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Issues: Clean Charge Network
Witness: Michael L. Stahlman
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Case No.: ER-2014-0370
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MISSOURI PUBLIC SERVICE COMMISSION

REGULATORY REVIEW DIVISION

SURREBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

KANSAS CITY POWER & LIGHT COMPANY

FILE NO. ER-2014-0370

*Jefferson City, Missouri
June 2015*

**** Denotes Highly Confidential Information ****

NP

**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 MICHAEL L. STAHLMAN

STATE OF MISSOURI)
) ss
COUNTY OF COLE)


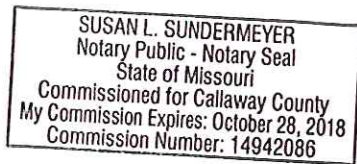
COMES NOW, Michael L. Stahlman and on his oath declares that he is of sound mind and lawful age; that he contributed to the attached Surrebuttal Testimony; and that the same is true and correct according to his best knowledge and belief.

Further the Affiant sayeth not.



Michael L. Stahlman

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



Notary Public

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SURREBUTTAL TESTIMONY

OF

MICHAEL L. STAHLMAN

KANSAS CITY POWER & LIGHT COMPANY

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13 Q. Please state your name and business address.

14 A. My name is Michael L. Stahlman, and my business address is Missouri Public
15 Service Commission, P.O. Box 360, Jefferson City, Missouri, 65102.

16 Q. Are you the same Michael L. Stahlman who filed testimony in Staff's Revenue
17 Requirement Cost of Service Report ("COS Report") on April 3, 2015?

18 A. Yes.

19 Q. What is the purpose of your testimony?

20 A. I address the Pre-MEEIA opt-out costs discussed in the rebuttal testimony of
21 KCPL witness Ronald A. Klote and the Clean Charge Network, which is discussed in the
22 rebuttal testimonies of Public Counsel witness David E. Dismukes, KCPL witness Darrin R.
23 Ives, and Missouri Division of Energy ("DE") witness Martin Hyman.

Pre-MEEIA Opt-Out Costs

24 Q. Is Mr. Klote correct that Staff did not make an adjustment in its direct filing for
25 the amortization of the Pre-MEEIA Opt-Out Costs?

26 A. Yes, this adjustment was excluded in error. Staff has included this amount
27 with other DSM program costs which is amortized over a six-year period, as discussed in the
28 rebuttal testimony of Staff witness Matthew R. Young.

Clean Charge Network

1
2 Q. What Staff witnesses provide surrebuttal testimony concerning the Clean
3 Charge Network?

4 A. Staff witnesses Byron Murray, Keith Majors, and myself in their respective
5 surrebuttal testimonies. I clarify some confusion about Staff's proposal and identify issues
6 with the lack of information and analysis that call into question the likely success of the Clean
7 Charge Network as proposed. Byron Murray discusses the impacts of the Clean Charge
8 Network on the environment and the nascent market for charging stations. Keith Majors
9 responds to the rebuttal testimonies of Darrin R. Ives by addressing the costs of the Clean
10 Charge Network from an accounting perspective.

11 In addition, Staff witness Mark Oligschlaeger, while not addressing the merits of the
12 Clean Charge Network, discusses trackers generally which includes a tracker for operations
13 and maintenance costs associated with the Clean Charge Network suggested by Darrin R. Ives
14 in his rebuttal testimony.

15 Q. What are the parties' respective positions in this case regarding KCPL's Clean
16 Charge Network initiative?

17 A. To be clear, no party, including Staff, has indicated that KCPL should not
18 undertake the Missouri portion of the Clean Charge Network.¹ The main difference between
19 the parties' positions is how the project should be funded.

20 Q. How do the parties differ in their views of who should fund the Clean Charge
21 Network?

22 A. Staff and Public Counsel both recommend that the Commission consider the
23 Clean Charge Network to be a non-regulated activity and recommend the Commission reject

¹ The Clean Charge Network is a joint initiative with both the Kansas and Missouri portions of KCPL and GMO.

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1 cost recovery from KCPL's retail customers. The DE recommends recovery through a tariff
2 from the cost-causers after the two-year period KCPL characterizes as a "pilot period."
3 KCPL proposes to recover the expenses from existing ratepayers immediately.

4 Q. What is KCPL proposing with regard to cost recovery?

5 A. KCPL is including the cost of the charging station infrastructure in its
6 regulated accounts to be included in its cost of service that is used to set rates for its different
7 customer classes. For the two-year "pilot" period, the rate schedule at which electricity usage
8 at a charging station will be charged will be the rate schedule on which KCPL is charging its
9 existing customer where the charging station is sited (What KCPL refers to as the "host
10 site."). The resulting billed amount will either be paid by that "host site" customer or Nissan,
11 depending on whether the charging station is a slow or fast charge station, but anyone may
12 charge his/her vehicle for free.² In other words, if a charging station is "hosted" by a grocery
13 store, that grocery store will be billed for electricity usage at the charging station based on that
14 grocery store's existing rate schedule. The customer charging his/her car will not be charged
15 for that electricity usage. KCPL has not proposed who should fund the electrical usage after
16 the two-year period.³

17 Q. Do parties change the definition of "customer" as used during the "pilot"
18 period and as used after the "pilot" period?

19 A. Yes. In order to support the position that KCPL is not providing a customer
20 with free electric power, both KCPL and DE define the customer as either Nissan or the host
21 site for the two-year "pilot" period.⁴ After the two year period, both KCPL and DE appear to

² E.g. The Rebuttal of Darrin R. Ives, p. 45, ll. 12-13. Also See KCPL's Response to Staff Data Request 0359.

³ E.g. The Rebuttal of Darrin R. Ives, p. 45, ll. 14-16. Also See KCPL's Response to Staff Data Request 0414.

⁴ E.g. The Rebuttal of Darrin R. Ives, p. 45, ll. 12-13 and the Rebuttal of Martin Hyman, p. 45 ll. 19-22. Also See KCPL's Response to Staff Data Request 0359.

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1 | redefine the customer to be the electric vehicle owners, although there is no certainty as to
2 | what will happen, or who will get charged for the electrical usage after the two-year period.⁵

3 | Q. Please clarify Staff's view as to the definition of "customer."

4 | A. Staff's direct filing chiefly considered one transaction, the sale of electricity
5 | from the charging station to the electric vehicle owner. Upon reviewing the parties' rebuttal
6 | testimonies, it appears that both Mr. Ives and Mr. Hyman conflate two distinct transactions:
7 | sales to the charging stations and sales from the charging stations to the electric vehicle
8 | owner. To clarify Staff's position, Staff agrees that the sales to a customer's meter are
9 | regulated by the Commission, but recommends that the Commission not regulate the sales
10 | from charging stations to electric vehicles. Mr. Ives correctly identifies the electric vehicle
11 | owner as people who are not permanent, but mobile and who "may not even be a resident
12 | within the Company's certificated service territory."⁶

13 | Q. Does KCPL serve other persons that are transient and may not reside within
14 | KCPL's certificated service territory in Missouri?

15 | A. In a sense, yes. KCPL serves the customers of hotels, who are the ultimate
16 | users of electricity and cost-causers. KCPL doesn't charge the hotel customers individually,
17 | but the hotel as one customer. This example may be imprecise in that a hotel customer's
18 | usage is usually included in the daily hotel rate, while the electric vehicle charging stations in
19 | the KCPL area that are not associated with the Clean Charge Network (i.e. not owned and
20 | operated by KCPL) appear to provide the service for free or as part of an hourly rate.⁷

⁵ E.g. The Rebuttal of Darrin R. Ives, p. 45, ll. 14-16 and the Rebuttal of Martin Hyman, p. 41 ll. 14-15. Also See KCPL's Response to Staff Data Request 0414.

⁶ Rebuttal Testimony of Darrin R. Ives, p. 42, ll. 17-18.

⁷ ChargePoint. https://na.chargepoint.com/charge_point (19MAR2015).

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1 Q. On page 43 of his rebuttal testimony, in response to Staff’s and Public
2 Counsel’s recommendations that the Commission should treat KCPL’s Clean Charge
3 Network as a non-regulated activity of KCPL, Mr. Ives responds that “KCP&L will provide
4 electric service to the electric vehicle charging station, just like KCP&L would provide
5 electric service to a house, apartment, apartment building, office building, street light,
6 irrigation well-pump or manufacturing site.” Are his comparisons appropriate?

7 A. No. KCPL owns and operates the charging stations, and plans to continue to
8 do so. In Mr. Ives’ rebuttal testimony, he discusses the charging stations as utility
9 infrastructure⁸ which is why KCPL wishes to include amounts associated with this
10 infrastructure in its base rates. Additionally, in accordance with the contracts KCPL provided
11 in response to Staff Data Requests 0524 and 360.1, ** _____
12 _____

13 _____ ** Therefore, unlike the examples in Mr. Ives’ testimony where there is a
14 distinct customer receiving electrical service, concerning the electrical service to the electric
15 vehicle charging stations, KCPL is, in a sense, receiving service from itself.

16 Q. Does KCPL have any rate schedule specifically designed to charge for the
17 delivery of electricity to charging stations?

18 A. No. It is possible to classify the stations as stand-alone customers under the
19 Small General Service, Medium General Service, or Large General Service schedules, as
20 applicable; however, under this paradigm, the costs of the charging stations should not be
21 recovered in rate base, since it is akin to rate basing the construction of a new KCPL
22 customer’s building (e.g. adding the cost of the construction of a new grocery store in KCPL’s
23 service territory to base rates).

⁸ E.g. p. 43, ll. 3-8,

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1 Q. How is KCPL proposing to charge for electricity delivered at Clean Charge
2 Network stations?

3 A. KCPL will treat the usage at a charging station as if it were additional usage of
4 its customer at the host site for determining the amount to bill for that usage.⁹

5 Q. Will the host site pay for the additional meter needed for the charging station
6 usage?

7 A. No. In response to Staff Data Request 0360.2, KCPL stated that neither the
8 host sites nor Nissan are subject to an additional meter charge even though the stations are
9 separately metered.

10 Q. Are other charging stations that are in KCPL's Missouri service territory but
11 not associated with KCPL or this initiative separately metered?

12 A. No. In response to Staff Data Request 0402.1, KCPL responded, "To the
13 extent the Company is aware of non-KCP&L and non-GMO charging stations they are
14 powered from the customer's side of the meter."

15 Q. Does any of the electricity used in this program flow to or through equipment
16 owned by the host site or the host site's meter?

17 A. No. Unless the host site customer happens to own and charge electrical
18 vehicles at the site; no power flows into equipment owned by the host site and no power ever
19 flows through the host site's meter. As stated earlier, as proposed, KCPL owns and operates
20 the charging stations.

21 Q. Is KCPL's Clean Charge Network a pilot program?

22 A. No. Staff was surprised to read Public Counsel witness Mr. Dismukes'
23 rebuttal testimony identifying KCPL's program as "technically being initiated on a pilot

⁹ Rebuttal Testimony of Darrin R. Ives, p. 45, ll. 13-14.

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1 basis”¹⁰ while being “the largest set of utility-owned EV charging stations in the U.S.”¹¹ Staff
2 agrees with Mr. Dismukes that “there is little difference (in terms of scope) of the pilot
3 program and the full program,”¹² but would like to point out that KCPL has also already
4 tested “their programs on a smaller market subset” with its Smart Grid demonstration project.
5 As Staff witness Randy Gross mentions on page 222 of Staff’s COS Report: “Currently the
6 Company has 20 distributed vehicle charging stations that accommodate Plug in Hybrid
7 Electrical Vehicles (PHEV) at various locations and is monitoring usage patterns.”

8 Q. Did KPCL use any of the information it obtained from its Smart Grid
9 demonstration project to inform how it designed the Clean Charge Network?

10 A. The apparent answer is “no,” since there is no discussion of this pilot in the
11 record outside of Staff’s COS Report and KCPL was unable to provide to Staff any economic
12 feasibility study or cost-benefit study in response to data requests Staff issued to KCPL
13 requesting them as part of Staff’s discovery in this case.¹³

14 Q. Is KCPL’s Clean Charge Network a demand-side management program?

15 A. Not at this time. DE witness Mr. Hyman notes KCPL’s willingness to pursue
16 load shifting or demand response programs, but those benefits are not available for this
17 program. In response to Staff Data Request 0411, KCPL stated, “KCP&L and GMO plan to
18 evaluate the potential for demand-side programs and vehicle to grid discharge programs
19 based, in part, on data produced as a result of this pilot project in concert with interested
20 stakeholders. To date, no program specifics have been designed.”

¹⁰ P. 21, ll. 15-16.

¹¹ P. 11, ll. 16-18.

¹² P. 22, ll. 1-2.

¹³ KCPL response to Staff Data Requests Nos. 0405 and 0413.

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1 Q. Is the Clean Charge Network included as a program in KCPL's current
2 Missouri Energy Efficiency Investment Act (MEEIA) portfolio?

3 A. No, it was not included, and has not been proposed to be included, as a
4 program in KCPL's MEEIA portfolio, approved in File No. EO-2014-0095.

5 Q. Could KCPL "curtail charging during peak periods and provide Demand
6 Response when needed"?¹⁴

7 A. Curtailment is typically only allowed under the guidelines of Commission-
8 approved tariffs. Otherwise, as Mr. Ives notes in his rebuttal testimony, "The Company is
9 required to provide electric service... at any and all times in its certificated service territory in
10 accordance with its tariffed rules of service."¹⁵ KCPL does not have, and is not proposing,
11 any tariff sheets for this initiative.

12 Q. Do you agree with DE witness Hyman that a result of more end users charging
13 their vehicles through the Clean Charge Network is a "decreased revenue requirement per unit
14 of energy"?¹⁶

15 A. Staff does not know because KCPL has not provided any economic feasibility
16 studies or cost-benefit studies.¹⁷ KCPL is proposing to increase its revenue requirement now
17 in the hope that there will be sufficient electric vehicle adoption in the future to result in a
18 lower revenue requirement per unit of energy. However, by KCPL's own admission, it has
19 not performed the studies or analysis necessary to determine how much adoption of electric
20 vehicles would be required for the revenue requirement per unit of energy to break even.

¹⁴ Rebuttal Testimony of Darrin R. Ives, p. 44, ll. 20-21.

¹⁵ Rebuttal Testimony of Darrin R. Ives, p. 47, ll. 4-6.

¹⁶ Rebuttal Testimony of Martin R. Hyman, p. 34, ll. 10-13

¹⁷ KCPL response to Staff Data Requests Nos. 0405 and 0413.

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1 KCPL has provided no evidence that the Clean Charge Network “is reasonably calculated to
2 benefit both the utility and its customers.”¹⁸

3 Q. In your opinion, does the language from the Commission’s promotional
4 practices rules that Mr. Hyman cites on page 45, at lines 1-3, of his rebuttal testimony exempt
5 the Clean Charge Network from the Commission’s promotional practice rules?

6 A. No. The highlighted section includes the phrase “in accordance with tariffs
7 filed with and approved by the commission.” KCPL does not have, and is not proposing, any
8 tariff sheets for this initiative.

9 Q. Do you agree that neither KCPL nor its affiliate is proposing to offer or grant
10 consideration for the purpose of promoting the use of electric vehicles which will use
11 electricity from KCPL?

12 A. No. In its response to Staff Data Request 0406, KCPL states that one of the
13 goals of the initiative is to “[s]erve as a catalyst [a synonym of the word ‘promoter’] for
14 electric vehicle adoption” and to “[b]uild beneficial electric load.” In its own press release,
15 attached as Schedule DRI-1 to the Supplemental Direct Testimony of Darrin R. Ives, KCPL
16 states, “KCP&L is partnering with Nissan and the host sites to cover the charging cost to
17 further encourage electric vehicle adoption in this market.”¹⁹ KCPL will not be able to
18 achieve many of its goals, including lowering the revenue requirement per unit of energy and
19 increasing off-peak usage, without increased electric vehicle adoption, and, as stated earlier,
20 KCPL does not have, and is not proposing, any tariff sheets for this initiative.

¹⁸ 4 CSR 240-14.030(1)

¹⁹ Schedule DRI-1 to the Supplemental Direct Testimony of Darrin R. Ives, page 3 of 10.

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1 Q. Has anything caused Staff to change its opinion presented on pages 204 to 213
2 of its revenue requirement cost of service report that the Commission should treat the Clean
3 Charge Network as an unregulated activity?

4 A. No.

5 Q. If the Commission decides against Staff's recommendation and treats the
6 Clean Charge Network as a regulated activity, does the Staff have any recommendations?

7 A. Yes. Staff recommends that the Commission require KCPL submit tariff
8 sheets that include:

9 - the rules, regulations, and rates governing a new class of customers, be it either
10 the electric vehicle owners or the owners of charging stations;

11 - sufficient information to fully describe the initiative, to whom it is offered, a
12 statement of the purpose or objective of the initiative, the terms and conditions governing
13 the initiative, and any other information relevant for a complete understanding of the
14 initiative.²⁰

15 Q. Would you summarize Staff's current position regarding KCPL's Clean
16 Charge Network?

17 A. While Staff welcomes the benefits of electric vehicles, it opposes KCPL's
18 proposal to socialize the costs of the Clean Charge Network among its retail customers or to
19 have them underwrite its venture into the electric vehicle charging station business. While the
20 Commission does regulate sales of electricity from generation to a customer's meter, Staff's
21 position is that the Commission should not regulate sales of electricity from charging stations
22 to electric vehicles. Since the charging stations in question are owned and operated by KCPL,
23 there is no need at this time for tariff sheets to establish rates for sales to the charging stations.

²⁰ Staff used 4 CSR 240-3.150(2)(A) as guidance in developing this recommendation.

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1 | However, if the Commission decides to regulate the sales from charging stations to electric
2 | vehicles, KCPL should be required to submit tariff sheets for Commission review and
3 | approval.

4 | Q. Does this conclude your surrebuttal testimony?

5 | A. Yes it does.