Exhibit No.:	
Issue:	Missouri Energy Efficiency Investment Act of 2009
Witness:	Tim M. Rush
Type of Exhibit:	Direct Testimony
Sponsoring Party:	KCP&L Greater Missouri Operations Company
Case No.:	EO-2014-___
Date Testimony Prepared:	June 11, 2014

MISSOURI PUBLIC SERVICE COMMISSION

CASE NO.: EO-2014-___

DIRECT TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

KCP&L GREATER MISSOURI OPERATIONS COMPANY

Kansas City, Missouri
June 2014

Certain Schedules Attached To This Testimony
Contain Highly Confidential Information
And Have Been Removed
Pursuant To 4 CSR 240-2.135.

DIRECT TESTIMONY

OF

TIM M. RUSH

Case No. EO-2014-___

Q: Please state your name and business address.

A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City, Missouri 64105.

Q: By whom and in what capacity are you employed?

A: I am employed by Kansas City Power & Light Company ("KCP&L" or "Company") as Director, Regulatory Affairs.

Q: What are your responsibilities?

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

Q: Please describe your education, experience and employment history.

A: I received a Master of Business Administration degree from Northwest Missouri State University in Maryville, Missouri. I did my undergraduate study at both the University of Kansas in Lawrence and the University of Missouri in Columbia. I received a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Missouri in Columbia.

Q: Please provide your work experience.

A: I was hired by KCP&L in 2001 as the Director, Regulatory Affairs. Prior to my employment with KCP&L, I was employed by St. Joseph Light & Power Company ("Light & Power") for over 24 years. At Light & Power, I was Manager of Customer Operations from 1996 to 2001, where I had responsibility for the regulatory area, as well as marketing, energy consultant and customer services area. Customer services included the call center and collections areas. Prior to that, I held various positions in the Rates and Market Research Department from 1977 until 1996. I was the manager of that department for fifteen years.

Q: Have you previously testified in a proceeding before the MPSC?

A: I have testified on numerous occasions before the MPSC on a variety of issues affecting regulated public utilities.

Q: What is the purpose of your testimony?

A: The purpose of my testimony is to support GMO's Application to implement a new residential lighting energy efficiency program at GMO which is consistent with the program at KCP&L that was approved by this Commission on June 5, 2014 in File No. EO-2014-0095. This program was agreed to as part of the Non-Unanimous Stipulation and Agreement resolving KCP&L's MEEIA filing ("0095 Stipulation"). Paragraph 9 of the 0095 Stipulation states:

> 9. Residential Lighting. KCP&L will target the sales points which reflect a close proximity to customers' residences in KCP&L-MO territory. GMO has informed the advisory group of its intent to file the same lighting program in GMO. GMO will file by July 1, 2014, or sooner, under 4 CSR 240-20.094(4) to modify its MEEIA programs and file a tariff to adopt the same residential lighting rebate program as KCP&L to terminate December 31, 2015. This filing will require modification of the savings target of the GMO DSIM to reflect a net

increase of 25,161 MWh and 2.7 MW to the savings targets for purposes of the performance incentive award, but will not modify any other GMO MEEIA programs, or modify the percentage used to calculate GMO's TD-NSB share. KCP&L and GMO will use a NTG value of "0.9" for 2014 CFL measures, and "0.7" for 2015 CFL measures. KCP&L and GMO will use a NTG value of 1.0 for all LED measures in 2014 and 2015. KCP&L and GMO will not offer any rebates or buy-downs for incandescent lamps. The measure life for the GMO residential lighting program will have the same measure life as the KCP&L residential lighting program.

In this Direct Testimony, I will:

(1) describe the program, including supporting the program write-up;

(2) explain the impact that implementing this new program will have on the remainder of the GMO MEEIA plan that is currently in place;

(3) explain and support the tariff change necessary to implement the program;

(4) address any variances that are being requested.

I am sponsoring the filing requirements associated with this MEEIA Application found in the Commission's rules.

A. GMO's REQUEST

Q: Please describe the request GMO is making with this filing.

A: The MEEIA law[1] and the Commission rules[2] were established to address revenue recovery of demand-side programs and to provide guiding principles for filing new programs and reporting. GMO implemented its MEEIA plan in January 2013. In January 2014, KCP&L filed its MEEIA plan, and an agreement among the parties was recently approved by this Commission, File No. EO-2014-0095. GMO was a signatory to the agreement.

[1] The legislation passed in 2009 ("Senate Bill 376") identified as the Missouri Energy Efficiency Investment Act of 2009 (Section 393.1075, RSMo Cum. Supp. 2010).

Q: What is the impact to GMO energy and demand savings by implementing this program?

A: GMO has modeled the program using the DSMore modeling software and using the same consistent assumptions utilized for the KCP&L program and has determined that the impact oto implement the residential lighting program at GMO will result in a savings of 25,161 MWh and 2.7 MW over the 18-month period beginning in July 2014 through December 2015. As presented in the program write-up, the Total Resource Cost (TRC) test is greater than one, which demonstrates that this is a beneficial program.

Q: What changes are you proposing to the GMO MEEIA plan that was implemented in January 2013?

A: As part of the 0095 Stipulation in the KCP&L MEEIA, GMO agreed to modify the targets to reflect the increase in energy and demand savings expected from a new residential lighting program. The current targets for the GMO MEEIA are:

Energy 150,346 MWh

Demand` 37.521 MW

By implementing the residential lighting program, the GMO MEEIA targets should be adjusted to:

Energy 175,507 MWh

Demand 40.221 MW

As part of the measurement of the residential lighting program, GMO will use a net to gross ("NTG") value of "0.9" for 2014 CFL measures, and "0.7" for 2015 CFL measures. GMO will use a NTG value of 1.0 for all LED measures in 2014 and 2015. GMO will

[2] MEEIA rules 4 CSR 240-3.163, 4 CSR 240-3.164, 4 CSR 240-20.093 and 4 CSR 240-20.094 became effective on May 31, 2011.

not offer any rebates or buy-downs for incandescent lamps. The measure life for the GMO residential lighting program will have the same measure life as the KCP&L residential lighting program.

Q: Is GMO asking for any changes to the recovery mechanism?

A: No. GMO is not requesting changes to the current recovery mechanism. The costs of the program and the TD-NSB levels will be reflected in the ongoing costs of all of the GMO programs and will be recovered in the true-up and reconciliation of the overall MEEIA programs. Under the Non-Unanimous Stipulation and Agreement resolving GMO's MEEIA filing, File No. EO-2012-0009 ("0009 Stipulation"), the Company may request approval for a rider mechanism as compared to the current recovery mechanism which is included in base rates.

The Company is requesting approval of the tariff filed simultaneously with its Application that will implement a residential lighting program consistent with that which was recently approved for KCP&L. The Company is also requesting approval of a modification to the overall program targets and approval to utilize a net to gross specifically for the residential lighting program as outlined above.

B. VARIANCES

Q: Is the Company requesting any variances in this filing?

A: Yes.

Q: Please describe the variances being requested and the basis for the variance requests.

A: Consistent with the 0009 Stipulation, the following variances were agreed upon by signatories and are still needed and respectfully requested:

NET SHARED BENEFITS-Good cause exists for the variances requested below, as consistent with the rest of the GMO portfolio, with this new program, the DSIM will continue to be based on internally tracked actual measures installed, utilizing agreed upon deemed savings and measure life (15 years) instead of utilizing results from Evaluation, Measurement, and Verification (EM&V) results, which will continue to only be utilized for purposes of calculating the performance incentive.

- *Variances related to timing of recovery of net shared benefits*

  20.093(2)(H); 20.093(2)(H)3; 20.093(1)(EE); 20.093(1)(A); 20.093(1)(C); 20.093(1)(M)5; 20.094(1)(Z); 20.094(1)(C); 20.094(1)(J)5; 3.163(1)(F)5; 3.164(1)(F)5;

- *Variances related to calculation of net shared benefits (related to timing)*

  20.093(2)(H);

- *Variances related to net shared benefits (annual)*

  3.163(1)(A); 3.163(1)(J); 20.093(1)(A); 20.093(1)(Q); 20.093(2)(M); 20.093(2)(H); 20.093(1)(EE); 20.094(1)(C); 20.094(1)(Z);

TARIFF FLEXIBILITY-Good cause exists for the variance requested below, since GMO requires flexibility in DSM program management to maximize participation.

- *Variances related to Promotional Practices*

  14.030(3);

INTEGRATED RESOURCE PLAN (IRP)-Good cause exists for the variance requested below, as the new program was not included in the latest IRP filing made in April 2014. The new program would not result in a material change that would necessitate a change in the preferred plan selected. However, it is GMO's intent to include this new program in GMO next IRP filing in 2015.

- *Variances related to Chapter 22 integration analysis and Preferred Plan*

  20.094(3)(A)(3); and

ANNUAL REPORTING- Good cause exists for the variance requested below. Financial information will not be complete in a timely enough manner that would allow a completed filing 60 days after the end of the calendar as required by the MEEIA rules. Therefore, GMO requests a variance that would allow filing 90 days following the end of the calendar year.

- *Variances related to annual reports (timing)*

  4 CSR 240-20.093(8)

C. FILING REQUIREMENTS

Q: Would you describe the filing requirements for this Application and GMO's compliance with those requirements?

A: The MEEIA requirements per 4 CSR 240-3.164 (2) are:

A) A current market potential study.

Response: KCP&L/GMO completed a market potential study for both the residential and commercial sectors in 2013. This final report was attached to Kim Winslow's testimony as Schedule KHW-5 in File EO-2014-0095.

B) Demonstration of cost effectiveness for each demand-side program and for the total of all demand-side programs of the utility.

Response: Benefit-cost test results for the new GMO Residential Lighting Program is 1.65 and detailed results and program write-up can be found in Schedule TMR-1, page 4. All other GMO MEEIA programs remain unchanged from the original filing.

The net present value of annual revenue requirements as a result of the integration analysis in accordance with 4 CSR 240-22.060 over a twenty

year planning horizon was a $364 million benefit over not doing programs at the time of the original GMO MEEIA filing. As noted in the variance section of this testimony, GMO has a requested a variance for the MEEIA requirement of analysis required in the Chapter 22 rules given timing and immateriality. As such, a new revenue requirement will be available in the next IRP filing in 2015 when the preferred plan will include this new program.

C) Detailed description of each proposed demand-side program.

Response: The following requirements were provided in the original GMO MEEIA case, File No. EO-2012-0009 and remain unchanged with the exception of the new program being introduced, which can be found in that program write-up, Schedule TMR-1:

- Customers targeted; Measures included; Customer incentives; Proposed promotional techniques;
- Specification of program administration by the utility or contractor;
- Projected gross and net annual energy savings;
- Proposed annual energy savings targets and cumulative energy savings targets;
- Projected gross and net annual demand savings;
- Proposed annual demand savings targets and cumulative demand savings targets;
- Net-to-gross factors;

- Size of the potential market and projected penetration rates;
- Any market transformation elements included in the program and an EM&V plan for estimating, measuring, and verifying the energy and capacity savings that the market transformation efforts are expected to achieve;
- EM&V plan including at least the proposed evaluation schedule and the proposed approach to achieving the evaluation goals pursuant to 4 CSR 240-3.163(7) and 4 CSR 240-20.093(7);
- Budget information by category (i.e., program incentive, administrative costs, equipment costs, etc.);
- Description of any strategies used to minimize free riders or maximize spillover; and
- For demand-side program plans, the proposed implementation schedule of individual demand-side programs.

D) Demonstration and explanation in quantitative and qualitative terms of how the utility's demand-side programs are expected to make progress towards a goal of achieving all cost-effective demand-side savings over the life of the programs.

Response: GMO's goal is to achieve all cost effective demand-side savings and demonstrate this commitment by establishing its DSM leadership role in both Kansas and Missouri. The Company was the first utility in both states to develop and implement a comprehensive set of DSM programs in the last five years. This effort has provided the Company with hands on experience with all aspects of specific DSM programs.

GMO completed a comprehensive market potential study to determine the potential for DSM in Kansas and Missouri. This study included participation from all MEEIA stakeholders and outlines in detail the demand and energy savings potential in the entire service territory. GMO utilized this study, as well as stakeholder feedback in its determination to add this program in the GMO jurisdiction, exactly as offered in the KCPL-MO service territory.

With an established GMO MEEIA suite programs already fully implemented, this new program will only serve to strengthen GMO's commitment and will facilitate the goal of reaching all cost effective savings.

(E) Identification of demand-side programs which are supported by the electric utility and at least one (1) other electric or gas utility (joint demand-side programs).

Response: KCP&L partners with Missouri Gas Energy to provide the Home Performance with ENERGY STAR® program.

Q: Does that conclude your testimony?

A: Yes, it does.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

In the Matter of KCP&L Greater Missouri Operations Company's Application for Approval of Modifications to Its Demand-Side Programs	)))	File No. EO-2014-____

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 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 11th day of June, 2014.

Nicole A. Wehry
Notary Public

My commission expires: Feb. 4 2015

NICOLE A. WEHRY
Notary Public - Notary Seal
State of Missouri
Commissioned for Jackson County
My Commission Expires: February 04, 2015
Commission Number: 11391200

GMO MEEIA

Home Lighting Rebate Program Description

The following information regarding GMO's (Company) proposed Home Lighting Rebate Program (Program) is provided in compliance with 4 CSR 240-3.164(2)(C) and 4 CSR 240-20.094(4).

1. **Program Description**

   The Program promotes energy efficient lighting. The Program uses a two-pronged approach: (1) increasing supply of qualifying products through partnerships with retailers, manufacturers and distributors, and (2) creating demand through consumer awareness and understanding of the ENERGY STAR label and the benefits of energy efficiency.

   GMO will also promote energy efficient lighting, such as solid-state lighting and light emitting diode technologies.

2. **Home Lighting Rebate Measures List and Incentive Levels**

   With the Program, GMO will target specific measures to achieve energy/demand reduction. These include, but are not limited to, the following measures:

Measure	Unit	Year 1 Incentive
CFLs - Standard (Retail)	per lamp	$1.30
CFLs - Standard (Food Bank Distribution)	Per lamp	$1.70
CFLs – Specialty (Retail)	Per Lamp	$2.00
LEDs- Standard (Retail)	per lamp	$4.00
LEDs- Specialty (Retail)	Per Lamp	$7.00

   For customer communication, eligible incentives directly paid to customer and measures will be found at www.kcpl.com.

3. **Program Goal and Budget**

   The projected participation and savings targets presented are based on the market potential identified within the potential study: Demand Side Resource Potential Study, 2014-2033 by Navigant Energy.

   The Program is a new program in GMO's portfolio and will require an implementation start after tariff approval (circa July 2014).

Expected energy and demand savings – time horizon

Program targets, market potential and penetration rates were defined using the potential study as a source for savings targets.

The projected annual incremental savings targets during the plan period (at the meter) applying a net to gross ratio for CFLs only of 0.9 in 2014 and 0.7 in 2015 are listed below.

YEAR	Gross Program Energy Savings (kWh)	Net Program Energy Savings (kWh)	Gross Program Demand Savings (kW)	Net Program Demand Savings (kW)
2014	10,646,596	9,582,031	1,131	1,018
2015	22,255,704	15,580,197	2,364	1,655

4. Program Framework/Strategy

Relationship to other programs

The Program is designed for residential customers; therefore, the Program has a strong relationship through promotion with the Company's other residential demand side management (DSM) programs, such as the Air Conditioning Upgrade Rebate, Income-Eligible Weatherization, Programmable Thermostat Program, Home Energy Reports Pilot, and Home Energy Analyzer.

Marketing Strategy

The proposed marketing strategy includes:

- Building a strong, consistent message informing customers that the Program will result in annual cost savings by purchasing and installing energy efficient lighting and;
- Strengthening GMO's relationship with ENERGY STAR retailers.

The Program includes customer educational and promotional pieces designed to assist residential customers with the information necessary to improve the energy efficiency of their entire home. The Program also includes customer and trade ally education to assist with understanding the technologies and applications promoted, the incentives offered, and how the Program functions.

Customer Marketing Tactics

The following customer marketing activities are anticipated:

- Promote Program on www.kcpl.com Home Page, within site and in account payment portal (AccountLink).
- Provide promotional information embedded in the Home Energy Analyzer Program.
- Direct mail campaigns.
- Conduct telemarketing in conjunction with other campaigns.
- Bill inserts and html email campaigns.
- Print advertising in local newspapers and magazines.
- Participation in Earth Day, Home Shows, and large customer employee fairs by providing brochures featuring the benefits and process to participate.

Retailer Marketing Tactics

GMO will increase its efforts with retailers with the following:

- Schedule retailer meetings at least once a year.

- Provide updates on GMO energy efficiency applications, program updates, budgets/goals, etc.
- Facilitate networking.
- Provide marketing tools.
- Provide marketing support to drive program participation.

For the Program, GMO has identified the following internal and external print communications as possible marketing channels:

Externally Published Communications:
- The Kansas City Star.
- Greenability magazine or other sustainability publications.

Internally Published Communications:
- Newsletters.
- Bill messaging.
- On line promotion with the GMO's other e-Services products.

Other marketing activities may include:
- Online advertising will be used with Google AdWords.
- Attend and present at conferences and public events, such as Chamber of Commerce meetings, to increase general awareness of the program and distribute program promotional materials.
- Sponsor spots on public radio.

Program Delivery
GMO will primarily offer instant discounts at participating retailers through a buy down program through which the incentive is given to the distributor or manufacturer prior to being available at the retailer store.

Participating retailers will be targeted by reviewing stores to determine those that have 80% of the meters in the GMO territory and have zip codes within 5 miles of the store.

The program will also be offered through community food banks where possible to distribute bulbs to target markets. Other best practices such as online stores may be utilized as well.

A mail-in rebate may also be considered as an alternative if GMO determines it will be beneficial to customer participation. The Program will be implemented by GMO in partnership with a third party vendor with necessary resources to administer the Program. The implementation contractor may be responsible for items such as managing the buy down program with retailers, rebate processing, communication with the customer to resolve application issues, and status reporting associated with the Program, as directed by the GMO program manager.

GMO will utilize an internal program manager to conduct its own administration of the program. The Program Manager will maintain oversight of the Program.

Partners

Partners include GMO internal staff, various manufacturers, product distributors, retailers, local Chamber of Commerce organizations, and others as needed to promote and encourage customer participation in the program.

5. **Program Beneficiaries**

Expected number of participants by customer class or subclass

The number of expected Program end use measures (net-free) expected to be undertaken by GMO residential customers over the two-year period is shown below.

	GMO Annual End Use Program Measures (Projected)
2014	27,246
2015	67,191
Total	**94,437**

GMO annual end use Program measures (net-free)

The Net to Gross (NTG) Factor for CFL measures is 0.9 in program year 1 and 0.7 in program year 2. LED measures remain at NTG factor of 1.0 for both years.

6. **Program Benefit-Cost Analysis**

All five benefit-cost tests are shown below for the Program. The dollar values below are on a present value basis with the assumption that all future cash flows start at the beginning of each annual period, discounted at the appropriate discount rate.

Test Name	Market Based Test Results	Cost Based Test Results
Utility Test	2.28	2.46
TRC Test	1.65	1.78
RIM Test	0.40	0.43
RIM (Net Fuel)	0.50	0.54
Societal Test	1.86	2.01
Participant Test	5.30	5.30

Assumptions	
Utility Discount Rate (%)	6.961%
Participant Discount Rate (%)	10.00%
Electric Losses (%)	6.56%
Societal Discount Rate1 (%)	3.00%

Avoided Costs			
Avoided T&D ($ / kW)	**	[redacted]	**
Cost-Based Proxy for Avoided Capacity ($ / kW Annualized)	**	[redacted]	**

Emissions Costs	$ / kWh
SOx	$0.000001
NOx	$0.000032
CO2	$0.002670
Total	**$0.0027**

Cost Based Avoided Electric Production	**	[redacted]	**
Avoided Electric Capacity	**	[redacted]	**
Avoided T&D Electric	**	[redacted]	**
Total Cost Based Avoided Costs	**	[redacted]	**

Market Based Avoided Electric Production Costs	**	[redacted]	**

Program Costs			
Administration Costs	**	[redacted]	**
Implementation / Participation Costs	**	[redacted]	**
Other / Miscellaneous Costs	**	[redacted]	**
Incentives	**	[redacted]	**
Total	**	[redacted]	**

Participant Cost (Gross)	**	[redacted]	**

HIGHLY CONFIDENTIAL

Other Environmental Benefits, NOx SOx	**	[redacted]	**

Lost Revenue			
Gross Lost Revenue, Electric	**	[redacted]	**
Net Fuel Lost Revenue, Electric	**	[redacted]	**

7. **Program Evaluation, Measurement and Verification Plan**

GMO will conduct program evaluation, measurement and verification (EM&V) pursuant to 4 CSR 240-3.163(7) and 4 CSR 240-20.093(7).

EM&V is used to document and measure the effects of a program and determine whether the program met its goal with respect to being a reliable energy resource. EM&V is also used to help understand why certain effects occurred and identify ways to improve current programs and to select future programs.

The two types of evaluation utilized by GMO are:

Process evaluation: Process evaluation assesses program delivery, from design to implementation, in order to identify bottlenecks, efficiencies, what did and did not work, constraints and potential improvements. Evaluation plans are developed by GMO's evaluation contractor(s) and describe all necessary data collection, process evaluation tasks and impact evaluation tasks by program.

Evaluation plans include the following information:

- Study Methodology by Program;
- Data Collection Strategies;
- Data Requests by Program; and
- Detailed Work Plan and Schedule.

Impact evaluation: Impact evaluation determines the impacts (energy and demand savings) and co-benefits (avoided emissions, energy security, transmission/distribution benefits) that directly result from a program. Impact evaluations also support cost-effectiveness analyses aimed at identifying relative program costs and benefits. The Monitoring and Verification process acts as a quality control and quality assurance process for the savings, tracking and accounting for the program.

Monitoring: This is the monitoring of installations when needed to determine or verify savings from a measure that is applied in a unique way, is significant in savings, or is new to the market. Working with the evaluation contractor, guidelines are developed to determine which projects should be monitored.

Verification: During the processing of an application for customer incentives (rebates), GMO reviews the equipment specifications by model number to determine if that measure qualifies. This "paper" verification occurs on all applications. Additionally, there are random field visits to assure the correct number and types of measures were installed at the customer's facility.

HIGHLY CONFIDENTIAL

GMO will retain one or more EM&V contractors to perform process and impact evaluations for its programs and assess progress of market transformation in order to avoid conflicts of interest and to insure credibility of the evaluation results, as well as comply with Commission requirements. GMO expects to conduct EM&V of the Program at the end of the plan period.

8. **Budget**

The following budget has been used for planning purposes. However, GMO may adjust program budgets as necessary in accordance with current market conditions, EM&V results, and program implementation experience.

	Admin	Implementation	Incentives	Other Including M&V	Total
Year 1	**				**
Year 2	**				**
Total	**				**

9. **Strategies to Minimize Free Riders and Maximize Spillover**

The development of this Program incorporated available information from market studies, consultant studies and the California Database for Energy Efficient Resources (DEER) on program impacts of free ridership and spillover in the initial program design. At the end of the plan period, GMO will perform an EM&V study and these results will be incorporated into the Program design. This process provides the input necessary to minimize free-ridership and maximize spillover.

HIGHLY CONFIDENTIAL