

**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-2018-0145  
)

In the Matter of KCP&L Greater Missouri Operations Company's Request for Authority to Implement a General Rate Increase for Electric Service )  
)  
) Case No. ER-2018-0146  
)  
)

**MISSOURI DIVISION OF ENERGY**  
**STATEMENT OF POSITIONS**

COMES NOW the Missouri Department of Economic Development, Division of Energy ("DE") and for its Statement of Positions offers the following positions on the issues presented in the Corrected List of Issues. DE has not taken a position on the issues not addressed below, but reserves the right to take a position during the evidentiary hearing and/or in its post-hearing briefs on any and all issues. DE's positions are as follows:

**III. Rate Design/Class Cost of Service**

**b. Residential Rate Design**

**i. What residential rate design should be ordered for each utility?**

Rates should be set in a manner that induces efficiency, ensures affordability, maintains gradualism, and reflects cost-causation. This is best accomplished through low monthly customer charges that only recover the costs to serve individual customers irrespective of usage, coupled with a flat or inclining volumetric rate that accounts for basic customer usage. As a step toward rates that send improved price signals for efficiency, DE recommends that the Companies move further towards the adoption of flatter volumetric rates for residential general use customers during the winter, and that GMO

implement an inclining block rate for residential general use customers during the summer. A summer inclining block rate should be structured such that the initial block of usage encompasses non-discretionary customer end-uses, such as space heating, cooling, and cooking. DE also recommends that the Commission set a goal of moving towards completely flat (i.e., no different charges for different usage blocks) and/or inclining block rates for residential general use customers during the winter in subsequent cases, ideally on an incremental basis. All such rate design movement should be predicated on analyses of customer bill impacts. (*Direct Testimony of Martin R. Hyman*).

**ii. What residential customer charges should be ordered for each utility?**

DE recommends against any increases to customer charges in these cases. Energy efficiency, affordability, and cost-causation principles are best achieved through low monthly customer charges that only recover the costs to serve individual customers irrespective of usage.

As noted by the Office of the Public Counsel and Renew Missouri Advocates d/b/a Renew Missouri, some of the costs associated with AMI meters relate to functions that go beyond customer-related costs – i.e., the incremental costs associated with serving additional customers, such as the costs of meters designed solely for the purpose of capturing usage. Since AMI meters enable a number of new demand- and energy-related service options, DE recommends that the Commission consider the allocation of some AMI meter costs based on non-customer-related allocators. (*Direct, Rebuttal, and Surrebuttal Testimony of Martin R. Hyman*).

**iii. Should KCPL's residential rate schedules be simplified and consolidated as recommended by Staff?**

DE recommends against any move to consolidate space heating and non-space heating customers that does not allow for a gradual transition.

**iv. Should the Commission order implementation of KCPL's and GMO's proposed Time of Use Pilots ("TOU")? If so, how?**

DE supports opt-in residential TOU pilots for both Companies and recommends expanding program participation opportunities; however, these rates should be offered starting with the effective date of the Commission's Report and Order in the current rate cases and should not be included in the Companies' Missouri Energy Efficiency Investment Act ("MEEIA") portfolios. DE does not recommend implementing Staff's proposed mandatory residential TOU rates because of concerns about gradualism and customer understanding, as well as a lack of stakeholder experience or input to assist in thoughtfully designing such rates. DE recommends, at the least, a phase-in of such rates and customer protections such as "shadow billing" and hold-harmless billing. DE also encourages careful consideration of appropriate and effective customer education before, during, and after TOU programs are agreed to by customers. Such education efforts should evaluate leading practices in other jurisdictions that have implemented TOU, including post-evaluation criteria to demonstrate that TOU rates resulted or did not result in changes to customer usage that provided cost savings to participants and the utility system. (*Rebuttal and Surrebuttal Testimony of Martin R. Hyman*).

**c. Non-Residential Rate Design**

**i. What Rate Designs should be ordered for each utility's non-residential classes?**

DE's concerns regarding the application of mandatory TOU rates are broadly applicable to the small businesses and others served under SGS rates. The potential

impacts on businesses are particularly problematic from an economic development perspective, since businesses need certainty about critical inputs such as electricity. Such impacts would be compounded by their pairing with rate increases. (*Rebuttal Testimony of Martin R. Hyman*).

#### **IV. Tariffs**

**a. Restoration Charge – Should a restoration charge be added to each utility’s tariffs as requested by KCPL and GMO?**

No. DE opposes the Companies’ proposed Restoration Charge because it is not based on underlying costs and could unfairly penalize certain customers. (*Rebuttal and Surrebuttal Testimonies of Martin R. Hyman*).

**c. Real Time Pricing – Should the Commission eliminate each utility’s Real Time Pricing tariffs, as proposed by KCPL and GMO?**

No. DE supports continuation and expansion of Real Time Pricing (“RTP”) options for larger customers, and DE also agrees with MECG witness Mr. Greg Meyer that the RTP tariff should be marketed. The Companies should be ordered to rigorously promote and educate residential customers on any TOU tariff options that arise from this case, along with commercial and industrial RTP tariffs. (*Surrebuttal Testimony of Martin R. Hyman*).

**d. Other Studies – Should the Commission order KCPL and GMO to complete the studies recommended by Staff, including (1) seasonal rates; (2) alignment of billing seasons between utilities; (3) study and retention of billing determinants to develop more complex rate designs including but not limited to coincident peak demand; and (4) development and recording of facility extensions by customer and/or class?**

DE takes no position at this time on studies (1), (3), and (4), as enumerated above, but reserves the ability to take positions on these studies following evidence presented at the evidentiary hearing. DE is not opposed to maintaining billing determinants related to coincident peak demand. However, DE does not support the conclusion that all residential customers should be billed using demand charges at this time. Instead, DE recommends that Staff, the Companies, and other parties examine data from the TOU and demand rate pilots – as well as inclining block rates ordered by the Commission – to determine which rate designs are most understandable for customers and best encourage efficient usage, both on- and off-peak. (*Rebuttal Testimony of Martin R. Hyman*).

#### **V. Riders**

a. **Renewable Energy Rider – Should the Commission order implementation of a renewable energy rider for each utility? If so, should the unsubscribed energy flow through each utility’s FAC, or should any other recommendations made by parties be adopted?**

DE supports offering tariffs such as the Renewable Energy Program (“REP”) in order to meet corporate and local government demand for renewable energy. DE is not opposed to Staff’s recommendation that KCPL and GMO offer separate green tariff proposals, or the recommendations of Mr. Steve W. Chriss for MEEG, provided that the Companies can offer separate programs based on PPAs procured for both KCP&L and GMO. Allowing joint PPA procurement – as opposed to separate PPAs for each utility – should result in lower program costs by taking advantage of economies of scale. (*Rebuttal and Surrebuttal Testimonies of Martin R. Hyman*).

**b. Solar Subscription Rider – Should the Commission order the implementation of a solar subscription rider for each utility? If yes, should the Commission order the adoption of any other recommendations made by parties?**

DE supports offering tariffs such as the Solar Subscription Pilot Rider in order to meet customer demands for renewable energy, particularly for those customers unable to own their solar resources. DE also supports a low-income component for the solar subscription rider. DE is not opposed to Staff's proposal for KCPL and GMO to offer separate programs, provided that the Companies can offer separate programs based on facilities procured for both KCP&L and GMO. Allowing joint facility procurement – as opposed to separate facilities for each utility – should result in lower program costs by taking advantage of economies of scale. Lastly, DE supports the Staff's proposal to include bill credits for excess generation; this proposal would more closely align the programs with the net metering of customer-sited solar by offering a version of "virtual net metering," and it would improve the programs' potential value to customers. (*Rebuttal Testimony of Sharlet E. Kroll; Rebuttal and Surrebuttal Testimonies of Martin R. Hyman*).

**c. Standby Service Rider – Should the Commission order changes to each utility's Standby Rider tariff, as recommended by the Division of Energy?**

Yes. As the Commission considers standby service riders ("SSR") and other rate design issues in this case, DE strongly encourages the Commission to create a regulatory environment that is conducive to increasing the deployment of more resilient and efficient customer co-generation options such as combined heat and power ("CHP") and to avoid rate designs and charges that would hinder a customer from utilizing CHP to improve their process or business. As the Commission evaluates the merits of KCPL's proposed Standby Service Rider in this case, DE recommends consideration of

a) the practical tariff rate attributes of simplicity, understandability, and feasibility of application, b) the progress made on the issue from the Ameren case no. ER-2014-0258 (concepts, definitions, structure, transparency, study tool), c) the utility obligation to base rates on accurate data and consistent system-wide costing principles, d) the responsibility to ensure avoidance of undue discrimination, and e) the role CHP plays in promoting the efficient use of energy, reducing emissions, and increasing resiliency. Any SSR proposal should, at a minimum, be based on specific model profiles (for each class of service applicable), and a realistic, consistent set of generation and outage scenarios for evaluation in this case. More detailed recommendations on how to implement the above are included in DE's pre-filed testimony. (*Direct and Rebuttal Testimony of Jane E. Epperson, and Surrebuttal Testimony of Barbara J. Meyer*).

## **VI. Indiana Model**

### **Should the Commission order each utility's Demand Response Incentive Tariff be modified to incorporate the Indiana Model, as proposed by AEMA?**

DE supports enabling "aggregators" of different customer loads to participate in utility demand response programs, either under a Missouri Energy Efficiency Investment Act program or through other types of utility tariffs. (*Surrebuttal Testimony of Martin R. Hyman*).

## **VII. Third Party Charging Stations**

### **a. Electric Vehicle Make Ready Model – Should the Commission modify each utility's line extension tariffs to subsidize installations of customer-owned separately metered charging equipment under specified circumstances?**

DE is generally supportive of creating a make-ready model. Utility ownership of EVCSs does not preclude a "make ready" model. Both can – and should – be used to

ensure equitable EVCS deployment. DE recommends that such a model target EVCS placement based on distribution system hosting capacity and filling the needs of unserved or underserved markets (e.g., urban core, rural areas, low-income areas, multifamily dwellings, and highway corridors). Additionally, such a model should be coupled with demand-side programs that enable load control in order to improve utilities' abilities to shift charging to off-peak times, along with robust distribution system planning that accounts for EVCSs and other DERs and the gradual introduction of time-differentiated rate designs. EV charging should not be treated differently than other end uses with regards to forced load reductions. (*Rebuttal and Surrebuttal Testimony of Martin R. Hyman*).

**b. EV Charging Separately Metered Rate – Should the Commission create an SGS subclass to facilitate time-differentiated separately-metered customer owned EV charging under specified circumstances?**

DE does not support mandatory TOU rates for EVCSs at this time. Once there is high EV market penetration (and the potential for significantly increased on-peak demand) it would be reasonable to revisit the potential benefits of such rates in the EVCS context.

DE also recommends against including demand charges for EVCSs, but, if an EVCS rate design includes a demand charge, the demand charge should be low and tied to site-specific infrastructure. DE is concerned that EVCS demand charges could discourage customers from offering EV charging by raising their bills, particularly if high-speed charging is offered. The need for demand charges is questionable given the deployment of AMI and the availability of TOU rates. (*Rebuttal and Surrebuttal Testimony of Martin R. Hyman*).



### **VIII. Distributed Energy Resources (“DERs”) Data**

#### **Should the Companies’ Net Metering Interconnection Agreement, Parallel Generation Contract Service (Cogeneration Purchase Schedule), and Standby Service Rider include language regarding maintaining and aggregating information related to customer generator systems?**

DE is not opposed to maintaining data on customer-owned DERs so long as the data is securely collected and maintained, ownership of the data remains with the applicable customers, and the data is made publicly available in an aggregated format with appropriate consumer privacy protections. (*Rebuttal Testimony of Martin R. Hyman*).

WHEREFORE, the Missouri Division of Energy respectfully offers the above position statements on the remaining unresolved issues and reserves the right to take a position on any remaining issue not addressed above.

Respectfully submitted,

*Marc Poston*

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## CERTIFICATE OF SERVICE

I hereby certify that copies of the foregoing have been served electronically on all counsel of record this 19<sup>th</sup> day of September, 2018.

*Marc Poston*

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