

**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) File No. ER-2014-0370
A General Rate Increase for Electric Service)

**KANSAS CITY POWER & LIGHT COMPANY’S RESPONSE
TO THE JOINT RESPONSE IN OPPOSITION TO
MOTION TO LATE FILE SUPPLEMENTAL DIRECT TESTIMONY**

COMES NOW Kansas City Power and Light Company (“KCP&L” or “Company”) and in response to the Missouri Office of the Public Counsel (“OPC”), the Midwest Energy Consumers Group (“MECG”) and Consumers Council of Missouri’s (“CCM”) Joint Response in Opposition to the Motion to Late File Supplemental Direct Testimony (“*Joint Objection*”) filed with the Missouri Public Service Commission (“MPSC” or “Commission”) on February 17, 2015, respectfully states as follows:

I. BACKGROUND

1. On October 30, 2014, KCP&L filed its Application in this docket requesting approval to make certain changes in its charges for electric service. On February 5, 2015, KCP&L filed a Petition to Open General Investigation Docket into electric vehicle charging stations in a separate docket, File No. EW-2015-0184.

2. On January 26, 2015, KCP&L publicly announced its planned Clean Charge Network for the installation and operation of more than 1,000 electric vehicle charging stations capable of supporting more than 10,000 electric vehicles within its Kansas and Missouri service territory as well as that of KCP&L Greater Missouri Operations Company (“GMO”).

3. On February 6, 2015, KCP&L filed a Motion for Leave to File Supplemental Direct Testimony (“*KCP&L’s Motion*”) along with the Supplemental Direct Testimony of Mr. Darrin Ives. The supplemental direct testimony discusses KCP&L’s Clean Charge Network pilot and the revenue requirement impacts of the Clean Charge Network in this proceeding. As

explained in *KCP&L's Motion*, at the time KCP&L filed its Application and direct testimony in this docket on October 30, 2014, the Clean Charge Network was contemplated by the Company, but it was not known for certain whether the pilot would come to fruition, and certain costs of the pilot were included as placeholders in the event the initiative became a publicly announced plan.

II. OPC, MECG AND CCM'S RECOMMENDATION TO NOT ALLOW KCP&L'S SUPPLEMENTAL TESTIMONY IS BASED ON AN OVERSTATEMENT OF THE COMPLEXITY OF THE CLEAN CHARGE NETWORK ISSUE IN THIS CASE

4. KCP&L is disappointed that OPC, MECG and CCM have recommended that the Commission not allow the filing of supplemental direct testimony regarding the Clean Charge Network and the revenue requirement impact included in the Company's Application. Their recommendation (specifically paragraph 8 of their *Joint Objection*) overstates the complexity of the issue on which KCP&L seeks a Commission determination in this case. Moreover, the Clean Charge Network pilot presents an opportunity, through actual experience generating hard data that will be otherwise unavailable, to explore the possibility for customer and public benefits of electric vehicles and charging stations. This is a win-win-win opportunity whereby 1) customers may reap benefits in the form of increased kWh sales over which fixed costs of service can be recovered; 2) KCP&L may reap benefits in the form of revenue and earnings growth; and 3) the public in KCP&L's service territory may reap benefits in the form of reduced tailpipe emissions.

5. KCP&L would first note that the Clean Charge Network is being proposed as a pilot of limited size and scope. The costs for the pilot will be spread across all three KCP&L jurisdictions – KCP&L-KS, KCP&L-MO and GMO. The O&M expense adjustment included in the case through adjustment CS-49 is approximately \$386,000 (approximately 55% of which

is allocable to KCP&L's Missouri jurisdiction).¹ Additionally, KCP&L included in adjustment RB-20 a budgeted plant in service amount expected as of May 31, 2015 (the end of the true-up period).² This amount will be trued up to actual as of May 31, 2015 including reflection of KCP&L's Missouri jurisdictional service territory share of the Company's investment in the Clean Charge Network pilot that is operational at that date, which is currently expected to be in the range of \$7 to 9 million at that time if the Clean Charge Network pilot is fully deployed in the service territory at that date.³ For context, the overall Missouri jurisdictional rate base estimate included in this rate case is approximately \$500 million greater than the August 31, 2012 true-up rate base included in KCP&L's most recent general rate proceeding (Case No. ER-2012-0174). It is clear, therefore, that the Clean Charge Network pilot is not a significant driver of KCP&L's revenue requirement in this case.⁴ Although moderate in size, the Clean Charge Network pilot is sufficiently substantial to be impactful. This is due in part to the fact that the Clean Charge Network will also be rolled out in KCP&L's Kansas service territory and in GMO's service territory, which means that the electric vehicle charging stations will be available throughout most of the Kansas City metropolitan area.

6. KCP&L would also note that the Clean Charge Network pilot can be implemented without the need to address or resolve broader general regulatory and public policy issues attendant to pervasive and permanent utility-scale deployment of electric vehicle charging stations in this rate case. The broader general regulatory and public policy issues should be addressed in the generic docket KCP&L has proposed. During KCP&L's Clean Charge Network pilot, electricity used by the charging stations will be billed under standard tariff rates to be paid for two years 1) through a partnership with Nissan for usage at the fast

¹ Direct Testimony of Ronal Klote, p. 43, ll. 19-21; and Sch. RAK-4, p. 2, l. 33.

² Direct Testimony of Ronald Klote, p. 9, l. 19 through p. 10, l. 8; and Sch. RAK-2, l. 2.

³ Supplemental Direct Testimony of Darrin Ives, p. 5, ll. 8-17.

⁴ For additional context, Pacific Gas & Electric Company recently announced a five-year electric vehicle charging station initiative with an estimated capital budget of \$551 million. See Exhibit 1 appended hereto.

charging stations, and 2) by the host site for usage at the remainder of the charging stations. Users of the charging stations will not be charged during this period of time. In addition to showing community commitment to the Clean Charge Network above and beyond the opinion leaders who have expressed strong interest in KCP&L's Clean Charge Network,⁵ this avoids the need to establish pricing for electric vehicle owners' use of the charging stations in this rate case.

7. The issue to be determined in this rate case regarding the Clean Charge Network is therefore simple and limited: What is the revenue requirement impact of the Clean Charge Network pilot that should be included in KCP&L's cost of service in this rate case? KCP&L submits that OPC, MECG and CCM are well equipped to take and defend positions on this limited question and that the three-month period between the filing of KCP&L's supplemental direct testimony and May 7, 2015, when OPC, MECG and CCM will file testimony, is entirely adequate.

III. FURTHER RESPONSE TO OBJECTION

A. KCP&L Has Not Sought To "Manipulate" The Procedural Schedule, Nor Did KCP&L File This Rate Case Prematurely.

8. OPC, MECG and CCM argue in paragraphs 1 through 4 that KCP&L seeks to manipulate the procedural schedule, and that this alleged manipulation is the result of KCP&L's decision to file this rate case and direct testimony on October 30, 2014, a point in time when the Clean Charge Network pilot, while contemplated, was not known for certain whether the initiative would come to fruition. This OPC, MECG and CCM argument apparently presumes that KCP&L's Clean Charge Network pilot is a driver of the filing of this rate case. Such a presumption would be incorrect as shown in paragraph 5 above, and certainly serves as no reasonable basis to bar the filing of supplemental direct testimony.

⁵ See Supplemental Direct Testimony of Darrin Ives, Sch. DRI-3, pp. 6-8.

B. The Motion To File Supplemental Testimony Does Not Violate Commission Regulations.

9. OPC, MECG and CCM argue in paragraph 5 of their *Joint Objection* that the Commission should construe 4 CSR 240-2.130(10) in such a manner as to prohibit KCP&L's filing of supplemental direct testimony. KCP&L respectfully disagrees. As OPC, MECG and CCM acknowledge, this rule does not forbid the filing of supplemental direct testimony for the purpose of replacing projected financial information. As discussed above in paragraph 5 above, KCP&L included in its direct testimony projected rate base information as of May 31, 2015, as a placeholder in the event the Clean Charge Network pilot came to fruition, which projected information it intends to replace with actual information with KCP&L's true-up direct testimony filing scheduled for July 7, 2015. As indicated in *KCP&L's Motion*, it was not known for certain whether the Clean Charge Network pilot would come to fruition until it was publicly announced on January 26, 2015. Thus the Clean Charge Network pilot was not addressed in KCP&L's direct testimony except for the costs discussed in paragraph 5 above. KCP&L believes that it is better to address the Clean Charge Network pilot in testimony now than waiting until the time of the true-up, and therefore has asked for Commission authorization to do so. Given these circumstances, KCP&L submits that it would be reasonable for the Commission to allow the filing of supplemental direct testimony as requested by KCP&L and, should the Commission determine such is necessary, KCP&L requests that the Commission grant a waiver of 4 CSR 240-2.130(10) as permitted by 4 CSR 240-2.015(1) for good cause as shown in *KCP&L's Motion* and this *Response*.

C. The Parties Will Not Be Prejudiced If The Commission Allows the Supplemental Direct Testimony.

10. *KCP&L's Motion* and the accompanying supplemental direct testimony of Darrin Ives were filed on February 6, 2015, 90 days before the schedule filing of rebuttal

testimony on May 7, 2015. The scope of the issue that is presented for Commission determination in this proceeding is quite limited, namely: what is the revenue requirement impact of KCP&L's Clean Charge Network pilot in this rate case? Given the limited issue presented by the Clean Charge Network pilot and the fact that three months will pass before the parties will take a position on this issue, it is not surprising that OPC, MECG and CCM have not seriously contended that they will be prejudiced by KCP&L's filing of supplemental direct testimony regarding the Clean Charge Network pilot.

D. Excluding KCP&L's Supplemental Direct Testimony Will Not Eliminate the Need To Address the Revenue Requirement Impact of the Clean Charge Network Pilot In This Case, Nor Would It Solve the Ex Parte Concern Raised by the Commission in Case No. EW-2015-0184.

11. In paragraph 9 of their *Joint Response*, OPC, MECG and CCM argue that excluding the supplemental direct testimony of Darrin Ives would alleviate the ex parte concerns expressed by the Commission in Case No. EW-2015-0184. OPC, MECG and CCM's presumption, apparently, is that by excluding the supplemental direct testimony filing, the revenue requirement impact of the Clean Charge Network pilot will not be an issue in this case. Not so. While denial of KCP&L's request to file supplemental direct testimony would send an unfortunate negative signal regarding an innovative and forward-thinking project, it would not eliminate the need to address the revenue requirement impact of the Clean Charge Network pilot in this case.

12. As discussed earlier in paragraphs 5 and 9 hereof, projected costs (both O&M and capital) have been included in KCP&L's direct testimony which will be updated with actuals by KCP&L as of May 31, 2015 in true-up direct testimony to be filed on July 7, 2015. Whether earlier or later in the rate case process, it is therefore clear that revenue requirement impact of the Clean Charge Network will be addressed in this case. Denying KCP&L's request to file supplemental direct testimony on the topic, therefore, may delay when the topic is

addressed, but, contrary to the suggestion of OPC, MECG and CCM, it would not eliminate the topic from the case.

13. Moreover, even if denial of KCP&L's request to file supplemental direct testimony were to eliminate the need to determine the revenue impact of the Clean Charge Network pilot in this case, GMO will be filing a general rate case no later than early in 2016. Therefore, OPC, MECG and CCM's "solution" to the ex parte concern expressed by the Commission in Case No. EW-2015-0184 is not a practical solution. On that point, KCP&L would reiterate its belief in the viability and wisdom of maintaining a bright line between this rate case – in which the revenue requirement impact of the Clean Charge Network will be addressed – and Case No. EW-2015-0184 where the broader general regulatory and public policy issues regarding electric vehicles and electric vehicle charging stations should be addressed.

WHEREFORE, KCP&L respectfully requests that the Commission issue its order permitting KCP&L to file the supplemental direct testimony of Darrin Ives.

Respectfully submitted,

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ATTORNEYS FOR
KANSAS CITY POWER & LIGHT COMPANY

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing document has been hand delivered, emailed or mailed, postage prepaid, to the certified service list in this proceeding this 27th day of February, 2015.

/s/ Robert J. Hack
Robert J. Hack

PG&E proposes \$654M program to support 25,000 electric vehicle charging stations

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By Jeff Stanfield

Pacific Gas and Electric Co. on Feb. 9 asked the California Public Utilities Commission to approve a nearly \$654 million program that would allow the utility to build a system of about 25,000 electric vehicle charging stations across its service area.

If approved, the program would be the largest deployment of EV charging stations in the nation, the PG&E Corp. subsidiary said in a news release. PG&E is asking the PUC to make a decision in December and expects the program implementation to take about five years to complete.

The cost of the utility's plan, if approved, would be shared by all electric customers as a contribution to helping the state meet its clean air and climate goals, PG&E said.

The company said in an application filed with the PUC that it shares Gov. Jerry Brown's vision for widespread deployment of electric vehicles. Brown has called for deployment of sufficient EV infrastructure to support 1 million EVs by 2020 and more than 1.5 million EVs on California roads by 2025.

California leads the nation in the number of EVs on the road, with about 120,000 as of Jan. 1. But that number is less than one-10th of the goal for 2025. Likewise, California currently has only about 6,200 EV charging stations at public facilities, workplaces and multi-unit dwellings, far less than the number needed to support the governor's goals, PG&E said.

Many early EV service equipment suppliers have gone bankrupt and it appears unlikely market participants will be able to deploy EV infrastructure on the scale and pace to meet the state's goals, the utility said in its application.

California's bold climate goals can only be achieved with dramatic acceleration of EV deployment, PG&E said, noting, "By this application, PG&E is taking on this challenge."

As big as the proposal is, the charging infrastructure PG&E proposes is about 25% of the charging stations needed to supply 400,000 EVs in central and northern California.

The system will require that a typical residential customer pay about 70 cents more per month over the period from 2018 to 2022. The total impact on system average bundled rates in 2016 and 2017, as the program is launched, would average 0.10 cent per kWh.

PG&E estimates it will incur capital costs of \$551 million and operating expenses of \$103 million over the five-year term of its EV program. PG&E asked the commission to authorize PG&E to collect an

annual revenue requirement to recover these costs. The peak revenue requirement is projected to be \$103 million in 2020. PG&E put the total of \$653.84 million as a cost cap.

All of the 25,000 stations that PG&E proposes to build would have Level 2 chargers, which provide up to 25 miles of range for every hour of charging. Under PG&E's proposal, the program would cost about \$26,000 per charger. To support travel between metropolitan areas, PG&E would also install at key locations 100 DC fast-chargers, which can recharge an EV battery in only 30 minutes.

The chargers would be provided at no cost to the site host. PG&E proposes to own all of the infrastructure but would contract with third parties to build, install and maintain the chargers and manage customer billing.

More than 60,000 plug-in electric vehicles are currently registered in PG&E's service area, which represents more than a fifth of all EVs in the United States.

The program would include developing and implementing education and outreach initiatives to inform EV charging station site hosts and drivers about the benefits of owning an EV, PG&E said. The utility proposes to install about 10% of the proposed EV charging infrastructure in disadvantaged communities.

The utility is asking the PUC to allow it to recover actual revenue requirements through a new EV program balancing account so it can begin recovery of program costs as soon as practicable.

However, the proposal is likely to result in considerable opposition from independent vendors or at least those who have survived. A California state appeals court in October 2012 dismissed EV services vendor ECOtality Inc.'s legal challenge to block NRG Energy Inc. from installing electric vehicle charging stations under an agreement with the PUC.

The PUC on Dec. 18, 2014, lifted its near-blanket prohibition against utility ownership of EV charging stations and decided to consider individual utility requests to own charging equipment and serve the public.

However, it remains to be seen whether the PUC will accept PG&E's wide-ranging proposal. The commission said it will examine the degree to which the market each utility seeks to enter is competitive and whether the utility would seek any unfair market advantages.