

Exhibit No.:
Issues: EV Clean Charge Network
Misc. Revenue:
Collection Charge
Returned Check Charge
Witness: Byron M. Murray
Sponsoring Party: MO PSC Staff
Type of Exhibit: Surrebuttal Testimony
Case No.: ER-2014-0370
Date Testimony Prepared: June 5, 2015

MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

SURREBUTTAL TESTIMONY

OF

BYRON M. MURRAY

KANSAS CITY POWER & LIGHT COMPANY

CASE NO. ER-2014-0370

*Jefferson City, Missouri
June 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)

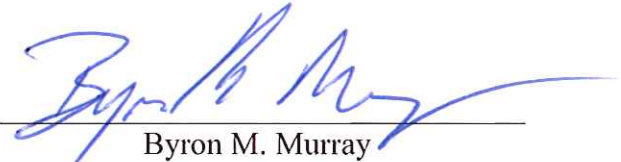
Case No. ER-2014-0370

AFFIDAVIT OF BYRON M. MURRAY

STATE OF MISSOURI)
) ss
COUNTY OF COLE)

COMES NOW, Byron M. Murray and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.


Byron M. Murray

Subscribed and sworn to before me this 4th day of June, 2015.

SUSAN L. SUNDERMEYER Notary Public - Notary Seal State of Missouri Commissioned for Callaway County My Commission Expires: October 28, 2018 Commission Number: 14942086
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Notary Public

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Q. Please state your name and business address.

A. My name is Byron M. Murray. My business address is 200 Madison St.,
Jefferson City, MO 65102.

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

A. I am a Regulatory Economist II for the Missouri Public Service Commission
("Commission").

Q. Are you the same Byron M. Murray who previously filed direct and rebuttal
testimony in this proceeding?

A. Yes. I provided testimony in the Staff's Revenue Requirement Cost of Service
Report ("COS Report") filed on April 3, 2015, regarding billing adjustments, in-field
collection charges and returned check charges and I filed rebuttal testimony on May 7, 2015,
regarding KCPL's EV Clean Charge Network, billing adjustments, in-field collection charges
and returned check charges.

Q. What is the purpose of your surrebuttal testimony?

A. I respond to the rebuttal testimony of KCPL witnesses Mr. Tim Rush,
Mr. Darrin R. Ives and Mr. Brad Lutz. I also provide comments on the rebuttal testimony of
Mr. Martin Hyman, who is a Planner II for the Division of Energy. More specifically, I will
describe the differences between Staff's and KCPL's positions on certain tariff issues, cost

1 recovery for the Clean Charge Network, billing adjustments and miscellaneous revenue
2 charges.

3 **I. EXECUTIVE SUMMARY**

4 Q. What is Staff's position on KCPL's request to apply the Returned Check
5 Charge to other forms of payment such as E-Checks, debit and credit card payments?

6 A. Staff supports KCPL's request for changes in the tariff language to allow for
7 the application of Returned Check Charge to other forms of payment returned due to
8 insufficient funds.

9 Q. What is Staff's position on KCPL's request for an increased in-field collection
10 charge?

11 A. Staff recommends the Commission approve KCPL's requests for an increase in
12 the collection charge from \$25 to \$30. Based on the financial analysis¹ provided by
13 Mr. Tim Rush on page 63, line 15, of his rebuttal testimony \$29.16 is the Median Total
14 Loaded Labor. The amount is reflective of an average scheduled time for travel and FSP Stop
15 of 16 minutes to collect payments when the service has been scheduled for disconnection.

16 Q. What is Staff's position on KCPL's request to recover from its ratepayers all
17 the costs of its Clean Charge Network?

18 A. Staff believes the Clean Charge Network as proposed, may be a good project
19 for KCPL and GMO to undertake. However, Staff opposes rate recovery of any costs related
20 to the electric vehicle charging station network. The Clean Charge Network should not be
21 regulated as a utility service. The Clean Charge Network is a discretionary project initiated
22 by KCPL. KCPL is the cost causer and its investors should shoulder the investment costs of
23 the project and the likely risks of a project this large with no significant potential for

¹ Schedule TMR-11

1 producing revenue in its first two to three years of service. In his rebuttal testimony, on page
2 40 at line 10, KCPL witness Mr. Darrin Ives states, “That amount is currently expected to be
3 in the range of \$7 to \$9 million at that time if the CCN [Clean Charge Network] is fully
4 deployed in the service territory by that date.” Less than 1% of ratepayers own electric
5 vehicles and would benefit from the project. Captive ratepayers in the KCPL jurisdictions
6 should not be required to pay for the electrification of transportation to benefit the investors of
7 KCPL.

8 **II. MISCELLANEOUS REVENUE CHARGES**

9 Q. Does Staff support KCPL’S request for the application of the Returned Check
10 Charge to other forms of payment (Non Paper Check)?

11 A. Staff has submitted an additional Data Request No. 0298.3 to determine the
12 number of instances by month and year KCPL was unable to collect the bill payment due to
13 insufficient funds. Staff has also requested the total dollar amount that could not be collected
14 due to the tariff language. If there have been losses of revenue due to the tariff language,
15 Staff would support the application of the charge to all other forms of payment for the bill (E-
16 Checks, debits and credit cards).

17 Q. Does Staff support KCPL’s request for an increase in the In-Field Collection
18 Charge?

19 A. Staff supports an increase from \$25 to \$30, which is explained in the analysis
20 provided by KCPL. The Median Total Loaded Labor cost was \$29.16² as of March 27, 2015.
21 The Median Total Loaded Labor Cost is the average wage cost per hour for the Field Service
22 Personnel plus the Clerk’s the average wage with the cost of the benefits added. The hourly
23 amount does not include Courier Costs, Fuel/Fleet Cost or Opportunity Costs. This is based

² Rebuttal testimony provided by Mr. Tim Rush stated on page 63, line 15

1 on an average scheduled time for travel and FSP Stop of 16 minutes to collect payments when
2 the service has been scheduled for disconnection.³

3 **III. ELECTRIC VEHICLE CLEAN CHARGE NETWORK (Clean Charge**
4 **Network)**

5 *Cost Recovery of Capital Investment through Rate Recovery*

6 Q. On pages 38 through 49, of his rebuttal testimony, KCPL witness Ives
7 responds to other parties' criticisms of KCPL's Clean Charge Network and elaborates on
8 KCPL's proposal for it. What is Staff's position on KCPL's continued request for cost
9 recovery of KCPL's Clean Charge Network from its Missouri retail customers?

10 A. Staff recommends that the Commission deny KCPL's requests to recover
11 expenses for the Clean Charge Network. Staff opposes rate recovery of any costs related to
12 the Clean Charge Network.

13 Q. Why?

14 A. The Clean Charge Network should not be regulated as a utility service because
15 the Clean Charge Network is a discretionary project initiated by KCPL. KCPL is the cost
16 causer and its investors should shoulder both the investment costs of the project and the risks
17 of the project. This is a large project with no significant potential for producing revenue for at
18 least the first two years. In his rebuttal testimony, on page 40, line 10, KCPL witness Mr.
19 Darrin Ives states, "That amount [KCPL's investment in the Clean Charge Network in
20 Missouri,] is currently expected to be in the range of \$7 to \$9 million at that time [as of the
21 true-up date of May 31, 2015,] if the CCN [Clean Charge Network] is fully deployed in the
22 service territory by that date."

³ Responses to Data Requests 298.1 and 298.2

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1 Less than 1% of ratepayers own electric vehicles and would benefit from the project.
2 Captive ratepayers in KCPL’s Missouri service area should not be required to pay for the
3 electrification of transportation to benefit KCPL’s investors. KCPL embarked on this project
4 without notifying Staff. Staff witness Michael Stahlman⁴ addresses the fact that KCPL didn’t
5 perform a feasibility study or cost-benefit analysis for the project.

6 Q. What other information is available about the Clean Charge Network?

7 A. There is an interesting news article titled, *ELECTRIC VEHICLES: Utilities*
8 *seek larger part in charging station rollout*, by Jefferey Tomich, E&E Reporter.⁵ The first
9 line of the article states, “It’s unsurprising that electric utilities stand to benefit from the sales
10 of plug-in vehicles, providing a bump – even a small one – for flat-lining sales.” The reporter
11 interviewed Mr. Chuck Caisley, Vice President of Marketing & Public Affairs at KCPL, who
12 made the following statement, “If the commission denies recovery for this, I think it
13 unwittingly gives us the precedent to completely stop solar in our jurisdiction.” The solar
14 rebates were required by Missouri statutes and have nothing to do with the Clean Charge
15 Network, which is a completely voluntary project.

16 The entire project may cost all ratepayers as much as \$20 million in total, which is a
17 100% subsidy for the small number of customers that actually own and operate electric
18 vehicles. On page 48, line 13, of his rebuttal testimony⁶ KCPL witness Mr. Darrin Ives states:

19 While KCP&L is proceeding with the installation of charging stations under
20 the CCN pilot and there can be no doubt that some level of operating and
21 maintenance (“O&M”) expense will be required. As a protection to including
22 an estimate of O&M expense in rates, KCP&L suggest that a reasonable
23 alternative would be for the Commission to order tracker treatment for O&M
24 expenses related to the CCN pilot.

⁴ Surrebuttal Testimony of Michael Stahlman, Page 8, Line 7

⁵ <http://www.eenews.net/energywire/stories/1060019101/>, Published Tuesday, May 26, 2015, *ELECTRIC VEHICLES: Utilities seek larger part in charging station rollout*

⁶ Rebuttal Testimony of Mr. Darrin Ives on page 48, line 13

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1 Staff does not support KCPL's suggestion to track operations and maintenances
2 expenses associated with the Clean Charge Network for cost recovery in a future rate case.
3 Staff witnesses, Mark Oligschlaeger and Keith Majors, provide additional comments and
4 information on the reasoning for not supporting the tracker for expenses for the Clean Charge
5 Network. The Clean Charge Network is also not supported by the ratepayers based on
6 comments made during Local Public Hearings in this case.⁷ In an email Mr. Dexter Murray
7 submitted, he states, "We are outraged [that] you are working together to raise our electric bill
8 for those charge stations!"

9 Q. What Staff witnesses provide surrebuttal testimony concerning the Clean
10 Charge Network?

11 A. Myself, and Staff witnesses Keith Majors, Mark Oligschlager and Michael
12 Stahlman in their respective surrebuttal testimonies provide information pertaining to the
13 Clean Charge Network. Michael Stahlman clarifies some confusion about Staff's proposal
14 and identifies issues with the lack of information and analysis that call into question the likely
15 success of the Clean Charge Network as proposed. I discuss the impacts of the Clean Charge
16 Network on the environment and the nascent market for charging stations. Keith Majors
17 responds to the rebuttal testimonies of Darrin R. Ives by addressing the costs of the Clean
18 Charge Network from an accounting perspective. Mark Oligschlaeger testifies about trackers
19 in general.

20 ***Potential Clean Charge Network Impact on Emissions***

21 Q. Does Staff agree with Mr. Martin Hyman where in his Rebuttal Testimony he
22 states that there is a possibility of a net decrease in emissions in the Kansas City area due to
23 the Clean Charge Network?

⁷ Email sent by Mr. Dexter Murray, Date: April 26, 2015

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1 A. No, Mr. Hyman has not taken KCPL's generation mix into consideration. He
2 makes the assumption that there may be a net decrease in emissions⁸ of harmful pollutants
3 such as carbon dioxide, sulfur dioxide, nitrogen oxides, and mercury compounds⁹. Even with
4 the adoption of as many as 10,000, the electric vehicles, they would only make up about 1%
5 of the vehicles on the road.

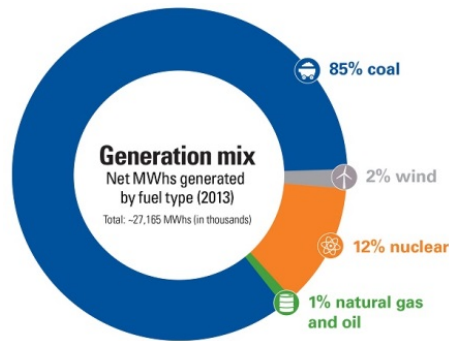
6 The Clean Charge Network will build load during peak and non-peak hours, thereby
7 increasing emissions in the Kansas City area. KCPL is promoting charging the electric
8 vehicles during off peak hours to take advantage of excess energy capacity overnight.
9 Building over 1,000 charging stations is in direct conflict with the objective of improving air
10 quality in the Kansas City area and meeting the requirements of the EPA 111d Clean Power
11 Plan, as well as KCPL's objective of reducing electrical consumption. This project builds
12 load and may increase emissions in the area. KCPL would be better served by applying these
13 funds to the environmental improvements needed at its electricity generating units.

14 The Clean Charge Network would have to be solar powered and not connected to the
15 National Grid to have a positive impact on the emissions of the Kansas City area. This is the
16 only way that decreased tailpipe emissions would have a positive impact on the air quality in
17 the Kansas City area. As I stated in my Rebuttal Testimony, The fact sheet attached as a
18 schedule (Schedule BMM-1) shows the Building Blocks for compliance with EPA's 111d
19 Clean Power Plan.¹⁰ The guidance is specific to electric generation

⁸ Rebuttal Testimony of Martin Hyman, Page 43, Line 11

⁹ EPA website: <http://www.epa.gov/cleanenergy/energy-and-you/affect/air-emissions.html>

¹⁰ EPA Fact Sheet: <http://www2.epa.gov/sites/production/files/2014-05/documents/20140602fs-setting-goals.pdf>



1
2 units using fossil fuels. The guidance does not apply to tailpipe emissions. The adoption of
3 as many 10,000 electric vehicles will have little impact to improve overall air quality in the
4 Kansas City area. KCPL must address its electric generation units and lower emissions from
5 them to come into compliance with 111d.¹¹

6 Otherwise, charging as many 10,000 electric vehicles will build load and increase
7 emissions at all times of the day, including during peak and off peak load. The generation
8 mix of KCPL, at 85 %¹² coal, will increase emissions as the load builds through the Clean
9 Charge Network both during periods of peak load and off-peak load. KCPL hasn't completed
10 a feasibility study or any other research that takes it's and GMO's generation mix into
11 consideration when analyzing the load building and increased demand for electricity of the
12 Clean Charge Network.

13 Q. Mr. Hyman says on page 43, line 12, of his rebuttal testimony that "there may
14 be a net decrease in the emission [of harmful pollutants]" but further down on line 18 of that
15 testimony Mr. Hyman says the following:

¹¹ Rebuttal Testimony of Byron Murray, page 8, line 16

¹²KCPL WEBSITE: [HTTP://WWW.KCPL.COM/ABOUT-KCPL/COMPANY-OVERVIEW/INDUSTRY-TOPICS/ELECTRICITY-GENERATION](http://www.kcpl.com/about-kcpl/company-overview/industry-topics/electricity-generation)

1 DE agrees that pending environmental regulations, variations in vehicle
2 miles traveled, and the interactions between electric vehicle charging loads
3 and generation facility may have significant effects on the total emissions
4 attributable to the transportation and electric power sectors in the Kansas City
5 metropolitan area resulting from the Clean Charge Network.

6 Are these statements consistent?

7 A. No, Mr. Hyman's comments are conflicting and confusing. Mr. Hyman may
8 not have reviewed the generation mix of KCPL. Since KCPL did not do a feasibility study,
9 Mr. Hyman doesn't have the necessary data required to make a determination as to the
10 impacts of the Clean Charge Network on the Kansas City area, or elsewhere.

11 ***Potential Free Market Intervention Impacts***

12 Q. Does Staff agree with Public Counsel witness Mr. Dismukes' concern that
13 there may be potential competitive market issues associated with KCPL and GMO's Clean
14 Charge Network?

15 A. Yes, Staff also has concerns about the potential impacts of KCPL's proposal
16 may have on the electric vehicle charging market. Mr. Dismukes makes the following claims:

17 Yes. There are a number of potential competitive market issues that need
18 to be explored and addressed prior to approving the CCN. First, the Company
19 through its corporate and participating partners will offer free electricity to
20 early participants in the CCN pilot program. Second, the Company will likely
21 be using its status as a regulated utility to subsidize EV charging stations and
22 their operation and maintenance: an opportunity not afforded to other
23 alternative and energy efficient vehicles, much less traditionally-fueled
24 vehicles.

1 Q. Does Staff share Mr. Dismukes' concern that free electricity offered in the
2 Clean Charge Network will be problematic?

3 A. Yes, Mr. Dismukes makes very logical statements about the potential impacts
4 of the intervention proposed by KCPL as follows:

5 ¹³Offering free electricity and distribution service to participating EVs,
6 even in the short run, affords those participants, and the Company's program
7 partners, a competitive advantage not common to other competing energy
8 efficiency, low-emissions, and other alternative vehicle types.

9 Q. What other concerns does Staff have for impact of the Clean Charge Network
10 on electric vehicle charging market in the Kansas City area?

11 A. There have been electric vehicle charging stations in the Kansas City area for
12 several years. The data from the charging stations should be available to KCPL since KCPL
13 is providing the electricity to them. As a result, KCPL should already have the data needed to
14 build out the infrastructure to support the charging stations. The project is not a first for
15 KCPL and shouldn't be referred to as a "Pilot Project." There was an electric vehicle
16 charging station in the Green Zone project and the data should have been analyzed by KCPL.

17 KCPL is "valley-filling" by promoting the electric vehicle usage in the area by
18 building out the infrastructure to charge the electric vehicles. Using captive ratepayers to
19 recover the initial \$7 to \$9 million gives KCPL an unfair advantage over other companies that
20 may have considered building, or who have built, electric vehicle charging stations. KCPL
21 will be able to provide free charging for electric vehicle owners whereas any other company
22 would have to charge anyone that uses its charging stations.

¹³ Rebuttal Testimony of David Dismukes, Page 34, Line 8

1 KCPL is invading the free market and attempting to interject “free” funding that it is
2 able to recover from ratepayers. This is a new market and industry that is still developing and
3 will be unduly compromised by providing preferential treatment to KCPL in the market.

4 Q. Does Staff share any of the same concerns as were put forth by the expert
5 witness of the Office of the Public Counsel with respects to KCPL’s intervention in the
6 electric vehicle charging market?

7 A. Yes, Staff shares the concerns that can be illustrated through the rebuttal
8 testimony of Mr. Dismukes, who provides some relevant concerns as well. Mr. Dismukes
9 states that there are other potentially anti-competitive subsidies in KCPL’s proposal for the
10 Clean Charge Network:

11 ¹⁴Yes. The Company appears to be subsidizing the complete cost of the
12 EV program including the charging station and additional equipment as well
13 as any incremental operations and maintenance costs (“O&M cost”). As
14 noted earlier, the Company anticipates little to no near-term revenue
15 generation from the program for cost-of-service purposes. Thus, 100 percent
16 of the program’s costs will be subsidized by ratepayers and it is not clear how
17 any revenues associated with the program that materialize between this rate
18 case and any subsequent rate case will be treated.

19 Q. Are there any industry perspectives available?

20 A. The news article *ELECTRIC VEHICLES: Utilities seek larger part in charging*
21 *station rollout*, by Jefferey Tomich, E&E Reporter, mentioned earlier, includes the following:

¹⁴ Rebuttal Testimony of Mr. David Dismukes, Page 36, Line 10

1 ¹⁵Arun Banskota, president of NRG Energy Inc.’s eVgo subsidiary, which
2 operates the largest public fast-charging network in the country, said the
3 market should be allowed to develop on its own. Letting utilities spend
4 millions of dollars of ratepayer funds to build out charging networks would
5 put competitors like NRG at a disadvantage.

6 In general, “it’s not the right thing to do,” Banskota said in an interview.

7 **IV. STAFF RECOMMENDATIONS**

8 Q. Has anything other parties have raised or that Staff has learned since filing
9 rebuttal testimony caused it to revise its positions with regard to the Clean Charge Network.

10 A. No.

11 Q. Based on the data submitted in response to Data Request 0298.3, does staff
12 support KCPL’s request for the application of the Returned Check Charge to all forms of
13 payment?

14 A. Yes, data showed there was \$2,906,478.97¹⁶ in payments returned due to
15 insufficient funds from January 2009 through April 2015 that had no fee collected. Staff
16 supports the application of the Returned Check Charge to all other forms of payment for the
17 bill (E-Checks, debits and credit cards).

18 Q. Does Staff support KCPL’s request for an increase in the In-Field Collection
19 Charge?

20 A. Staff supports an increase from \$25 to \$30, which is explained in the analysis
21 provided by KCPL.

¹⁵ <http://www.eenews.net/energywire/stories/1060019101/>, Published Tuesday, May 26, 2015, ELECTRIC
VEHICLES: *Utilities seek larger part in charging station rollout*

¹⁶ Data Request 0298.3 Response KCPL Excel Spreadsheet: G:\KCPL and GMO rate cases\KCPL ER-2014-
0370\Staff Surrebuttal\Workpapers\B Murray\HC KCPL Returned Check Charges With No Fee.xlsx

Surrebuttal Testimony of
Byron M. Murray

1 | Q. Does this conclude your surrebuttal testimony?

2 | A. Yes.

Murray, Byron

From: PSC Info (Public Info Email Address) - PSC
Sent: Monday, April 27, 2015 9:06 AM
To: 'Dexter Murray'
Subject: RE: Kcpl Rate Increase

Dear Mr. Murray:

Thank you for contacting our office. This is to acknowledge receipt of your email dated April 26, 2015, concerning KCP&L. Your questions and comments are important to us and have been filed into KCP&L's case ER-2014-0370. As a part of the official case file, the Commission will be able to view all public comments for consideration.

If at any time you have questions or concerns regarding this matter, please feel free to contact our office at 1-800-392-4211.

Sincerely,

Consumer Services Unit

From: Dexter Murray [<mailto:dextermurray34@gmail.com>]
Sent: Sunday, April 26, 2015 2:01 PM
To: PSC Info (Public Info Email Address) - PSC
Subject: Kcpl Rate Increase

As Vice President of BostonHeights & MountHope ,We are outraged the you are working together to raise our electric bill to pay for those charge stations! First of all our residents don't own those type of cars,We strongly feel that those who own those car should be the ones who gets the increase! You people are trying to rob peter to pay Paul and yall know this proposal is not fare to our resident! they chose to buy those car knowing that there were no charge station in place.