

Exhibit No.:  
Issue: Demand Side Investment Mechanism  
Rider  
Witness: Tim M. Rush  
Type of Exhibit: Direct Testimony  
Sponsoring Party: Kansas City Power & Light Company  
Case No.: ER-2015-\_\_\_\_\_  
Date Testimony Prepared: December 1, 2014

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: ER-2015-\_\_\_\_\_**

**DIRECT TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY**

**Kansas City, Missouri  
December 2014**

**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-2015-\_\_\_\_\_**

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 schedule filed by KCP&L-MO to  
15 adjust the Demand Side Investment Mechanism (“DSIM”) Rider. This testimony will  
16 explain the change to the DSIM components based upon actual and estimated  
17 performance in the six-month period through December 2014, as well as, forecasted  
18 performance through June 2015 for Program Costs and Throughput Disincentive (“TD-  
19 NSB”). This six-month period is the first accumulation period under the KCP&L-MO  
20 MEEIA DSIM Rider, which was originally approved by the Commission in Case No.  
21 EO-2014-0095 on June 5, 2014. The proposed change will result in a decrease to  
22 residential customers’ rate from \$0.00398 to \$0.00352 and increase to non-residential  
23 customers’ rate from \$0.00215 to \$0.00247.

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

2 A: The requirements for adjustment of DSIM rates are found in Commission Rules 4 CSR  
3 240-20.093(4) and 4 CSR 240-3.163(8). In summary, the requirements outline that the  
4 update filing include applicable DSIM rate tariff sheets, supporting testimony, and  
5 inclusion of the following:

6 A) Amount of revenue that was over-collected or under-collected through the most  
7 recent recovery period by rate class.

8 B) Proposed adjustments or refunds by rate class.

9 C) Electric utility's short term borrowing rate.

10 D) Proposed adjustments to the current DSIM rates.

11 E) Complete documentation for the proposed adjustments to the current DSIM rates.

12 F) Annual report as required by 4 CSR 240-20.093(8).

13 G) Any additional information the commission ordered to be provided.

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

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

17 A: Yes, I am.

18 **Q: Has KCP&L been granted a waiver for any MEEIA rule requirement impacting  
19 this update?**

20 A: Yes. Per Commission rule 4 CSR 240-20.093(4), semi-annual adjustments to DSIM rates  
21 shall only include adjustments to the DSIM cost recovery revenue requirement. Since  
22 KCP&L's DSIM rate includes recovery of TD-NSB, KCP&L requested a variance under  
23 the Non-Unanimous Stipulation and Agreement ("S&A") filed on May, 27, 2014 to allow

1 adjustment to the DSIM rate for the TD-NSB component of the rate. The Commission  
2 approved this S&A and granted this variance on June 14, 2014. Per the granted variance,  
3 KCP&L has included in this semi-annual adjustment an adjustment to the TD-NSB.  
4 Additionally, the annual report requirement (item F above) is not included in this filing  
5 because the report will not be available until after the end of program year 2014. Per the  
6 granted variance, the annual report will not be filed until 90 days after the end of the  
7 calendar year.

8 **Q: Please explain why KCP&L has filed adjusted DSIM Rider rate schedules at this**  
9 **time?**

10 A: The Commission's rule governing DSIM filings and submission requirements for electric  
11 utilities-specifically 4 CSR 240-20.093(4) and 4 CSR 240-3.163(8) require KCP&L to  
12 make semi-annual adjustments of DSIM rates that reflect the amount of revenue that has  
13 been over/under collected. Based upon actual and estimated performance during the six-  
14 month time period(s), DSIM rates may be adjusted up or down. KCP&L's approved  
15 DSIM Rider requires a semi-annual adjustment through December 31, 2015.

16 **Q: How did you develop the adjustments for the various DSIM rate components that**  
17 **make up the proposed DSIM rate?**

18 A: The adjustment reflects actual Program Costs, TD-NSB, and retail base sales for July,  
19 August, and September and estimates for Program Costs, TD-NSB, and retail base sales  
20 for October, November, and December 2014. These estimates for Program Costs and  
21 TD-NSB reflect forecast changes that are anticipated for the remainder of 2014 that keep  
22 the Company on target to hit originally filed energy and demand savings targets. The

1 adjusted rate also includes estimates for the Program Costs and TD-NSB through the next  
2 six-month period or June 2015, and retail base sales February through July 2015.

3 **Q: Please describe the impact of the change in costs and how it will affect KCP&L**  
4 **customers.**

5 A: At this time, based on actual performance experienced through September and forecasts  
6 through June, the residential DSIM rate will be slightly lower than the current rate from  
7 \$0.00398 per kWh to \$0.00352 per kWh. The DSIM rate will slightly increase for the  
8 non-residential class from \$0.00215 per kWh to \$0.00247 per kWh. For a residential  
9 customer using 1,000 kWh's, this would mean a decrease of \$0.46 (46 cents) per month.

10 **Q: If the rate schedules filed by KCP&L are approved, what safeguards exist to ensure**  
11 **that the revenues the Company bills to its customers do not exceed actual DSM**  
12 **Program Costs and TD-NSB incurred?**

13 A: KCP&L's DSIM Rider mechanism and the Commission's rules provide two mechanisms  
14 to ensure that amounts billed to customers do not exceed KCP&L's actual, prudently  
15 incurred DSM Program Costs and TD- NSB. First, at the end of each recovery period,  
16 the Company is required to true up amounts billed to customers through the DSIM Rider  
17 based upon Program Cost and TD-NSB actually incurred during that 6 month period. Per  
18 MEEIA rule 4 CSR 240-20.093(4), these adjustments will be supported by complete  
19 documentation and workpapers that demonstrate the need for DSIM rate adjustment. All  
20 proposed adjustments and supporting documentation is subject to review by MPSC Staff  
21 and all MEEIA stakeholders. Second, per MEEIA rule 4 CSR 240-20.093(10), KCP&L's  
22 DSIM is subject to periodic prudence reviews by MPSC Staff to ensure that only  
23 prudently incurred Program costs and TD-NSB are billed to customers through KCP&L's

1 DSIM. These two mechanisms serve as checks to ensure that the Company's customers  
2 pay only the prudently-incurred, actual Program Costs and TD-NSB resulting from  
3 implementation of MEEIA DSM programs.

4 **Q: What action is KCP&L requesting from the Commission with respect to the rate**  
5 **schedules that the company has filed?**

6 A: The Company requests the Commission approve the rate schedule to be effective as of  
7 February 1, 2015.

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

9 A: Yes, it does.

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

In the Matter of Kansas City Power & Light            )  
Company's First Demand Side Investment            )            Case No. ER-2015-  
Mechanism Rider Rate Adjustment and True-Up    )  
Required By 4 CSR 240-3.163(8)                    )

**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 Kansas City Power & Light Company consisting of Six (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 December, 2014.

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

My commission expires: Feb. 4, 2015

