

Exhibit No.:  
Issue: Response to Renew Missouri, et al.  
Witness: Tim M. Rush  
Type of Exhibit: Rebuttal Testimony  
Sponsoring Party: Kansas City Power & Light Company  
KCP&L Greater Missouri Operations Company  
Case No.: EC-2013-0379  
EC-2013-0380 [Consolidated]  
Date Testimony Prepared: August 9, 2013

**MISSOURI PUBLIC SERVICE COMMISSION**

**CASE NO.: EC-2013-0379 and EC-2013-0380**

**REBUTTAL TESTIMONY**

**OF**

**TIM M. RUSH**

**ON BEHALF OF**

**KANSAS CITY POWER & LIGHT COMPANY  
and  
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri  
August 2013**

## **REBUTTAL TESTIMONY**

**OF**

**TIM M. RUSH**

**Case No. EC-2013-0379 and EC-2013-0380**

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”) as Director,  
6       Regulatory Affairs.

7   **Q:   What are your responsibilities?**

8   A:   My general responsibilities include overseeing the preparation of the rate case, class cost  
9       of service and rate design of both KCP&L and KCP&L Greater Missouri Operations  
10      Company (“GMO”). I am also responsible for overseeing the regulatory reporting and  
11      general activities as they relate to the Missouri Public Service Commission (“MPSC” or  
12      “Commission”).

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 fifteen years.

10   **Q:   Have you previously testified in a proceeding before the MPSC or before any other**  
11       **utility regulatory agency?**

12   A:   I have testified on several occasions before the MPSC on a variety of issues affecting  
13       regulated public utilities. I have additionally testified at the Federal Energy Regulatory  
14       Commission and the Kansas Corporation Commission.

15   **Q:   On whose behalf are you testifying?**

16   A:   I am testifying on behalf of KCP&L and GMO (the “Companies”).

17   **Q:   What is the purpose of your Rebuttal Testimony?**

18   A:   The purpose of my Rebuttal Testimony is to address certain issues contained in the  
19       testimony of Missouri Solar Applications, LLC witness Vaughn Prost and Renew  
20       Missouri witness Patrick J. Wilson.

1 **BACKGROUND**

2 **Q: What Commission dockets predated Earth Island's complaint?**

3 A: On April 16, 2012, KCP&L and GMO filed their 2012 Annual Renewable Energy  
4 Standard ("RES") Compliance Report in Case No. EO-2012-0348 and 0349 respectively.  
5 Earth Island Institute d/b/a Renew Missouri and Missouri Solar Applications, LLC, along  
6 with several other organizations filed comments in opposition on May 31, 2012. Those  
7 comments argued that the Companies may not rely on Renewable Energy Credits  
8 ("RECs") collected before January 1, 2011 to meet their RECs for 2011 and that the  
9 Companies may not meet their solar obligations by purchasing unbundled RECs  
10 associated with power generated in other states. Neither organization, nor any other  
11 party, complained about the Companies' method of calculating the 1% cap. MPSC Staff  
12 ("Staff") filed a report on May 31, 2012 that it found no deficiencies in Companies' plan.

13 **Q: What decision did the Commission make in these dockets?**

14 A: The Commission's August 15, 2012 Order in both dockets concluded that no further  
15 order from the Commission was appropriate at that time.

16 **RESPONSE TO DIRECT TESTIMONY OF VAUGHN PROST**

17 **Q: What does Mr. Prost indicate is the purpose of his testimony?**

18 A: On page 3 of his Direct Testimony, Mr. Prost indicates that the purpose of his testimony  
19 is to demonstrate his own interest – and the interests of similarly situated companies in  
20 the Missouri solar industry in having sections (5) and (7)(B)1.f of the Commission's rule  
21 4 CSR 240-20.100 fully enforced.

1 **Q: What are the sections of 4 CSR 240-20.100 that Mr. Prost is suggesting that KCP&L**  
2 **is deficient?**

3 A: Mr. Prost believes that sections 5 and 7(B)1. of the rule were not followed by the  
4 Companies. Section 5 is the provision that requires the 1% calculation of the retail rate  
5 impact and reads as follows:

6 (5) Retail Rate Impact.

7 (A) The retail rate impact, as calculated in subsection (5)(B), may not  
8 exceed one percent (1%) for prudent costs of renewable energy resources  
9 directly attributable to RES compliance. The retail rate impact shall be  
10 calculated on an incremental basis for each planning year that includes the  
11 addition of renewable generation directly attributable to RES compliance  
12 through procurement or development of renewable energy resources,  
13 averaged over the succeeding ten (10)-year period, and shall exclude  
14 renewable energy resources owned or under contract prior to the effective  
15 date of this rule.

16 (B) The RES retail rate impact shall be determined by subtracting the total  
17 retail revenue requirement incorporating an incremental non-renewable  
18 generation and purchased power portfolio from the total retail revenue  
19 requirement including an incremental RES compliant generation and  
20 purchased power portfolio. The non-renewable generation and purchased  
21 power portfolio shall be determined by adding to the utility's existing  
22 generation and purchased power resource portfolio additional non-  
23 renewable resources sufficient to meet the utility's needs on a least-cost  
24 basis for the next ten (10) years. The RES-compliant portfolio shall be  
25 determined by adding to the utility's existing generation and purchased  
26 power resource portfolio an amount of renewable resources sufficient to  
27 achieve the standard set forth in section (2) of this rule and an amount of  
28 least-cost non-renewable resources, the combination of which is sufficient  
29 to meet the utility's needs for the next ten (10) years.

30 These renewable energy resource additions will utilize the most recent  
31 electric utility resource planning analysis. These comparisons will be  
32 conducted utilizing projections of the incremental revenue requirement for  
33 new renewable energy resources, less the avoided cost of fuel not  
34 purchased for nonrenewable energy resources due to the addition of  
35 renewable energy resources. In addition, the projected impact on revenue  
36 requirements by non-renewable energy resources shall be increased by the  
37 expected value of greenhouse gas emissions compliance costs, assuming  
38 that such costs are made at the expected value of the cost per ton of  
39 greenhouse gas emissions allowances, cost per ton of a greenhouse gas

1 emissions tax (e.g., a carbon tax), or the cost per ton of greenhouse gas  
2 emissions reductions for any greenhouse gas emission reduction  
3 technology that is applicable to the utility's generation portfolio,  
4 whichever is lower. Calculations of the expected value of costs associated  
5 with greenhouse gas emissions shall be derived by applying the  
6 probability of the occurrence of future greenhouse gas regulations to  
7 expected level(s) of costs per ton associated with those regulations over  
8 the next ten (10) years. Any variables utilized in the modeling shall be  
9 consistent with values established in prior rate proceedings, electric utility  
10 resource planning filings, or RES compliance plans, unless specific  
11 justification is provided for deviations. The comparison of the rate impact  
12 of renewable and non-renewable energy resources shall be conducted only  
13 when the electric utility proposes to add incremental renewable energy  
14 resource generation directly attributable to RES compliance through the  
15 procurement or development of renewable energy resources.

16 (C) Rebates made during any calendar year in accordance with section (4)  
17 of this rule shall be included in the cost of generation from renewable  
18 energy resources.

19 (D) For purposes of the determination in accordance with subsection (B)  
20 of this section, if the revenue requirement including the RES-compliant  
21 resource mix, averaged over the succeeding ten (10)-year period, exceeds  
22 the revenue requirement that includes the non-renewable resource mix by  
23 more than one percent (1%), the utility shall adjust downward the  
24 proportion of renewable resources so that the average annual revenue  
25 requirement differential does not exceed one percent (1%). In making this  
26 adjustment, the solar requirement shall be in accordance with subsection  
27 (2)(F) of this rule. Prudently incurred costs to comply with the RES  
28 standard, and passing this rate impact test, may be recovered in  
29 accordance with section (6) of this rule or through a rate proceeding  
30 outside or in a general rate case.

31 (E) Costs or benefits attributed to compliance with a federal renewable  
32 energy standard or portfolio requirement shall be considered as part of  
33 compliance with the Missouri RES if they would otherwise qualify under  
34 the Missouri RES.

**Q: What does section (7)(B) of this rule state?**

A: Section (7)(B)1.F. is the provision that requires a detailed explanation of the 1% calculation of the retail rate impact.

**7(B) RES Compliance Plan**

1. The plan shall cover the current year and the immediately following two (2) calendar years. The RES compliance plan shall include, at a minimum—

A. A specific description of the electric utility's planned actions to comply with the RES;

B. A list of executed contracts to purchase RECs (whether or not bundled with energy), including type of renewable energy resource, expected amount of energy to be delivered, and contract duration and terms;

C. The projected total retail electric sales for each year;

D. Any differences, as a result of RES compliance, from the utility's preferred resource plan as described in the most recent electric utility resource plan filed with the commission in accordance with 4 CSR 240- 22, Electric Utility Resource Planning;

E. A detailed analysis providing information necessary to verify that the RES compliance plan is the least cost, prudent methodology to achieve compliance with the RES;

F. A detailed explanation of the calculation of the RES retail impact limit calculated in accordance with section (5) of this rule. This explanation should include the pertinent information for the planning interval which is included in the RES compliance plan; and

G. Verification that the utility has met the requirements for not causing undue adverse air, water, or land use impacts pursuant to subsection 393.1030.4. RSMo, and the regulations of the Department of Natural Resources.

1 **Q: Have the Companies complied with the renewable energy resource plan**  
2 **requirements of sections (5) and (7) of the rule?**

3 A: Yes. The Companies believe that they has complied with the reporting requirements as  
4 set out in 4 CSR 240.20-100. As set out in section (5)(A), the rule requires the  
5 calculation of the 1% cap for each planning year that includes the addition of renewable  
6 generation directly attributable to RES compliance. For the filing made on April 16,  
7 2012, the planning years are the three consecutive years 2012, 2013 and 2014. No new  
8 renewable generation attributable to RES compliance was planned for any of those years.  
9 Please see the Rebuttal Testimony of Burton Crawford for additional explanation.

10 **Q: The Staff also reviewed the filing for compliance with the rule. Did the Staff**  
11 **support the Companies' position?**

12 A: Yes. The Staff in its May 31, 2012 report supported the Companies' position by  
13 indicating that it would not serve a purpose for the Companies to expend resources to  
14 provide a more detailed calculation, since the requirements of for the compliance plan are  
15 met by existing resources, new low-cost alternative resources and purchase of solar  
16 renewable energy certificates.

17 **Q: Mr. Prost, in his Direct Testimony on page 4 lines 2-5, states that the rule requires**  
18 **each utility to submit the calculation under Section (5) each year in its compliance**  
19 **plan. Do you agree?**

20 A: No. The rule requires the utility to file the 1% rate calculation if any renewable  
21 generation is being planned in any of the planning years, as defined in the rule. As set  
22 out in section 7(B)1, the planning years shall cover the current year and the immediately  
23 following two (2) calendar years. The planning years in this filing that would include



1 2012, 2013 and 2014. No renewable generation was planned during the reporting period  
2 and as such, no calculation was required.

3 **Q: Have the Companies since filed their 1% cap calculation?**

4 A: Yes. In the 2013 compliance plan, the Companies filed their 1% cap calculation.

5 **Q: Did the Companies include a detailed calculation and explanation of that**  
6 **calculation?**

7 A: Yes, the Companies provided both the calculation and explanation of the calculation.  
8 Some of this information was highly confidential under 4 CSR 240-2.135 in that it  
9 contains specific marketing analysis, fuel and market forecast information relating to  
10 good services purchased or acquired for use by a company in providing services to  
11 customers. Intervenors can access to this highly confidential information under the  
12 Commission's rules.

13 **Q: Do you believe that it is necessary to go back and calculate a 1% cap for the 2012**  
14 **planning period?**

15 A: No. There would be no purpose for this calculation as the 2012 planning period is over  
16 and the 2013 plan has been filed.

1                   **RESPONSE TO DIRECT TESTIMONY OF PATRICK J. WILSON**

2   **Q:     As described by Mr. Wilson, what was the purpose of his Direct Testimony?**

3   A:     On page 3 of Mr. Wilson's Direct Testimony, he indicates that the purpose of his  
4           testimony is to explain the purpose and the significance of the retail rate impact limitation  
5           provision in sections (5) and (7)(B)1.F of the Commission's rule (4 CSR 240-20.100).

6   **Q:     Is Mr. Wilson's testimony consistent with Mr. Prost as far as the purpose behind his**  
7           **testimony?**

8   A:     Yes. I think they are both relatively consistent. Both Mr. Wilson and Mr. Prost are  
9           contending that the Companies should have filed the 1% cap calculation as part of their  
10          2012 compliance plan filing. The purpose behind this position is so that the solar  
11          developers can have an understanding of the calculation and how it may impact their  
12          business.

13 **Q:     Do you think that filing the 1% cap calculation for the 2012 through 2014 planning**  
14 **period would have provided either Mr. Prost or Mr. Wilson with what they are**  
15 **interested?**

16 A:     The 2012 through 2014 plans filed by the Companies did include the estimated average  
17          annual cost increase to meet RES compliance, which included anticipated solar rebates  
18          and the cost of S-RECs. This should have provided the solar industry information helpful  
19          to its business planning.

1 **Q: On page 7 of Mr. Wilson's Direct Testimony, he describes how the 1% calculation is**  
2 **required each and every year. Do you agree with that position?**

3 A: No. As I previously testified and as set out in the rule under Section (5)(A), the only time  
4 the calculation is required is if a renewable generation source is going to be added during  
5 the planning period. As such, no calculation was required for the 2012-2014 planning  
6 period.

7 **Q: Further in Mr. Wilson's response, he points out how it is incumbent upon the**  
8 **MPSC regulators to assess fines against the utilities. What do you say to his point?**

9 A: The MPSC does have the authority to impose fines. However, the Companies have  
10 complied with the RES rule requirements and therefore should not be subject to any fine  
11 by the Commission. The Staff has already determined that the Companies filings were  
12 not deficient and that the Companies complied with the rules. Even if the Commission  
13 decides that the Companies' calculation was incorrect, fines are not appropriate in this  
14 case since there was no guidance on how the new rule was to be interpreted.

15 **Q: From the Companies perspective, what should the Commission do regarding the**  
16 **complaint filed by Renew Missouri?**

17 A: The Companies have complied with 4 CSR 204-20.100. As such, the Commission  
18 should dismiss this case. The proper place to address the 1% cap calculation is in the  
19 2013-2015 planning years filing made by the Companies in Case Nos. EO-2013-0504  
20 and EO-2013-0505. Those filings includes the 1% cap calculation, address the  
21 significant changes in the solar rebate program and provides detailed explanation of the  
22 computation used in establishing the 1% cap. None of these issues can be addressed in  
23 the complaint cases as they deal with past planning years by the Companies.

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

2    **A:**    Yes, it does.

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

Earth Island Institute d/b/a )  
Renew Missouri, et al., )  
 )  
Complainants, )  
 )  
v. )  
 )  
Kansas City Power & Light Company, )  
 )  
Respondent. )

Case No. EC-2013-0379

Earth Island Institute d/b/a )  
Renew Missouri, et al., )  
 )  
Complainants, )  
 )  
v. )  
 )  
KCP&L Greater Missouri Operations )  
Company, )  
 )  
Respondent. )

Case No. EC-2013-0380

[Consolidated with Case No. EC-2013-0379]

**AFFIDAVIT OF TIM M. RUSH**

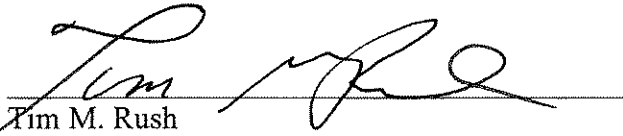
**STATE OF MISSOURI** )  
 ) ss  
**COUNTY OF JACKSON** )

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

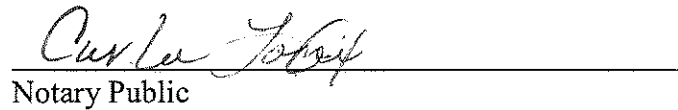
1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of eleven ( 11 ) 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 9th day of August, 2013.

  
Notary Public

My commission expires: April 6, 2015

