

Exhibit No.:
Issue: Revenues
Witness: Tim M. Rush
Type of Exhibit: True-Up Rebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2014-0370
Date Testimony Prepared: July 15, 2015

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2014-0370

TRUE-UP REBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

**Kansas City, Missouri
July 2015**

TRUE-UP REBUTTAL TESTIMONY

OF

TIM M. RUSH

Case No. ER-2014-0370

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, Rebuttal and Surrebuttal**
5 **Testimony in this matter?**

6 A: Yes, I am.

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

8 A: I will address the True-Up Direct Testimony of Robin Kliethermes as it pertains to the
9 true-up rate revenues in Missouri Public Service Commission (“Commission”) Staff’s
10 (“Staff”) true-up case. I will also address the True-Up Direct Testimony of Seoung Joun
11 Won with regard to his adjustment to reflect changes to the Large Power Class used in
12 developing the unit sales and sales revenues in the rate revenues true-up.

13 **Q: What is the process to true-up rate revenues?**

14 A: This case is based on a test period of 12 months ending March 2014, true-up through
15 May 2015. In order to true-up the rate revenues, the weather normalized unit sales are
16 developed for the test period and applied to the customer levels as of May 2015. This
17 will result in annualized unit sales and sales revenues which are weather normalized and
18 annualized for customer counts as of May 2015.

1 **Q: Did Ms. Kliethermes follow that process?**

2 A: Yes, however Ms. Kliethermes made adjustments to the customer counts for the Large
3 General Service (“LGS”) to account for what appeared to be an unusual drop in customer
4 counts at the end of May 2015.

5 **Q: Has Staff and the Company investigated this issue?**

6 A: Yes. Ms. Kliethermes and the Company have worked together to resolve this concern.
7 The Company had inadvertently omitted the customers receiving manual bills from the
8 counts provided to Staff for the month of May 2015. With this correction, Ms.
9 Kliethermes adjusted Staff’s growth adjustment and true-up revenues and kwh.

10 **Q: What is your estimate of the impact of this issue?**

11 A: In discussions with Staff, the Staff’s growth adjustment has changed from a \$816,036
12 increase in retail revenues to a reduction of \$7,744 in retail revenues, a value of
13 \$823,780.

14 **Q: Separate from the true-up revenue adjustment, and while not necessarily an**
15 **adjustment that needs to be made for the true-up rate revenues in this case, Ms.**
16 **Kliethermes addresses the revenue adjustment that will be necessary if the**
17 **Commission adopts the Non-Unanimous Stipulation And Agreement filed in this**
18 **case on rate design. How do you respond to her comments?**

19 A: Staff witness Mike Schepeler in his testimony before the Commission represented that
20 Staff would support a revenue adjustment to account for customers switching rates that
21 may be caused by the rate design in this case. In Ms. Kliethermes’ True-Up Direct
22 Testimony on page 5, she comments that Staff believes an adjustment of no greater than
23 approximately \$250,000 may be warranted. I disagree with her analysis, and based on a

1 number of assumptions, similar to the Staff assumption, I estimate that the Company will
2 see in excess of \$1,000,000 in lost revenues directly attributable to customers shifting
3 from one rate to another.

4 **Q: How do you account for such a difference in the quantification?**

5 A: I looked at all commercial and industrial customers who may switch rates from the
6 implementation of the new rate design. Staff only looked at the Large Power Class.
7 Further, what I consider a possibility of rate shifting for a customer is when the potential
8 savings was equal to or greater than 5%. I first looked at all commercial and industrial
9 customers to determine if they could potentially save more than 5% under existing rates.
10 I then rebilled those customers to determine if customers who were previously not
11 exceeding the 5% threshold, but now would save 5% or more. Moving those customers
12 to their least cost rate results in a loss of revenue that equates to over \$1,000,000. My
13 point is that if the Commission approves the rate design modification as presented in the
14 Non-Unanimous Stipulation and Agreement, then the Commission should reflect a more
15 complete adjustment for the lost revenues that the Company will encounter as a result of
16 customers moving from one rate to another.

17 **Q: Is the Company prepared to analyze the rate design impact for each customer that**
18 **would benefit from switching rates due to the changed rate design?**

19 A: Yes, the Company has the capability of identifying and quantifying the impact of rate
20 switching upon the adoption of a new rate design for each customer and the Company
21 proposes that this be done in the context of the development of compliance tariff sheets to
22 be filed after the Commission issues its Report and Order.

1 **Q: Have you reviewed the testimony of Seoung Joun Won pertaining to the Large**
2 **Power Class adjustment for the true-up rate revenues?**

3 A: Yes. Mr. Won adjusted the Large Power Class to recognize a new customer. I agree
4 with this adjustment.

5 **Q: Since the filing of True-Up Direct Testimony, has the Company and Staff agreed to**
6 **other adjustments to the Large Power Class?**

7 A: Yes, it has been discovered the Company lost a Large Power Customer that had not been
8 previously identified or reflected in Staff's revenues. Mr. Won subsequently adjusted the
9 Large Power Class to reflect this loss. I agree with this further adjustment.

10 **Q: Does that conclude your True-Up Rebuttal Testimony?**

11 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-2014-0370

AFFIDAVIT OF TIM M. RUSH

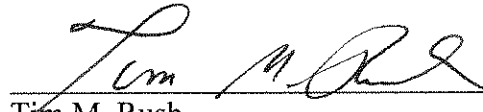
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

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.

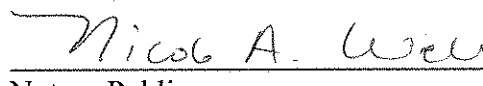
2. Attached hereto and made a part hereof for all purposes is my True-Up Rebuttal Testimony on behalf of Kansas City Power & Light Company consisting of four (4) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

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

Subscribed and sworn before me this 15th day of July, 2015.



Notary Public

My commission expires: Feb. 4, 2019

