

Exhibit No.:  
Issue: Revenues; Quarterly Cost Adjustment  
Witness: Tim Rush  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: KCP&L Greater Missouri  
Operations Company  
Case No.: HR-2009-0092  
Date Testimony Prepared: March 13, 2009

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: HR-2009-0092**

**REBUTTAL TESTIMONY**

**OF**

**TIM RUSH**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
March 2009**

**REBUTTAL TESTIMONY**

**OF**

**TIM RUSH**

**Case No. HR-2009-0092**

1 **Q: Are you the same Tim Rush who submitted Direct Testimony in this case on behalf**  
2 **of KCP&L Greater Missouri Operations Company (“GMO” or “the Company”) on**  
3 **or about September 5, 2008?**

4 A: Yes, I am.

5 **Q: What is the purpose of your Rebuttal Testimony?**

6 A: The purpose of my testimony is to respond to the Missouri Public Service Commission  
7 Staff (“Staff”) positions on revenues and the Quarterly Cost Adjustment (“QCA”) factor.  
8 Specifically, I will address the determination of revenue as described by Staff expert  
9 Michael J. Ensrud in the Staff Report Cost of Service, and the QCA discussion by Staff  
10 expert Lena Mantle in the same report.

11 **Industrial Steam Revenues**

12 **Q: Please explain the position of GMO regarding calculation of Industrial Steam**  
13 **revenues in this proceeding.**

14 A: The Industrial Steam base revenues are based on the test period of twelve months ending  
15 December 2007, updated for known and measurable changes through September 30,  
16 2008, trued-up through March 31, 2009. The revenues are billed out at existing rates. An

1 adjustment to revenues is made to reflect a special contract with Ag Processing, Inc.  
2 (“AGP”).

3 **Q: Has the Staff developed a similar determination of revenues to be used in this case?**

4 A: No. Staff made these adjustments through September 30, 2008. They indicated that they  
5 intend to update this information through March 31, 2009, in the true-up period. Staff  
6 made another adjustment to the revenues to reflect a billing and metering policy that  
7 artificially inflates test period revenues.

8 **Q: Do you agree with this adjustment Staff made to the revenues?**

9 A: No. Staff witness Michael J. Ensrud has made an adjustment to the AGP billing based on  
10 the assumption that the customer should be billed separately for each metered service for  
11 the customer. It is the Company’s position that the determination of how many meters  
12 are used for measuring the steam service is dependent on many factors which are  
13 addressed in the Company’s rules and regulations. Those conditions include physical  
14 location of the service needs, proximity of the load to the energy source, load  
15 requirements and distribution needs of the steam load. Whether one meter is used or  
16 multiple meters is a decision of both the Company and customer based on those criteria.  
17 The rate and billing conditions do not spell out that individual meters should be  
18 individually billed.

19 **Q: Do you agree with Staff’s position as they have presented?**

20 A: No. The agreement with AGP regarding metering requirements and conjunctive billing  
21 does not constitute a special contract for which the Commission typically imputes  
22 revenues. The AGP metering arrangement is not something the Company agreed to that  
23 should be imputed for rate case purposes. The agreement is simply an operational

1 decision based on the specific situation of the Company and customer that made it the  
2 right business decision and it is within the requirements of the tariffs.

3 **Q: Is metering requirements and conjunction billing specifically addressed in the steam**  
4 **tariffs?**

5 A: Yes and no. Yes, in the fact that the tariffs for Steam Service, Sheet No. 2, specify that  
6 the service is a customer, not a specific meter. It further goes on to set out the billing  
7 determinates for the customer. No, in the fact that nowhere in the tariffs does it  
8 specifically state where this condition exists.

9 **Q: Is metering requirements and conjunctive billing specifically addressed in the**  
10 **Company's electric tariffs?**

11 A: Yes, the Company's P.S.C. MO. No. 1 Original Sheet No. R-32, section 5.02 Multiple  
12 Metering describes such a situation. Specifically, the tariff states:

13 The normal practice shall be to bill each metering point as a separate customer.  
14 Under special conditions, consumption registered by two (2) or more meters may  
15 be numerically added and a single bill rendered for such service supplied to a  
16 customer, provided the customer's load is of such size and character and so  
17 located as to make it advisable, in the opinion of Company, to install more than  
18 one (1) service connection at a single location.

19  
20 **Q: Why is it significant that this situation is addressed in the Company's electric**  
21 **tariffs?**

22 A: *Missouri Revised Statutes*, Chapter 393 Gas, Electric, Water, Heating, and Sewer  
23 Companies Section 393.290 Powers of commission relating to other utilities made  
24 applicable to heating companies, makes all provisions of chapters 386, 387, 390, 392, and  
25 393, RSMo applicable to such heating companies, so far as shall be practically, legally or  
26 necessarily applicable. As the Company's steam tariffs make no specific provision for or  
27 against conjunctive metering, and there is no specific language found in the MO Code of

1 State Regulations, Chapter 80 – Steam Heating Utilities addressing this issue, the  
2 Company relies on the clear guidance on this issue in its electric tariffs, the authority  
3 extended to the Commission in 393.290 RSMo as it relates to steam heating customers,  
4 and its own past practices as support for its allowance of conjunctive metering in this  
5 instance.

### 6 **Steam Quarterly Cost Adjustment**

7 **Q: What did the parties address regarding the QCA?**

8 A: Staff was the only party that filed Direct Testimony regarding the cost of service. Staff  
9 and other parties filed rate design testimony, specifically addressing the QCA. The rate  
10 design rebuttal testimony will be filed later. I will address Staff's filing found on pages  
11 104 and 105 of Staff Report Cost of Service regarding the QCA by Staff expert Lena  
12 Mantle.

13 Staff does not specifically propose a fuel adjustment mechanism, but welcomes  
14 the opportunity to participate in discussions among the parties regarding a rate  
15 mechanism for the steam operations.

16 **Q: How do you respond to the Staff's comment?**

17 A: Since the filing, the Company has held two meeting with the parties to address a fuel  
18 adjustment mechanism. Staff has participated. The Company and AGP have filed in the  
19 rate design Direct Testimony recommendations regarding the QCA. The Company looks  
20 forward to having the Staff continue to participate in the discussions surrounding a QCA.

21 **Q: Does this conclude your testimony?**

22 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

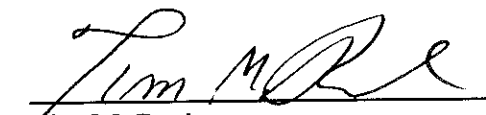
In the Matter of the Application of Aquila, Inc. dba )  
KCP&L Greater Missouri Operations Company to ) Case No. HR-2009-0092  
Modify Its Steam Tariffs to Effectuate a Rate Increase )

AFFIDAVIT OF TIM M. RUSH

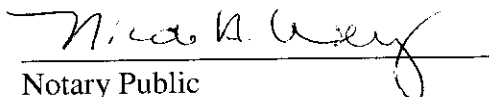
STATE OF MISSOURI )  
 ) ss  
COUNTY OF JACKSON )

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 Rebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of four (4) pages and Schedule(s) \_\_\_\_\_ through \_\_\_\_\_, all of which 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 13<sup>th</sup> day of March 2009.

  
\_\_\_\_\_  
Notary Public

My commission expires: Feb. 4, 2011

