

Exhibit No.:  
Issue: True-Up Adjustments  
Witness: Tim M. Rush  
Type of Exhibit: True-Up Direct Testimony  
Sponsoring Party: KCP&L Greater Missouri Operations Company  
Case No.: ER-2010-0356  
Date Testimony Prepared: February 22, 2011

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2010-0356**

**TRUE-UP DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
February 2011**

**TRUE-UP DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. ER-2010-0356**

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 prefiled direct, rebuttal and surrebuttal**  
5 **testimony in this matter?**

6 A: Yes.

7 **Q: What is the purpose of your true-up direct testimony?**

8 A: The purpose of my testimony is to discuss the revenue deficiency resulting from KCP&L  
9 Greater Missouri Operations Company's ("GMO" or the "Company") true-up, to  
10 introduce the Company's witnesses that are providing true-up direct testimony, and to  
11 summarize the major issues in the case.

12 **Q: What rate increase has the Company requested in this case?**

13 A: GMO's filed case included a request for a \$75.8 million rate increase for the MPS  
14 jurisdiction and a \$22.1 million increase for the L&P jurisdiction. The MPS increase was  
15 primarily driven by the Company's proposed allocation of Iatan 2, an 850 MW super-  
16 critical, coal-fired generation facility that became fully operational and used for service  
17 on August 26, 2010. The L&P increase was also driven by the Company's allocation of  
18 Iatan 2, but an added factor was the inclusion of Iatan 1 Air Quality Control System  
19 ("AQCS") costs. The AQCS was placed in service in April 2009; however, not all of the

1 costs were included in Case No. ER-2009-0090. GMO's true-up reflects a revenue  
2 deficiency of \$65.2 million and \$23.2 million for MPS and L&P, respectively.

3 **Q: Why has the MPS deficiency declined?**

4 A: The decline is primarily attributable to lower than anticipated transmission costs, a factor  
5 that did not impact L&P in a similar manner. Both jurisdictions were also impacted by  
6 cutting off Iatan 2 and Iatan Common costs as of October 31, 2010, in accordance with  
7 the *Order Approving Nonunanimous Stipulation and Agreement, Setting Procedural*  
8 *Schedule, and Clarifying Order Regarding Construction and Prudence Audit*, issued by  
9 the Commission on August 18, 2010, lower than anticipated non-Iatan plant additions,  
10 and lowering the Company's proposed return on equity from 11% to 10.75%.

11 **Q: What other Company witnesses are providing true-up direct testimony?**

12 A: John Weisensee discusses the true-up process employed by the Company and sponsors  
13 the results of the Company's Revenue Requirement model, as reflected in his attached  
14 Schedules JPW2010-9 through JPW2010-14. Burton Crawford provides testimony on  
15 the fuel and purchased power adjustments and Michael Cline provides support for the  
16 capital structure and cost of capital used in the true-up.

17 **Q: How was the Iatan 2 plant allocated between MPS and L&P in the true-up?**

18 A: Consistent with the Company's presentation throughout this case, Iatan 2 was allocated  
19 41 MW to L&P division and 112 MW to the MPS division. From the Company's  
20 perspective, the allocation is based on a balancing of the respective companies' base load  
21 capacity needs and the impact on the rates of their respective customers.

1 **Q: Was the Crossroad Energy Center plant included in the MPS true-up?**

2 A: Yes, as has been done throughout this case, the Company has included the Crossroads  
3 Energy Center in rate base and its associated expenses were included in cost of service.

4 **Q: How did the fuel adjustment clause (“FAC”) affect the true-up?**

5 A: As discussed throughout this case, the Company is not proposing to re-base the FAC, and  
6 has not included additional fuel and purchased power costs in the base rate increase. The  
7 Company does not support re-basing at this time, although GMO has proposed some  
8 modifications to the FAC. By electing to forgo re-basing the FAC, the Company is  
9 agreeing to forgo the 5% increase in fuel and purchased power expenses, net of off-  
10 system sales above the base that could be included in the request if the Company had  
11 elected to re-base in this case. GMO proposes to continue the 95%/5% sharing  
12 mechanism, as is presently set out in the FAC.

13 **Q: Were any issues settled and formalized in a Stipulation and Agreement between the**  
14 **parties in this proceeding?**

15 A: Yes. A number of issues were settled between the parties and formalized and filed with  
16 the Commission. Those agreements included:

- 17 1.) Depreciation and Accumulated Additional Amortizations
- 18 2.) Miscellaneous Issues
- 19 3.) Class Cost of Service/Rate Design
- 20 4.) MGE Rate Design Issue
- 21 5.) Outdoor Lighting Issues

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

23 A: Yes, it does.

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

In the Matter of the Application of KCP&L Greater )  
Missouri Operations Company to Modify Its ) Docket No. ER-2010-0356  
Electric Tariffs to Effectuate a Rate Increase )

**AFFIDAVIT OF TIM M. RUSH**

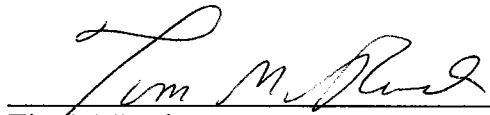
**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

Tim M. Rush, being first duly sworn on his oath, states:

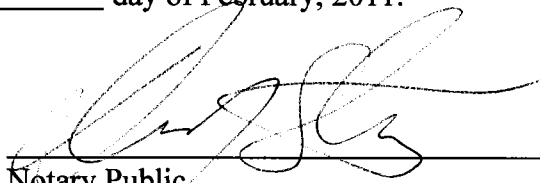
1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my True-Up Direct Testimony on behalf of 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 22<sup>nd</sup> day of February, 2011.

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

My commission expires: May 23, 2014

