

**Testimony before the Senate Committee on Utilities
In General Support to Senate Bill No. 360**

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Thank you Chairman Clark and members of the Committee for this opportunity to appear before you today and offer testimony on SB 360. My name is Tim Rush. I am employed by Kansas City Power & Light Company as Director of Regulatory Affairs.

Kansas City Power & Light ("KCPL") is generally in support of this bill. The only issue or question that KCPL would address is the restriction on the number of customers that qualify a utility to participate on the benefits under this bill.

The proposed bill, as crafted adds a subsection (g) which allows certain gas and electric utilities to recover through a surcharge on new investment placed in service by the utility. The surcharge will allow for the recovery of the return on investment, depreciation expense, revenue related taxes and state and federal income taxes related to changes in the value of invested capital.

Subsection (g) contains language which restricts its applicability to gas utilities and electric utilities with no more than 200,000 electric customers. This appears to exclude Kansas City Power & Light Company and Westar from the subsection (g) provisions. KCPL serves electricity in Kansas and Missouri to approximately 490,000 customers. Our Kansas operations serve approximately 223,000 customers and Missouri operations serve 267,000.

The language of the bill should reduce the regulatory lag (i.e., the time between when a utility incurs a capital expenditure and when it is allowed to recover that expenditure in rates) and it should reduce the number of rate cases for the affected utilities. These effects should be viewed favorably by the investment community and, over the long term, should result in a reduction in the utilities' cost of capital.

KCPL questions its exclusion from the provisions of the bill which should work to the benefit of its stockholders and customers. KCPL requests that the restriction based on the number of customers be removed.

Thank you for your time and I would be glad to answer any questions from the Committee.