

Exhibit No.:
Issues: Residential Customer Charges,
Time-Differentiated Rates, Clean
Charge Network
Witness: Martin Hyman
Sponsoring Party: Missouri Department of Economic
Development – Division of Energy
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2014-0370

MISSOURI PUBLIC SERVICE COMMISSION

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2014-0370

SURREBUTTAL TESTIMONY

OF

MARTIN R. HYMAN

ON

BEHALF OF

MISSOURI DEPARTMENT OF ECONOMIC DEVELOPMENT

DVISION OF ENERGY

Jefferson City, Missouri

June 5, 2015

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

In the Matter of Kansas City Power & Light)
Company's Request for Authority to Implement)
A General Rate Increase for Electric Service) ER-2014-0370

AFFIDAVIT OF MARTIN HYMAN

STATE OF MISSOURI)
)
COUNTY OF COLE) ss


Martin R. Hyman, of lawful age, being duly sworn on his oath, deposes and states:

1. My name is Martin R. Hyman. I work in the City of Jefferson, Missouri, and I am employed by the Missouri Department of Economic Development as a Planner II, Division of Energy.
2. Attached hereto and made a part hereof for all purposes is my Surrebuttal Testimony on behalf of the Missouri Department of Economic Development – Division of Energy.
3. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded are true and correct to the best of my knowledge.



Martin R. Hyman

Subscribed and sworn to before me this 5th day of June, 2015.



Notary Public

My commission expires:

MELISSA ANN ADAMS
Notary Public - Notary Seal
State of Missouri
Commissioned for Cole County
My Commission Expires: March 09, 2019
Commission Number: 15633820

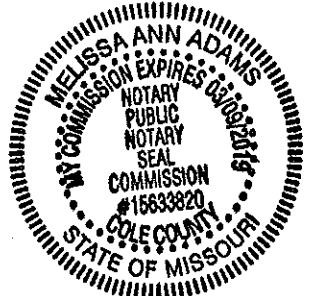


TABLE OF CONTENTS

I. INTRODUCTION	1
II. PURPOSE AND SUMMARY OF TESTIMONY	1
III. RESIDENTIAL CUSTOMER CHARGES	4
A. POSITION OF DE RELATIVE TO OTHER PARTIES IN REBUTTAL	4
B. ARGUMENTS OF THE COMPANY IN REBUTTAL.....	5
C. ARGUMENTS OF NON-COMPANY PARTIES IN REBUTTAL	8
IV. TIME-DIFFERENTIATED RATES	13
V. CLEAN CHARGE NETWORK.....	15
A. POSITION OF DE RELATIVE TO OTHER PARTIES IN REBUTTAL	15
B. ARGUMENTS OF THE COMPANY IN REBUTTAL.....	16
C. ARGUMENTS OF NON-COMPANY PARTIES IN REBUTTAL	18
VI. CONCLUSIONS.....	22

1 **I. INTRODUCTION**

2 **Q. Please state your name and business address.**

3 A. My name is Martin R. Hyman. My business address is 301 West High Street, Suite 720,
4 PO Box 1766, Jefferson City, Missouri 65102.

5 **Q. Have you previously filed testimony in this case (ER-2014-0370)?**

6 A. Yes. On May 7th, 2015, I submitted Rebuttal Testimony on behalf of DE regarding
7 Residential Customer Charges, time-differentiated rates, and Kansas City Power & Light
8 Company's ("KCP&L's" or "the Company's") Clean Charge Network proposal.¹

9 **Q. Have you previously filed testimony before the Missouri Public Service Commission**
10 **("PSC" or "Commission") on behalf of DE in previous cases?**

11 A. Yes. On April 27th, 2015 I submitted Surrebuttal Testimony in EO-2015-0055 on behalf
12 of DE regarding Union Electric Company d/b/a Ameren Missouri's ("Ameren Missouri")
13 Cycle II portfolio under the Missouri Energy Efficiency Investment Act ("MEEIA").

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15 **Q. What is the purpose of your Surrebuttal Testimony in this proceeding?**

16 A. I will address the following topics and parties' Rebuttal Testimonies:

- 17
 - **Residential Customer Charges** – Company witnesses Darrin R. Ives² and Tim
18 M. Rush,³ Commission Staff ("Staff") witnesses Robin Kliethermes⁴ and Michael

¹ Missouri Public Service Commission Case No. ER-2014-0370, *In the Matter of Kansas City Power & Light Company's Request for Authority to Implement A General Rate Increase for Electric Service*, Rebuttal Testimony of Martin R. Hyman on Behalf of the Missouri Department of Economic Development, Division of Energy, May 7th, 2015.

² *Ibid*, Rebuttal Testimony of Darrin R. Ives on Behalf of Kansas City Power & Light Company, May 7th, 2015.

³ *Ibid*, Rebuttal Testimony of Tim M. Rush on Behalf of Kansas City Power & Light Company, May 7th, 2015.

1 S. Scheperle,⁵ and Office of the Public Counsel (“OPC”) witnesses Dr. Geoff
2 Marke⁶ and Dr. David E. Dismukes.⁷

- 3 • **Time-differentiated rates** – Company witness Rush; and,
- 4 • **Clean Charge Network** – Company witness Ives, Staff witness Byron M.
5 Murray,⁸ and OPC witnesses Dr. Marke, Dr. Dismukes, and William Addo.⁹

6 All references are cited in the footnotes below.

7 **Q. What are DE’s positions in the present case regarding Residential Customer**
8 **Charges, time-differentiated rates, and the Company’s proposed Clean Charge**
9 **Network?**

10 A. DE’s positions on these three respective issues are:

- 11 1. **Residential Customer Charges** – the Commission should deny the Company’s
12 request to raise its Residential Customer Charges in the present case; the
13 Company’s drastic proposal would have severe effects on customers’ incentives
14 to engage in energy efficiency, with particularly dire consequences for low-use
15 customers. Should the Commission elect to raise Residential Customer Charges,

⁴ *Ibid*, Rebuttal Testimony of Robin Kliethermes on Behalf of the Missouri Public Service Commission, Regulatory Review Division, May 7th, 2015.

⁵ *Ibid*, Rebuttal Testimony of Michael S. Scheperle on Behalf of the Missouri Public Service Commission, Regulatory Review Division, May 7th, 2015.

⁶ *Ibid*, Rebuttal Testimony of Geoff Marke on Behalf of the Office of the Public Counsel, May 7th, 2015.

⁷ *Ibid*, Amended Rebuttal Testimony of David E. Dismukes on Behalf of the Office of the Public Counsel, May 7th, 2015.

⁸ *Ibid*, Rebuttal Testimony of Byron M. Murray on Behalf of the Missouri Public Service Commission, Regulatory Review Division, May 7th, 2015.

⁹ *Ibid*, Rebuttal Testimony of William Addo on Behalf of the Office of the Public Counsel, May 7th, 2015.

1 DE recommends that these charges increase by no more than the class's overall
2 rate increase. However, such is not our first preference.

3 2. **Time-differentiated rates** – DE opposes the Company's proposal to freeze its
4 time-differentiated rates¹⁰ in light of the Company's inadequate details regarding
5 its future plans for revision, as well as the price signals provided by such rates.
6 Instead, DE proposes that the Commission require the Company to maintain the
7 existence of these schedules while allowing the Company to submit revised tariffs
8 – along with supporting documentation – in its next rate case.

9 3. **Clean Charge Network** – Without taking a position on specific accounting issues
10 in this case, DE supports the ability of the Company, in principle, to recover costs
11 associated with its Clean Charge Network initiative through cost-based rates. DE
12 agrees that the initiative will result in overall benefits to ratepayers, increased
13 economic development in the Kansas City metropolitan area, and reduced total
14 emissions from the transportation and electric power sectors.
15 During the pilot phase of the initiative, the Company indicates that Nissan Motor
16 Company ("Nissan") and the partner companies which will host, but not own, the
17 charging stations ("host sites") will pay for the stations' electricity; thus, during
18 this phase, these companies should be considered the "customers" from whom
19 rates are collected under applicable tariffs. Based on the idea of maintaining cost-
20 based rate recovery, DE also recommends that the Commission should condition

¹⁰ The Company's current time-differentiated rate schedules are: Residential Time of Day (Schedule RTOD, Sheet Nos. 8-8A); Two Part - Time Of Use (Schedule TPP, Sheet Nos. 20-20E); Real-Time Pricing (Schedule RTP, Sheet Nos. 25-25D); and Real-Time Pricing - Plus (Schedule RTP-Plus, Sheet Nos. 26-26D).

1 its approval of the Clean Charge Network pilot upon the approval of tariff sheets
2 for the initiative's post-pilot operation prior to the end of its pilot phase.
3 Either a model under which the host sites or vehicle drivers ("end use customers")
4 pay for electric service could be acceptable to DE after the Clean Charge
5 Network's pilot phase. Ultimately, the Clean Charge Network's costs should be
6 allocated to and recovered from either of these groups of customers based on their
7 service by the Clean Charge Network.

8 **Q. Have any of these positions changed since DE filed Rebuttal Testimony?**

9 A. No.

10 **III. RESIDENTIAL CUSTOMER CHARGES**

11 **A. POSITION OF DE RELATIVE TO OTHER PARTIES IN REBUTTAL**

12 **Q. Do any non-Company parties support the Company's proposal to increase its
13 Residential Customer Charges to \$25.00 or more in their Rebuttal Testimonies?**

14 A. No.

15 **Q. Has DE's position relative to the other parties in this case remained the same
16 between Rebuttal and Surrebuttal filings?**

17 A. Yes. DE still strongly opposes the proposal described in the Rebuttal Testimonies of
18 Company witnesses Ives and Rush, and instead recommends a position more in
19 agreement with the Rebuttal Testimonies of OPC witnesses Dr. Marke and Dr. Dismukes
20 – i.e., that the Commission should authorize no increase to the Residential Customer
21 Charges. To the extent that the Commission authorizes any increase in the Residential
22 Customer Charges, DE's alternative recommendation is that such an increase should be
23 no more than the overall percentage increase assigned to the Residential class; this less-

1 preferred position agrees with the positions described in the Rebuttal Testimonies of Staff
2 witnesses Kliethermes and Scheperle.

3 **Q. Do other parties share DE's specific concerns with raising the Residential Customer**
4 **Charges?**

5 A. Yes. As indicated in my Rebuttal Testimony, DE is concerned with numerous aspects of
6 the Company's proposal, namely: the historically and regionally disproportionate
7 magnitude of the Company's request; the context of the Company's request with respect
8 to recent Commission decisions; the methodology used by the Company to determine the
9 Residential Customer Charges; the effects of the Company's proposal on customer
10 incentives to engage in energy efficiency; the interactions between the Company's
11 proposal and its revenue recovery under MEEIA; and the effects of the Company's
12 proposal on low-use customers.¹¹ I address these points further on in my Testimony.

13 **B. ARGUMENTS OF THE COMPANY IN REBUTTAL**

14 **Q. Do the main arguments of the Company's witnesses in their Rebuttal Testimonies**
15 **raise new concerns relevant to DE's Rebuttal Testimony on Residential Customer**
16 **Charges?**

17 A. No. Company witnesses Ives and Rush repeat many of the arguments voiced by the
18 Company during Direct Testimony, including: the need to increase rates in response to
19 increasing energy efficiency (both on the parts of the Company and customers);¹² rate
20 redesign and the allocation of local distribution facilities to fixed charges (i.e., Customer

¹¹ Hyman, pages 3-30.

¹² Ives, Rebuttal Testimony, page 5, lines 10-19, and Rush, page 52, lines 7-14.

1 Charges);¹³ and bill impacts.¹⁴ All of these arguments were previously addressed in my
2 Rebuttal Testimony.

3 **Q. Is Mr. Rush's comparison of KCP&L's Customer Charge proposals to other**
4 **utilities' proposals¹⁵ compelling?**

5 A. No. Only seven of the utilities in Table 1 of Mr. Rush's Rebuttal Testimony have
6 finalized their proposed Customer Charges; of these, only three are in the Midwest
7 (excluding Entergy). These three utilities are all primarily located in Wisconsin, and none
8 of their settled Customer Charges exceeds \$20.00.¹⁶ Thus, while Mr. Rush's data seem to
9 portray the Company's Customer Charge proposals as normal, the few settled values
10 indicate otherwise.

11 **Q. Does Mr. Rush correctly portray the Commission's decisions in the most recent rate**
12 **cases of Ameren Missouri?¹⁷**

13 A. No. Mr. Rush begins by summarizing five general principles established by the
14 Commission with respect to Customer Charges. After summarizing these criteria, he
15 attempts to characterize the Company's Customer Charge proposals as consistent with
16 those principles. However, his discussion is incomplete and potentially misleading, in
17 some cases omitting discussions of crucial portions of these tenets.¹⁸ For example, Mr.

¹³ Rush, pages 52-56, lines 14-23, 1-23, 1-21, 1-23, and 1-2.

¹⁴ *Ibid*, page 56, lines 3-11.

¹⁵ *Ibid*, pages 56-58, lines 14-20, 1, and 1.

¹⁶ *Ibid*, pages 57-58, lines 1 and 1.

¹⁷ Missouri Public Service Commission Case No. ER-2012-0166, *In the matter of Union Electric Company d/b/a Ameren Missouri's Tariff to Increase its Annual Revenues for Electric Service*, Report and Order, December 12th, 2012, and Missouri Public Service Commission Case No. ER-2014-0258, *In the Matter of Union Electric Company, d/b/a Ameren Missouri's Tariff to Increase Its Revenues for Electric Service*, Report and Order, April 29th, 2015.

¹⁸ Rush, pages 58-60, lines 2-26, 1-25, and 1-22.

1 Rush repeats the well-known axiom that, “The customer charge should be based on the
2 results of a particular class cost of service report; however, the Commission is not bound
3 to set the customer charges based solely on the details of the cost of service studies.”¹⁹
4 However, in his description of how the Company meets this criterion, he only discusses
5 the first part of the statement (i.e., “The customer charge should be based on the results of
6 a particular class cost of service report”) and argues that the Company’s Residential
7 Customer Charge proposal conforms to its own Class Cost of Service (“CCOS”) Study.²⁰
8 Mr. Rush also fails to explain how nearly tripling the Residential Customer Charge is
9 consistent with the Commission’s findings in the most recent Ameren Missouri rate case
10 (ER-2014-0258):

11 ... **the Commission is not bound to set the customer charges based solely on**
12 **the details of the cost of service studies.** The Commission must also consider the
13 **public policy implications of changing the existing customer charges.** There
14 are **strong public policy considerations in favor of not increasing** the customer
15 charges. (Emphasis added.)²¹

16 As discussed in my Rebuttal Testimony,²² such “strong public policy considerations”
17 include the fact that, “... volumetric charges are more within the customer’s control to

¹⁹ *Ibid*, page 58, lines 15-17.

²⁰ *Ibid*, page 59, lines 12-15.

²¹ Missouri Public Service Commission Case No. ER-2014-0258, Report and Order, page 76.

²² Hyman, page 14, lines 3-8.

1 consume or conserve ...,”²³ which the Commission acknowledged in the Company’s
2 most recent rate case (ER-2012-0174) and reiterated in ER-2014-0258.²⁴

3 **Q. Is the Company’s expansion of its Economic Relief Pilot Program (“ERPP”)**
4 **troubling in light of the proposed Residential Customer Charge increases?**

5 A. Yes. According to Mr. Rush, “...the ERPP expansion is contingent on the increased
6 residential customer charge.”²⁵

7 **Q. Should an expansion of the ERPP be conditioned on proposed increases to the**
8 **Residential Customer Charges?**

9 A. No. Expanding the ERPP while maintaining the current Residential Customer Charges
10 can work concurrently to make bills more affordable to low-income customers while also
11 allowing them greater ability to control their bills through conservation and improved
12 efficiency.

13 **C. ARGUMENTS OF NON-COMPANY PARTIES IN REBUTTAL**

14 **Q. Do you disagree with the Staff’s CCOS study or methodology?**

15 A. I take no position on the Staff’s CCOS study or methodology, although I do take a
16 position with respect to how Staff uses its CCOS study results, as explained below.

²³ Missouri Public Service Commission Case No. ER-2012-0174, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Report and Order, January 9th, 2013, page 40.

²⁴ Missouri Public Service Commission Case No. ER-2014-0258, Report and Order, pages 76-77.

²⁵ Rush, page 5, lines 13-14.

1 **Q. Is Staff’s recommendation to increase the Residential Customer Charges at the**
2 **“class system average increase”²⁶ backed by the “strong public policy**
3 **considerations”²⁷ discussed above?**

4 A. Yes, to a degree. Staff witness Scheperle cites²⁸ the Commission’s Report and Order in
5 KCP&L’s previous rate case (ER-2012-0174) in his discussion of Staff’s
6 recommendation to allow Residential rates on the whole to increase by the system
7 average increase.²⁹ He similarly indicates that Staff’s Residential Customer Charge
8 recommendations follow from its CCOS report and “policy considerations.”³⁰ Staff
9 witness Kliethermes also states that Staff’s recommended increases are mitigated by the
10 need to avoid “rate shock” and, “... conservation policy guidance provided by the
11 Commission in Ameren Missouri’s general electric rate case filed in early 2012, Case No.
12 ER-2012-0166.”³¹

13 **Q. Why does DE disagree with Staff’s ultimate recommendation to allow any increase**
14 **to the Residential Customer Charges?**

15 A. Staff’s citations of prior Commission Reports and Orders as mitigating factors in its
16 recommendation do not take these Reports and Orders to their logical conclusions. As
17 described above, the Commission’s Report and Order in ER-2014-0258 clearly states that
18 the Commission does not have to base its Customer Charge decisions on CCOS reports,
19 and this same Report and Order indicates that the Commission should examine public

²⁶ Scheperle, page 11, lines 23-24.

²⁷ Missouri Public Service Commission Case No. ER-2014-0258, Report and Order, page 76.

²⁸ Scheperle, pages 6-8, lines 16-23, 1-28 and 1-7.

²⁹ *Ibid*, page 8, lines 7-11.

³⁰ *Ibid*, page 11, lines 22-24.

³¹ Kliethermes, page 2, lines 18-22.

1 policy concerns,³² including energy efficiency. Despite a series of Commission decisions
2 along these lines, Staff recommends an increase to Residential Customer Charges; while
3 the increase is smaller than that proposed by the Company, it would still run counter to
4 policy goals.

5 **Q. Do you agree with the arguments made by OPC witness Dr. Dismukes in his**
6 **Rebuttal Testimony with respect to the Residential Customer Charges?**

7 A. Yes. Dr. Dismukes makes several salient points regarding the need of the Commission to
8 examine national, state, and regional economic conditions when evaluating Residential
9 Customer Charge proposals. In particular, he notes that many counties in Missouri have
10 not yet recovered from the recent economic recession, and that most counties in the
11 Company's service territory suffer from poverty rates of between 15 to 20 percent.³³ He
12 also indicates – as does Staff – that rate shock should be avoided,³⁴ and that both
13 Commission precedent regarding price signals within electricity rates and the Company's
14 already high Residential Customer Charges (compared to other Midwestern utilities
15 which he surveyed) support his recommendation to reject any increases to the Residential
16 Customer Charges.³⁵

17 **Q. Do you agree with the arguments made by OPC witness Dr. Marke in his Rebuttal**
18 **Testimony with respect to the Residential Customer Charges?**

19 A. Yes, with the exception of Dr. Marke's brief arguments regarding the Clean Charge
20 Network; these exceptions are described further on in this Surrebuttal Testimony.

³² Missouri Public Service Commission Case No. ER-2014-0258, Report and Order, page 76.

³³ Dismukes, Rebuttal Testimony, pages 7-8, lines 15-22 and 1-12.

³⁴ *Ibid*, pages 8-9, lines 13-20 and 1-19.

³⁵ *Ibid*, pages 10-11, lines 14-20 and 1-7.

1 Otherwise, I find much of Dr. Marke’s analysis relevant, as it provides further details on
2 economic concerns in the Company’s service territory and information on recent
3 Company rate increases as compared to wage increases, price index increases, and past-
4 due balances.³⁶ Dr. Marke also shares concerns raised in my Rebuttal Testimony which
5 generally involved the Company’s MEEIA and its Demand Side Investment Mechanism
6 charge, the inappropriate use of LIHEAP data by the Company, and the adverse effects of
7 the Company’s proposal on low-income and low-use customers.³⁷

8 **Q. How do the data evaluating Company rates, average wages, and price indexes (as**
9 **referenced by Dr. Marke) compare to the data provided by Mr. Ives?³⁸**

10 A. The data referenced by Dr. Marke – originally produced in Staff’s Revenue Requirement
11 and Cost of Service Report – examine the most recent period during which Company
12 rates increased, i.e., 2007 to 2014 (including the present proposal). Mr. Ives, however,
13 explicitly extends his comparison as far back as 1988 to avoid the isolated comparison of
14 recent Company initiatives, stating that, “A comparison of rates that does not include that
15 period of time between Wolf Creek [the Company’s Kansas nuclear power plant] and the
16 [recent Comprehensive Energy Plan] is incomplete.”³⁹ This vastly extended period of
17 comparison allows Mr. Ives to claim that the Company’s rates only rose by 42.06
18 percent, compared to Midwestern wage index and “urban area” Consumer Price Index

³⁶ Marke, pages 17-23, lines 1-20, 1-14, 1-13, 1-23, 1-12, 1-4, and 1-12. The comparison of Company rates to average weekly wages and price indexes comes from Missouri Public Service Commission Case No. ER 2014-0370, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Staff Report – Revenue Requirement and Cost of Service, April 2nd, 2015, page 11, lines 1-3.

³⁷ Marke, pages 7-9, lines 1-25, 1-25, and 1-8, and pages 12-14, lines 11-15, 1-22, and 1-10.

³⁸ Ives, Rebuttal Testimony, pages 6-7, lines 11-22 and 1-3.

³⁹ *Ibid*, page 6, lines 18-20.

1 increases of 105 and 89.66 percent, respectively.⁴⁰ I recommend that the Commission
2 rely on the more current and relevant information presented in Staff's Report, which
3 indicates a 57.69 percent increase in rates from 2007 to 2013 – i.e., even prior to the
4 increases proposed in this case – along with far lower increases to both the average
5 weekly wages in the Company's service area and the Consumer Price Index of 11.47
6 percent and 12.35 percent, respectively.⁴¹

7 **Q. Is Dr. Marke correct in highlighting the load growth forecasted in the Company's**
8 **recent Integrated Resource Plan filing?**⁴²

9 A. Absolutely. The Company projects an increase in both annual energy consumption and
10 the number of customers from 2015 to 2035, with Residential energy consumption
11 leading this growth.⁴³ It is very difficult to conceive of a justification for increasing
12 Residential Customer Charges in response to energy efficiency measures when
13 Residential energy consumption will increase, particularly if such measures are not
14 necessarily intended to completely curtail growth and the Company already receives
15 compensation for MEEIA-related measures.

⁴⁰ *Ibid*, lines 20-22.

⁴¹ Missouri Public Service Commission Case No. ER 2014-0370, Staff Report – Revenue Requirement and Cost of Service, pages 10-11, lines 4-27 and 1-3.

⁴² Marke, page 5, lines 1-9, citing Missouri Public Service Commission Case No. EO-2015-0254, *In the Matter of the Resource Plan of Kansas City Power & Light Company Pursuant to 4 CSR 240-22*, Volume 3: Load Analysis and Forecasting, April 1st, 2015, page 1.

⁴³ Missouri Public Service Commission Case No. EO-2015-0254, Volume 3: Load Analysis and Forecasting, page 1.

1 **IV. TIME-DIFFERENTIATED RATES**

2 **Q. Does the Company respond to the Direct Testimony of any other parties' witnesses**
3 **regarding its proposal to freeze its time-differentiated rates?**

4 A. Yes. Mr. Rush attempts to defend the Company's proposal regarding time-differentiated
5 (or "TOU") rates in a single paragraph on page 61 of his Rebuttal Testimony:

6 **Q: Please describe OPC's proposal regarding Time of Use (TOU) rates.**

7 A: OPC proposal concerning the residential TOU rate recommends the
8 Company not be allowed to freeze the TOU rate in this proceeding,
9 suggesting that the Company be required to re-file a modified and
10 improved TOU tariff in its next rate case. **The Company agrees that a**
11 **TOU rate should be part of our portfolio of rates offered to customers**
12 however, the time is not right for offering a rate. As noted in my direct
13 testimony, the current rate is not performing and continuing to offer the
14 outdated rate does not make sense. In considering a new rate we find
15 ourselves near the beginning of two projects that will fundamentally
16 impact a TOU design, our AMI metering roll-out and the implementation
17 of a new billing system. We need to understand more about the
18 capabilities of these systems so we may design a rate that is effective to
19 manage and delivers the results expected from a TOU rate. **Additionally,**
20 **a TOU rate should complement the goals of our Integrated Resource**
21 **Plans and the goals of our MEEIA programs.** Given these

1 dependencies, we are hesitant to commit to a schedule for a proposed
2 tariff. (Emphasis added.)⁴⁴

3 **Q. Did DE support many of OPC’s arguments with regard to Schedule RTOD in its**
4 **Direct Testimony?**

5 A. Yes. Pages 31-32 of my Rebuttal Testimony⁴⁵ describe the areas in which DE agrees with
6 OPC witness Dr. Dismukes with respect to the Company’s Residential time-differentiated
7 rate schedule.⁴⁶ Primarily, DE agrees that the Company should not indefinitely freeze this
8 rate – or any of its time-differentiated rate schedules – absent concrete proposals for
9 revisions; the Company’s proposal is particularly troubling given the price signals sent by
10 time-differentiated rates. Consequently, DE recommends that the Commission reject the
11 Company’s proposal, require that the time-differentiated schedules continue to be
12 offered, and allow the Company to submit proposed revisions and supporting documents
13 for these schedules in its next rate case.⁴⁷

14 **Q. Does Mr. Rush indicate that, “The Company agrees that a TOU rate should be part**
15 **of [the Company’s] portfolio of rates offered to customers ...”⁴⁸ and that, “... a**
16 **TOU rate should complement ... the goals of [the Company’s] MEEIA**
17 **programs?”⁴⁹**

18 A. Yes.

⁴⁴ Rush, page 61, lines 2-17.

⁴⁵ Hyman, pages 31-32, lines 1-17 and 1-12.

⁴⁶ Missouri Public Service Commission Case No. ER-2014-0370, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Direct Testimony of David E. Dismukes on Behalf of the Office of the Public Counsel, April 16th, 2015, page 33, lines 7-19.

⁴⁷ Hyman, pages 31-32, lines 1-17 and 1-12.

⁴⁸ Rush, page 61, lines 6-8.

⁴⁹ *Ibid*, lines 14-16.

1 **Q. Does Mr. Rush indicate in his discussion of time-differentiated rates either how, “...
2 the current rate is not performing and continuing to offer the outdated rate does not
3 make sense,”⁵⁰ or approximately when the Company may, “... understand more
4 about the capabilities of [AMI metering and the Company’s new billing system] so
5 [the Company] may design a rate that is effective to manage and delivers the results
6 expected ...?”⁵¹**

7 **A.** No, he does not provide any specific information about these rates’ shortcomings or when
8 the Company may have enough information to revise them.

9 **V. CLEAN CHARGE NETWORK**

10 **A. POSITION OF DE RELATIVE TO OTHER PARTIES IN REBUTTAL**

11 **Q. Has DE’s position remained the same between Rebuttal and Surrebuttal filings?**

12 **A.** Yes. As discussed in my Rebuttal testimony, DE does not take a position on specific
13 accounting-related matters pertaining to the Clean Charge Network in this case; however,
14 in principle, DE supports the ability of the Company to recover investments in the Clean
15 Charge Network. Such costs should be recovered through base rates and allocated to
16 those entities which the Company considers “customers” during the various phases of the
17 initiative. Thus, during the pilot phase, the Company should only collect expenses and
18 capital costs relating to the Clean Charge Network through rates charged to host sites and
19 Nissan; following the pilot phase, DE could accept a model under which either the host
20 sites or end use customers (i.e., electric vehicle drivers) are charged. As a condition of

⁵⁰ *Ibid*, lines 9-10.

⁵¹ *Ibid*, lines 12-14.

1 approving the Clean Charge Network, the Company should be required to have an
2 approved tariff prior to the end of the pilot phase which determines post-pilot phase rates.

3 **Q. Why does DE still support this position?**

4 A. DE's position is based on the multiple potential benefits which could result from the
5 Clean Charge network initiative, including future cost reductions to ratepayers, potential
6 demand-side management applications, and economic development impacts. The Clean
7 Charge Network could also lead to reductions in air pollution emissions across the
8 electric power and transportation sectors in the Kansas City metropolitan area, in
9 conjunction with other Company investments.⁵² My reading of the relevant Missouri
10 statutes and rules further indicates that the Clean Charge Network falls under the
11 jurisdiction of the Commission⁵³ and would not violate the Commission's Promotional
12 Practice rules.⁵⁴

13 **B. ARGUMENTS OF THE COMPANY IN REBUTTAL**

14 **Q. Has Company witness Ives responded to parties' concerns regarding the Clean**
15 **Charge Network proposal?**

16 A. Yes. Mr. Ives addresses many of the concerns raised by other parties in Direct
17 Testimony, including whether or not the Clean Charge Network should be regulated,⁵⁵

⁵² Hyman, pages 34-38, lines 6-19, 1-16, 1-21, 1-18, and 1-2.

⁵³ *Ibid*, pages 38-39, lines 3-22 and 1-15.

⁵⁴ *Ibid*, pages 44-45, lines 3-20 and 1-22.

⁵⁵ Ives, Rebuttal Testimony, pages 41-44 and 47, lines 16-23, 1-23, 1-23, 1-3, and 1-15

1 the timing of charging,⁵⁶ future tariff options,⁵⁷ and the fact that the Clean Charge
2 Network is not a “subsidy” or a violation of the Promotional Practice rules.⁵⁸

3 **Q. Does DE agree with the Company’s arguments?**

4 A. For the most part, yes.

5 **Q. Are you concerned with the Residential bill impact estimate (\$1.79 per year)**
6 **resulting from a \$7.6 million investment in the Clean Charge Network, as estimated**
7 **by Mr. Ives?**⁵⁹

8 A. While this impact appears to be low, DE’s position remains that expenses and capital
9 costs related to the Clean Charge Network should be recovered through cost-based rates.
10 Thus, the existence of a Residential bill impact is of some concern, since the only bill
11 impacts during the pilot phase should be on the host sites, while bill impacts after the
12 pilot phase and for the foreseeable future should be on those customers under specifically
13 designed tariffs for the Clean Charge Network.

14 **Q. Do you have any comments with respect to Mr. Ives’s testimony regarding the**
15 **projected nature of the Clean Charge Network’s costs?**⁶⁰

16 A. No. As noted above, DE takes no position in the present case on the accounting treatment
17 of particular expenses and capital costs related to the Clean Charge Network. DE’s
18 concern is with the principles related to the cost recovery of the Clean Charge Network.

⁵⁶ *Ibid*, pages 44-45, lines 4-21 and 1-5.

⁵⁷ *Ibid*, page 45, lines 14-18.

⁵⁸ *Ibid*, pages 48-49, lines 18-23 and 1-22.

⁵⁹ *Ibid*, page 40, lines 12-16.

⁶⁰ *Ibid*, page 48, lines 3-17.

1 **C. ARGUMENTS OF NON-COMPANY PARTIES IN REBUTTAL**

2 **Q. Do any of the non-Company parties to this case present arguments in their Rebuttal**
3 **Testimonies which effectively refutes DE's previously stated position with respect to**
4 **the Clean Charge Network?**

5 A. No. In large part, the arguments of the non-Company parties were addressed in my
6 Rebuttal Testimony.

7 **Q. Do you share the concerns of other parties regarding cost-causation and the equity**
8 **of recovering investments for the Clean Charge Network through the rates of all**
9 **customers?⁶¹**

10 A. Yes. DE's recommendation in this case is that the Commission approve the Clean Charge
11 Network in principle, which will allow the Company to serve the emerging demand for
12 electricity associated with electric vehicle use in its service area. To ensure that other
13 customers are held harmless for the pilot project, DE supports cost-based rates paid by
14 host sites during the pilot phase and by host sites or end-use customers after the pilot
15 phase as appropriate cost recovery mechanisms.

16 **Q. Please address Dr. Marke's assertion that the Company's Residential Customer**
17 **Charge and Clean Charge Network proposals are linked in such a manner as to 1)**
18 **support electric vehicle users with lower Energy Charges and 2) harm the majority**
19 **of Residential customers, especially low-income customers.⁶²**

20 A. I am also concerned with issues related to cost-causation and the impacts of the
21 Company's proposals on low-income customers; however, I do not agree that the

⁶¹ See Murray, page 10, lines 7-11; Addo, page 26-28, lines 12-20, 1-21, and 1-19; and Dismukes, Rebuttal Testimony, pages 19-20, lines 20-21 and 1-17.

⁶² Marke, pages 24-25, lines 15-21 and 1-8.

1 Residential Customer Charge and Clean Charge Network proposals must necessarily be
2 assessed in the same context. Further, as also previously indicated, DE only supports the
3 recovery of the Company's investments in the Clean Charge Network through cost-based
4 rates – i.e., from those customers who participate in the initiative, as discussed above.
5 Combined with a denial of the proposed increases to the Residential Customer Charges,
6 DE's proposals regarding the Clean Charge Network would resolve many of OPC's
7 concerns regarding cost-causation and, "...an increasingly regressive outcome for most
8 residential ratepayers and low-income ratepayers in particular."⁶³ Additionally, the
9 expected benefits from the Clean Charge Network – also mentioned above – will accrue
10 to the Company's customers as a whole and should further address many of OPC's equity
11 concerns.

12 **Q. Is Staff witness Murray's analysis of the potential effect of the Clean Charge**
13 **Network on regional air pollution accurate?**⁶⁴

14 A. No. Mr. Murray cites outdated data on the Company's generation portfolio⁶⁵ despite the
15 availability of more recent information indicating that the Company's portfolio is far less
16 reliant on coal.⁶⁶ He also quotes a portion of a Sierra Club website as a justification for
17 his assertion that electric vehicles charged from predominantly coal-supplied electricity
18 may not lead to emissions benefits compared to hybrid electric vehicles; however, Mr.
19 Murray's emphasis within the quotation explicitly ignores the Sierra Club's subsequent
20 implication that local transitions towards less emissions-intensive energy sources will

⁶³ *Ibid*, page 25, lines 6-8.

⁶⁴ Murray, pages 7-11, lines 5-6, 1-20, 1-14, 16-21, and 1-3.

⁶⁵ *Ibid*, page 9, lines 2-6.

⁶⁶ Missouri Public Service Commission Case No. EO-2015-0254, Volume 1 - Executive Summary, Table 2 and Figure 3, pages 4-5.

1 change this balance.⁶⁷ Instead, he claims that, “The source of electricity used to charge
2 the vehicles would have to be a zero emission source to impact the air quality in the
3 Kansas City area;”⁶⁸ he also misconstrues the likelihood of the load profile resulting from
4 the initiative with the assertion that, “The proposed 10,000 EVs charging at the same time
5 during peak hours would be detrimental to the air quality due to increased emissions.”⁶⁹

6 **Q. Should the Company have engaged with stakeholders any more than it already may
7 have prior to the announcement of the Clean Charge Network?⁷⁰**

8 A. DE always supports collaboration and engagement amongst all parties, including, but not
9 limited to, utilities, Staff, OPC, and non-governmental organizations. While there is
10 always room for further stakeholder engagement, I would note that the press release
11 accompanying Mr. Ives’s Supplemental Direct Testimony includes supporting quotes
12 from a wide array of national, state, and local leaders.⁷¹ It is also worth mentioning that
13 an opportunity was proposed by the Company for discussing the Clean Charge Network
14 outside the current rate case in the form of a working docket (EW-2015-0184); however,
15 as Dr. Dismukes acknowledges, Staff raised concerns regarding the potential for *ex parte*
16 communications, and the Commission denied the Company’s request.⁷²

⁶⁷ Murray, page 8, lines 3-8, citing Sierra Club, “Electric Vehicles: Myths vs. Reality,” retrieved from <http://content.sierraclub.org/EVGuide/myths-vs-reality>.

⁶⁸ Murray, page 10, lines 19-21.

⁶⁹ *Ibid*, page 11, lines 2-3.

⁷⁰ See Dismukes, Rebuttal Testimony, pages 15-19, lines 18-21, 1-20, 1-21, 1-22, and 1-8.

⁷¹ Missouri Public Service Commission Case No. ER 2014-0370, *In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement A General Rate Increase for Electric Service*, Supplemental Direct Testimony of Darrin R. Ives On Behalf of Kansas City Power & Light Company, February 6th, 2015, Schedule DRI-1, pages 6-8.

⁷² Dismukes, Rebuttal Testimony, pages 15-16, lines 18-21 and 1-10.

1 **Q. Do the other parties' examples of the regulatory or legislative treatment of electric**
2 **vehicle charging stations outside of Missouri provide sufficient evidence to accept,**
3 **reject, or make any modifications to the Company's proposal?**⁷³

4 A. No. The challenge for the Commission is to choose which examples, if any, are relevant
5 enough to Missouri's regulatory, statutory, constitutional, and even socioeconomic
6 contexts for application to the present case. For example, the State of Washington passed
7 legislation this year enabling, "... an incentive rate of return on investment on capital
8 expenditures for electric vehicle supply equipment ...,"⁷⁴ subject to requirements
9 including the provision of ratepayer benefits, a cap on consequent cost increases for
10 ratepayers, and the investment by the utility in such infrastructure as regulated assets.⁷⁵

11 While such legislation has not been enacted in Missouri and the State of Washington
12 obviously does not necessarily share Missouri's regulatory, legislative, constitutional, or
13 socioeconomic characteristics, this example illustrates that the decision on electric
14 vehicle infrastructure across the various states is far from uniform.

15 **Q. Does DE agree that the Company's proposal poses challenges for potential**
16 **competitors in the electric vehicle charging market?**⁷⁶

17 A. If the Commission accepts the Company's proposal (as modified by DE), the long-term
18 outcome for the electric vehicle charging market may actually be positive as vehicle and
19 infrastructure sales increase. Additionally, the Commission's exercise of jurisdiction over

⁷³ See Murray, pages 11-12, lines 4-22 and 1-19, and Dismukes, Rebuttal Testimony, pages 21-24, lines 6-19, 1-16, 1-24, and 1-14.

⁷⁴ House of Representatives of the State of Washington, Encouraging utility leadership in electric vehicle charging infrastructure build-out, HB 1853 2015-16, April 24th, 2015, page 2, lines 15-17.

⁷⁵ *Ibid*, pages 2-3, lines 17-39 and 1-3.

⁷⁶ See Murray, page 10, lines 12-16.

1 the Clean Charge Network in this instance does not necessarily ensure its exercise of such
2 jurisdiction over all electric vehicle charging stations, nor does it dictate the economic
3 opportunities which the Company's competitors may attempt to find. However, while
4 charging stations owned by entities other than investor-owned utilities may have greater
5 discretion in their operations, this still does not prevent the Commission from exercising
6 its authority under §386.250.1 RSMo.

7 **VI. CONCLUSIONS**

8 **Q. Please restate your conclusions and the positions of DE.**

9 A. The arguments raised by parties in their respective Rebuttal Testimonies have not altered
10 DE's positions with regards to the Company's proposals for its Residential Customer
11 Charges, time-differentiated rates, or Clean Charge Network. DE maintains its positions
12 from its Rebuttal Testimony that:

- 13 1. The Company's requested Residential Customer Charge increases should be
14 rejected, or, if the Commission determines that an increase is necessary, the
15 increase should be no more than the class's overall increase;
- 16 2. The Company's proposal to freeze its time-differentiated rates (Schedules RTOD,
17 CPP, RTP, and RTP-Plus) should be rejected; instead, these rate schedules should
18 be continued, with an allowance by the Commission for the Company to submit
19 revised tariffs and supporting documentation in its next rate case; and,
- 20 3. The Company should not, in principle, be disallowed from cost-based recovery of
21 investments related to the Clean Charge Network initiative – i.e., only from costs
22 allocated to those entities which the Company defines as “customers” during and
23 after the initiative's pilot phase. While Nissan and the charging station host sites

1 should be allowed to pay for the charging stations' electricity (acting as the
2 customers) during the pilot phase, the Commission should condition any
3 acceptance of the Clean Charge Network on the approval of tariffs addressing
4 post-pilot phase cost recovery preceding the end of the pilot phase. Either a model
5 under which the host sites or the ultimate end users (i.e., electric vehicle drivers)
6 would pay after the pilot phase could be acceptable to DE.

7 **Q. Does this conclude your Surrebuttal Testimony in this case?**

8 A. Yes.