Exhibit No.:	
Issue:	Quarterly Cost Adjustment
Witness:	Tim Rush
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	KCP&L Greater Missouri Operations Company
Case No.:	HR-2009-0092
Date Testimony Prepared:	April 9, 2009

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: HR-2009-0092

SURREBUTTAL TESTIMONY

OF

TIM RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
April 2009

SURREBUTTAL TESTIMONY

OF

TIM RUSH

Case No. HR-2009-0092

Q: Are you the same Tim Rush who submitted Direct and Rebuttal Testimony in this case on behalf of KCP&L Greater Missouri Operations Company ("GMO" or the "Company") on or about September 5, 2008 and March 17, 2009?

A: Yes, I am.

Q: What is the purpose of your Surrebuttal Testimony?

A: The purpose of my testimony is to respond to the Rebuttal Testimony of Donald Johnstone on behalf of Ag Processing Inc. ("AGP") and Triumph and Omnium regarding Mr. Johnstone's position on the Quarterly Cost Adjustment ("QCA") factor.

<u>Mechanism</u>

Q: What is the position taken by Mr. Johnstone?

A: Mr. Johnstone initially recommended in his Direct Testimony that the QCA be eliminated if the Commission accepted the proposal as submitted by the Company. In the alternative, he recommended the current QCA continue with minor adjustments.

In his Rebuttal Testimony, Mr. Johnstone addressed the issues with the current QCA mechanism raised by the Company. He agrees that the current performance metrics were not working the way they were intended and should be adjusted for a number of reasons.

He continues to support the percentage of cost recovery at 80% of the incremental cost with the Company absorbing 20%.

Q: What are his proposed changes to the performance metrics?

A: He first indicates that the 6 and 9-month measurements can be eliminated and that the 3 and 12-month performance metrics should be retained with modifications to the levels based on recent experience. He then indicates that adjustments should be made to reflect customer usage levels to reflect the fluctuations that occur in customer loads and the impact that has on meeting the performance metric. He recommends a third adjustment to reflect the cyclical major maintenance that is required to maintain the unit.

Q: What is your response to his proposed modifications to the performance metrics?

A: First of all, I appreciate that Mr. Johnstone has attempted to address the concerns and issues raised by the Company on why the performance metrics are not working.

Mr. Johnstone proposes to lower the current performance metric for the 12-month measurement from 2,184,104 mmBtus to 1,920,000 mmBtus. His recommendation is found on Schedule 2 of his Rebuttal Testimony. Based on history, his recommendation will result in the Company not being able to meet this threshold nearly every year and thus will not allow the Company to recover its actual fuel expenses. The same holds true with the 3-month performance metric. So, right from the beginning of Mr. Johnstone's proposal, the Company will not be allowed to recover its fuel expenses. In order to establish a base, one would need to look back in time. For example, the twelve month performance standard would need to be at approximately 1,500,000 mmBtus. This is before other considerations presented by Mr. Johnstone.

Regarding his proposal to adjust for the volatility of customer loads, Mr. Johnstone's proposal is not defined. It would be very difficult to develop a mechanism that will somehow look back on an annual basis and determine if customer loads changed such that the performance metric should be changed.

His third proposal to reflect an adjustment for major maintenance cycles is a very good thought. However, again, basing an adjustment on a planned outage would be difficult to administer.

The last two recommendations would most likely require a filing and approval by this Commission. The filing and approval process may take a significant amount of time in order to properly consider all the possibilities and come to a resolution with a workable QCA tariff.

Q: What conclusions do you come to from Mr. Johnstone's attempt to address a performance metric in the steam business?

A: As I presented in my Direct Testimony, the mechanism does not do what it was initially intended to accomplish. Mr. Johnstone's proposals are well intended, but will not result in the Company being able to perform better, nor allow the Company to recover its costs of serving the steam business.

Q: What is Mr. Johnstone's proposal regarding the "80/20" sharing mechanism for incremental fuel costs?

A: He recommends the continuation of this sharing mechanism. He does not provide any support for that conclusion other than that it allegedly encourages a cost-effective result.

Q: Do you agree with its continuation?

A: No. My recommendation, similar to the natural gas business, is to allow 100% recovery of prudently incurred fuel expense incurred in the delivery of steam service to customers. While the three electric utilities in Missouri that have a fuel cost adjustment are allowed to recover 95 percent of the incremental increases, they are somewhat different from the steam business in that they have a multitude of opportunities available to them to provide electricity, while the steam business is restricted to the physical location in St. Joseph, Missouri. Additionally, the steam business has only one boiler which operates on coal and several other boilers which use either natural gas or oil. It is in the best interest to customers and the Company to maintain the coal boiler as much as possible. All of the boilers and their operations are shared with the electric operations.

Q: Do you still support your proposal to do away with the performance metric that is currently in the QCA and if so, do you still see benefits to both the customers and the Company for your proposal?

A: Yes. I still recommend eliminating the performance metric in the QCA. By continuing the QCA without the performance metric, the Company will be allowed the opportunity to recover its prudently incurred fuel costs necessary to support customer needs. The customer will be protected through the QCA reviews that the costs incurred are prudent. The customer therefore pays for what he gets, no more and no less. The Company is allowed the opportunity to recover its prudently incurred fuel expenses.

Q: What comment do you have regarding the elimination of the QCA?

A: As I previously stated, the continuation of the QCA, with modifications, is ***critical*** to the ongoing operations of the steam business. As I stated, fuel costs are 80% of the ongoing Operations and Maintenance costs of the steam business. Price volatility of natural gas, oil and coal are significant. We are currently seeing swings in prices that are unprecedented, and the QCA allows for the recovery as well as the return of these variations in fuel in a timely manner.

Q: Please summarize your Rebuttal Testimony.

A: As previously testified, the Company is strongly in favor of keeping the QCA with changes made to the computation through the elimination of the coal standard and the establishment of a new base rate. The QCA would then recover 100% of prudently incurred fuel costs. The Company is also requesting that the current Reconciliation Factor be eliminated from the QCA calculation and that any over- or under- collection dollars be added to the next current quarterly cost adjustment recovery period. Thus, a separate reconciliation factor would not be needed.

Q: Does this conclude your testimony?

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 Steam Tariffs to Effectuate a Rate Increase	)))	Case No. HR-2009-0092

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 Surrebuttal Testimony on behalf of KCP&L Greater Missouri Operations Company consisting of five (5) pages ~~and Schedule(s) ____ through ____~~, 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 9th day of ~~March~~ April 2009.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2011

" NOTARY SEAL "
Nicole A. Wehry, Notary Public
Jackson County, State of Missouri
My Commission Expires 2/4/2011
Commission Number 07391200