</b>	<b>10,568,436</b>	<b>12,136,129</b>	<b>882,731</b>	<b>13,018,860</b>	7.274%
<b>Large General Service</b>						
<b>Total Large GS</b>	<b>382,945,834</b>	<b>24,882,762</b>	<b>28,823,567</b>	<b>2,096,504</b>	<b>30,920,071</b>	7.274%
<b>Large Power Service</b>						
<b>Total LPS</b>	<b>810,019,714</b>	<b>39,953,912</b>	<b>46,320,689</b>	<b>3,369,170</b>	<b>49,689,859</b>	7.274%
<b>Lighting</b>						
Metered		114,350	132,449	9,634	142,083	
MOSJx Street & Private Area Lighting	20,506,149	3,129,960	3,625,681	263,717	3,889,398	7.274%
<b>Total Lighting</b>	<b>22,206,275</b>	<b>3,244,310</b>	<b>3,758,130</b>	<b>273,350</b>	<b>4,031,480</b>	7.274%
		<b>139,545,332</b>	<b>161,638,419</b>	<b>11,756,893</b>	<b>173,395,312</b>	7.274%



SCHEDULE TMR-1 (3 of 4)

**SUMMARY OF KWH SALES AND REVENUES**  
**KCPL-GMOC - L&P ELECTRIC**  
**MO PSC CASE NO. ER-2012-0024 - Phase In - Phase 2**

	kWh	ER-2010-0356 Revenue	Phase 1 Final Revenue	Phase 2 Increase	Proposed Phase 2 Revenue	
<b>Residential</b>						
<b>Total Residential</b>	791,740,502	60,895,912	75,734,618	(54,451)	75,680,167	-0.072%
<b>Small General Service</b>						
<b>Total Small GS</b>	105,716,147	10,568,436	13,018,763	(9,360)	13,009,403	-0.072%
<b>Large General Service</b>						
<b>Total Large GS</b>	382,945,834	24,882,762	30,920,020	(22,230)	30,897,790	-0.072%
<b>Large Power Service</b>						
<b>Total LPS</b>	810,019,714	39,953,912	49,689,698	(35,725)	49,653,973	-0.072%
<b>Lighting</b>						
Metered	1,700,126	114,350	142,081	(102)	141,979	
MOSJx Street & Private Area Lighting	20,506,149	3,129,960	3,889,398	(2,796)	3,886,602	-0.072%
<b>Total Lighting</b>	22,206,275	3,244,310	4,031,479	(2,899)	4,028,581	-0.072%
		139,545,332	173,394,578	(124,665)	173,269,913	-0.072%

SCHEDULE TMR-1 (4 of 4)

**SUMMARY OF KWH SALES AND REVENUES**  
**KCPL-GMOC - L&P ELECTRIC**  
**MO PSC CASE NO. ER-2012-0024 - Phase In - Phase 3**

	kWh	ER-2010-0356 Revenue	Phase 2 Final Revenue	Phase 3 Increase	Proposed Phase 3 Revenue	
<b>Residential</b>						
<b>Total Residential</b>	791,740,502	60,895,912	75,680,074	(1,729,864)	73,950,210	-2.286%
<b>Small General Service</b>						
<b>Total Small GS</b>	105,716,147	10,568,436	13,009,347	(297,362)	12,711,985	-2.286%
<b>Large General Service</b>						
<b>Total Large GS</b>	382,945,834	24,882,762	30,897,429	(706,241)	30,191,188	-2.286%
<b>Large Power Service</b>						
<b>Total LPS</b>	810,019,714	39,953,912	49,653,903	(1,134,968)	48,518,935	-2.286%
<b>Lighting</b>						
Metered	1,700,126	114,350	141,973	(3,245)	138,728	
MOSJx Street & Private Area Lighting	20,506,149	3,129,960	3,886,602	(88,838)	3,797,764	-2.286%
<b>Total Lighting</b>	22,206,275	3,244,310	4,028,575	(92,084)	3,936,491	-2.286%
		139,545,332	173,269,328	(3,960,519)	169,308,809	-2.286%