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Exhibit No.:

Issue: True-Up Adjustments Witness: Tim M. Rush

Type of Exhibit: True-Up Direct Testimony
Sponsoring Party: Kansas City Power & Light Company
Case No.: ER-2010-0355

Date Testimony Prepared: February 22, 2011

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: ER-2010-0355

TRUE-UP DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KANSAS CITY POWER & LIGHT COMPANY

Kansas City, Missouri February 2011

TRUE-UP DIRECT TESTIMONY

OF

TIM M. RUSH

Case No. ER-2010-0355

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 Kansas
9		City Power & Light Company's ("KCP&L" or the "Company") true-up, to introduce the
10		Company's witnesses that are providing true-up direct testimony.
11	Q:	What rate increase has the Company requested in this case, which is the last case
12		under the Regulatory Plan?
13	A:	KCP&L's filed case included a request for a \$92.1 million rate increase, primarily driven
14		by KCP&L's share of Iatan 2, an 850 MW super-critical, coal-fired generation facility
15		that became fully operational and used for service on August 26, 2010, and increased
16		freight costs for the transportation of coal to the majority of the Company's coal-fired
17		generating units. Additionally, the Company completed in December the construction 32
18		wind turbines (1.5 MW for a total of 48 MWs) in Spearville, KS. KCP&L's true-up
19		reflects a revenue deficiency of \$55.8 million.

Q: Why has the deficiency declined?

A:

A:

While there are many reasons for the decline, the most significant reasons are: (1) lower fuel and purchased power costs, primarily driven by new freight rates lower than anticipated; (2) Congressional extension of bonus depreciation, which significantly increases accumulated deferred income taxes, which is a rate base offset; (3) cutting off the true-up of the Iatan 2 and Iatan Common costs as of October 31, 2010, in accordance with the Order Approving Nonunanimous Stipulation and Agreement, Setting Procedural Schedule, and Clarifying Order Regarding Construction and Prudence Audit, issued by the Commission on August 18, 2010; and (4) lowering the requested return on equity from 11% to 10.75%, which was addressed in the rebuttal testimony of Company witness Samuel Hadaway.

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

John Weisensee discusses the true-up process employed by the Company and sponsors the results of the Company's Revenue Requirement model, as reflected in his attached Schedule JPW2010-9. Burton Crawford provides testimony on the fuel and purchased power adjustments necessary for the true-up which are included in the Company's Revenue Requirement model. Michael Schnitzer provides the current projection for non-firm off-system sales margins based on fuel prices and availability, set at the 25th percentile level, consistent with prior rate cases under the Regulatory Plan, also included in the Company's Revenue Requirement model. Finally, Michael Cline provides support for the capital structure and cost of capital used in the true-up.

- 1 Q: Were any issues settled and formalized in a Stipulation and Agreement between the
- 2 parties in this proceeding?
- 3 A: Yes. A number of issues were settled between the parties and formalized and filed with
- 4 the Commission. Those agreements included:
- 5 1.) Depreciation and Accumulated Additional Amortizations
- 6 2.) Miscellaneous Issues
- 7 3.) Class Cost of Service/Rate Design
- 8 4.) MGE Rate Design Issue
- 9 5.) Outdoor Lighting Issues
- 10 Q: Does that conclude your testimony?
- 11 A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of the Application of Kansas City Power & Light Company to Modify Its Tariffs to Continue the Implementation of Its Regulatory Plan Docket No. ER-2010-0355		
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 Kansas City Power & Light Company consisting of three		
(<u>3</u>) 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 Aand day of February, 2011.		
Notary Public		
My commission expires: My commission expires: My commission expires: My commission expires: My commission # 10889620 My commission Expires May 23, 2014		