

Exhibit No.:
Issue: FAC; AMI Meters; EV Charging
Stations; Real Time Pricing; Special
Contracts; Time of Use Rates and
MEEIA; Electric/Steam Allocations
Witness: Tim M. Rush
Type of Exhibit: Surrebuttal Testimony
Sponsoring Party: Kansas City Power & Light Company
and KCP&L Greater Missouri
Operations Company
Case Nos.: ER-2018-0145 and ER-2018-0146
Date Testimony Prepared: September 4, 2018

MISSOURI PUBLIC SERVICE COMMISSION

CASE NOS.: ER-2018-0145 and ER-2018-0146

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

ON BEHALF OF

**KANSAS CITY POWER & LIGHT COMPANY and
KCP&L GREATER MISSOURI OPERATIONS COMPANY**

**Kansas City, Missouri
September 2018**

KCP&L Exhibit No. 166
Date 9-25-18 Reporter TR
File No. ER-2018-0145+0146

SURREBUTTAL TESTIMONY

OF

TIM M. RUSH

Case Nos. ER-2018-0145 and ER-2018-0146

1 **Q: Please state your name and business address.**

2 A: My name is Tim M. Rush. My business address is 1200 Main Street, Kansas City,
3 Missouri 64105.

4 **Q: By whom and in what capacity are you employed?**

5 A: I am employed by Kansas City Power & Light Company (“KCP&L”) as Director,
6 Regulatory Affairs.

7 **Q: On whose behalf are you testifying?**

8 A: I am testifying on behalf of KCP&L (“KCP&L”) and KCP&L Greater Missouri
9 Operations Company (“GMO”) (collectively, the “Company”).

10 **Q: Are you the same Tim M. Rush who filed Direct and Rebuttal Testimony in both**
11 **ER-2018-0145 and ER-2018-0146?**

12 A: Yes, I am.

13 **Q: What is the purpose of your testimony?**

14 A: The purpose of my testimony is to:

15 I. Address the Rebuttal Testimony of Brooke Richter pertaining to the
16 Company’s proposed changes to the Fuel Adjustment Clause (“FAC”);

17 II. Address Geoff Marke’s Rebuttal Testimony regarding the implementation
18 of AMI meters;

- 1 III. Respond to rebuttal testimony on behalf of the Office of the Public
2 Counsel (“OPC”) recommending that the Commission disallow recovery
3 of Electric Vehicle (“EV”) charging station costs and reject the
4 Company’s proposed EV charging tariff;
- 5 IV. Respond to the rebuttal testimony of Dogwood and Staff concerning the
6 Real Time Pricing (“RTP”) tariff;
- 7 V. Address Staff witness Sarah Lange regarding Staff’s recommendation on
8 Special Contracts;
- 9 VI. Address Staff witness Brad Forston’s contention that TOU pilot programs
10 cannot be approved in this case and implemented in a future MEEIA
11 application.
- 12 VII. Address Staff witness Charles T. Poston’s position that the proposed
13 allocation between the electric and steam businesses for GMO should not
14 be changed at this time.

15 **I. FUEL ADJUSTMENT CLAUSE**

16 **Q: Does Staff witness Brooke Richter provide a recommendation regarding the**
17 **Company’s FAC?**

18 **A: Yes. She points out that while my testimony addressed the inclusion of certain accounts**
19 **for which Staff agrees, she points out that it was not reflected in the FAC tariff. I agree**
20 **and those accounts will be reflected in the tariffs for the FAC.**

1 **II. AMI METER DEPLOYMENT**

2 **Q: OPC witness Marke states at p. 4 of his rebuttal testimony that OPC believed that**
3 **AMI meters were fully deployed at KCP&L and that they would soon be fully**
4 **deployed at GMO based on your comments during the last GMO rate case. What is**
5 **your response?**

6 **A:** In the last GMO rate case (ER-2016-0156) GMO started a nine-month project to upgrade
7 approximately 180,000 manually read meters to AMI-meters in the GMO Missouri
8 Public Service metro area.¹ This is the “project” that I referred to in my live testimony
9 quoted by Mr. Marke at p. 3 of his rebuttal testimony. Note that this project did not
10 encompass all of GMO’s territory and I specifically said that it has been “rolled out to
11 about half the system.” That project (deployment of AMI meters to the GMO metro
12 area) was completed on time. Meter replacement in other GMO and KCP&L areas
13 continues with estimated completion slated for 2020.

14 **Q: Do you agree with OPC’s assertion at p. 4 of Mr. Marke’s testimony that AMI**
15 **deployment has “stalled” and that there has been a “lack of communication and**
16 **disappointing results”?**

17 **A:** No. The Company’s AMI deployment has been successful and proceeding according to
18 schedule. My statements to the Commission quoted by Mr. Marke were accurate and
19 were misinterpreted by Mr. Marke.

¹ See Direct Testimony of Scott H. Heidtbrink, ER-2016-0156, p. 8.

1 **III. ELECTRIC VEHICLE CHARGING STATIONS**

2 **Q: What is your understanding of OPC's position regarding EV charging stations?**

3 A: As described on pages 2-4 of the rebuttal testimony of Mr. Geoff Marke, OPC opposes
4 rate recovery of EV charging station costs and further recommends that the Commission
5 reject the EV charging rate proposed by KCP&L and GMO, respectively. OPC witness
6 Marke bases these positions largely on the Commission's Report and Order in Case No.
7 ER-2016-0285, where the Commission decided that EV charging stations do not
8 constitute "electric plant" under Missouri statutes and, therefore, the Commission had no
9 authority to regulate them or include associated costs in rates.²

10 **Q: Since the filing of OPC witness Marke's rebuttal testimony has anything changed**
11 **regarding the Commission's decision in Case No. ER-2016-0285 regarding EV**
12 **charging stations?**

13 A: Yes. I have been advised by counsel that on August 23, 2018, the opinion of the Western
14 District of the Missouri Court of Appeals in Case No. WD 80911 (KCP&L's appeal of
15 the Commission's Report and Order in Case No. ER-2016-0285) became final. In
16 relevant part, the Court reversed the Commission's decision that EV charging stations do
17 not constitute "electric plant" under Missouri statutes.³ Because the Court's opinion is
18 now final, these rate cases present the most efficient opportunity to resolve EV charging
19 station issues on remand from the Court.

² Report and Order, Case No. ER-2016-0285, pp. 42-47 (May 3, 2017).

³ Opinion of the Missouri Court of Appeals (Western District), Case No. WD 89011, pp. 19-20 (August 7, 2018).

1 Q: What does the Company propose?

2 A: First, the Commission should approve the rate schedule for EV charging proposed in
3 these cases for KCP&L and GMO respectively.⁴ Second, the Commission should
4 approve the Company's request to include the cost of EV charging stations in its revenue
5 requirement.

6 ▪ For KCP&L, the revenue requirement request related to EV charging
7 stations is \$869,927 in the true-up through June 2018. This is a reduction
8 from KCP&L's original request in this case which is attributable to the
9 fact that the revenue requirement ordered by the Commission in Case No.
10 ER-2016-0285 would have been \$387,727 (or \$1,062 per day) lower if EV
11 charging stations had been included in revenue requirement.⁵ KCP&L
12 calculated this revised revenue requirement request for EV charging
13 stations by deriving the total of the lower revenue requirement for the
14 period the rates from Case ER-2016-0285 will be in effect (June 8, 2017 –
15 December 28, 2018, or 569 days): \$604,429. I am advised by counsel
16 that, pursuant to section 386.520(2) RSMo., this over-recovery needs to
17 reflect interest at the higher of the prime bank lending rate minus two
18 percentage points or zero. The prime bank lending rate is currently 5%, so
19 including interest at a rate of 3% produces a total over-recovery during the
20 rate effective period of \$630,458. KCP&L then divided that figure by four
21 and reduced its original EV charging station revenue requirement request

⁴ For KCP&L, Schedule CCN on Sheet Nos. 16, 16A and 16B; for GMO, Schedule CCN on Sheet Nos. 154 and 154.1.

⁵ See Reconciliation filed on June 22, 2017 in Case No. ER-2016-0285.

1 in this case by that amount (\$157,614), assuming that rates set in this case
2 will be effective for approximately four years.

3 ▪ For GMO, the revenue requirement request related to EV charging stations
4 is about \$843,846.

5 ▪ These amounts are reflected in the true-up revenue requirement sponsored
6 by Company witness Ronald Klote in his true-up direct testimony.

7 **Q: Does either KCP&L or GMO plan on adding other charging stations throughout**
8 **the territory?**

9 A: The Company embarked on the Clean Charge Network to encourage the development of
10 the electric vehicle market and address the range anxiety that exists with persons
11 considering the purchase of an electric vehicle. This range anxiety has been mitigated by
12 the Company’s deployment of the Clean Charge Network, and we anticipate that growth
13 in the electric vehicle market that was “kick started” by the Clean Charge Network as
14 demonstrated in the direct testimony of Company witness Caisley will continue. The EV
15 charging station tariff sheets proposed by KCP&L and GMO contain caps on the number
16 of EV charging stations that may be installed, so any expansion of the network will only
17 occur upon Commission approval.

18 **Q: What is your understanding of Staff’s position regarding EV charging stations?**

19 A: Based on pages 2-4 of the rate design rebuttal testimony of Staff witness Murray, it
20 appears that Staff supports including the cost of EV charging stations in revenue
21 requirement, and assigning such costs to a separate EV charging customer class. Staff
22 witness Murray also recommends that the Company’s EV charging tariff should
23 incorporate time-of-use (“TOU”) rates.

1 **Q: How do you respond to this Staff position?**

2 A: On pages 9-11 of my rate design rebuttal testimony, I addressed the basis for the
3 Company's opposition to Staff's proposal to incorporate TOU rates for the Company's
4 EV charging station. The purpose of the proposed tariff which was filed in this case was
5 to establish a price that would be applicable to charging stations for the end user whether
6 they were in the GMO territory or in any area in the KCP&L territory. At this stage, I
7 don't believe that a time of use tariff would be effective. However, over time, it may
8 become appropriate. What the Company is attempting to do with its Time of Use pilots
9 for residential customer would seem more appropriate for electrical vehicle charging.
10 Regarding Staff's proposal to create a separate EV charging customer class, I am unclear
11 of the purpose of separate customer class except to keep track of the investments made
12 with EV stations. Finally, the Company appreciates what appears to be Staff's
13 acknowledgement that the cost of EV charging stations is appropriate to include in
14 revenue requirement.

15 **IV. REAL TIME PRICING ("RTP")**

16 **Q: How many customers are on the GMO and KCP&L RTP tariffs?**

17 A: At this writing, each jurisdiction has 2 customers. Dogwood and Church and Dwight are
18 GMO customers. U.S. Gypsum and Little Sisters of the Poor are KCP&L customers.

19 **Q: Does the Company still wish to discontinue the RTP tariff?**

20 A: Yes. The tariff requires manual billing which reflect the multiple steps and several
21 different systems needed to provide the customer the ability to manage his/her load and is
22 not easy to administer. This will include SPP market prices on a daily basis, hourly retail
23 load data from the customers meter, the computation of the hourly price offering, the

1 computation of the customers hourly customer base load (“CBL”) data against the actual
2 hourly data times the offered hourly pricing, and ultimately the transfer of that data to the
3 billing system along with the computation of the CBL using the standard tariff. As has
4 been the case, the customers have different views of what the RTP tariff does. For
5 example, setting the customer up initially may be relatively easy, however, modifying the
6 baseline becomes difficult. While the GMO tariff allows changes to the baseline, it often
7 ends up a problematic topic with the customer. However, the Company appreciates the
8 concerns raised by Dogwood and is willing to continue the tariffs as long as they remain
9 frozen to new customers.

10 **Q: Do you agree with witness Meyer that the RTP tariff is not difficult to administer?**

11 **A:** No. The tariff is difficult to administer because customer usages change and as such, the
12 potential for customer benefits and detriment come into play.

13 I think the best way to address this topic is to give some examples. For example,
14 if the customer reduces its energy use level, it is likely that the customer will pay
15 substantially more by being on the RTP rate than it would have if it were not on the rate.
16 The reason for this is that the standard rate charges a higher energy charge than we are
17 currently experiencing with the RTP tariff. Because we are using the higher level in the
18 CBL portion of the bill, the customer will pay more than had they been on the standard
19 tariff. The same is true if the customer’s demand is reduced below the demand used in
20 establishing the CBL. If the demand becomes lower than the CBL, then the customers
21 CBL portion of the bill will be greater than had the customer been on the standard rate
22 simply because the demand is lower than when the CBL was established.

1 The opposite is true if the customer expands its operation. Because the tariff was
2 originally designed to allow the customer to modify their energy usage around the price
3 of electricity, it was not intended to establish a CBL and then be left unchecked. In my
4 example of a customer expanding its operations, an increase in load both in demand and
5 energy would not reflect the additional capacity costs the Company would incur to
6 service the additional load.

7 **Q: Why is all of this coming out at this time?**

8 **A:** One of the reasons is the SPP integrated market that was implemented several years ago.
9 Because the SPP integrated market leads to KCP&L and GMO bidding all of its energy
10 loads into the market and purchasing all of its load from the market, energy prices have
11 somewhat stabilized in the SPP market for all utilities in SPP. Additionally, with the
12 addition of the substantial wind generation in the market and the low natural gas prices,
13 we are seeing lower market prices for electricity than previously, even negative prices in
14 evenings and other non-peak periods. Prior to the integrated market, both KCP&L and
15 GMO provided the day and price to the customer based on their own analysis of the
16 market serving their own customer load and generation capability. However, with the
17 integrated market, the price is now provided with the market as this is the market price of
18 both GMO and KCP&L. Additionally, the RTP prices have a mark-up (“lambda”) to
19 address the additional cost to serve. However, when prices are negative, the lambda
20 simply increases the negative price for the customer.

21 So, from the perspective of the Company, the new integrated market, the added
22 wind generation and the low gas prices are all contributing factors to a market that makes
23 it more difficult to manage the current RTP program. Additionally, load changes for

1 customers further causes difficulty in managing the tariff. These are all external concerns
2 that don't address the internal issues of making sure the billing is done correctly.

3 **Q: Do you agree with witness Meyer's and Janssen's contention that Dogwood is rarely**
4 **served during the Company's peak?**

5 A: While I agree that Dogwood is not normally on the peak hour of the utility, rates are not
6 designed to only address the peak hour demand. Additionally, there is no guarantee that
7 Dogwood would not be on the peak hour and the Company still must design the system
8 for that contingency. Instead, it is likely that Dogwood will not be on the exact peak hour
9 because they will likely be generating energy themselves. However, they will still be
10 consuming substantial energy during the broader peak period and that has to be reflected
11 in the overall RTP rate.

12 **Q: Would you explain the purpose of the RTP tariff?**

13 A: The RTP tariff was designed to give an incentive to the customer to manage its energy
14 based on knowing the hourly energy prices in comparison to the energy prices it was
15 paying under the standard tariff, which were fixed. A CBL was established which was to
16 be the expected energy and demands of the customer. The energy part of the CBL
17 consisted of hourly loads. The CBL was then billed under the standard tariff on a
18 monthly basis and the RTP tariff compared the CBL base to the actual and the difference
19 was billed at the market price. The sum of the CBL bill and the RTP portion made up
20 the overall RTP bill to the customer. The CBL portion of the bill was to cover all of the
21 costs except for the variable energy costs that the customer may be able to take
22 advantage. By shifting energy usage, the customer would be able to reduce his bill
23 without harm to the Company. The RTP tariff was not designed to address customer

1 expansions or contraction of their overall system, but to take advantage of changing
2 operations to lower energy price periods.

3 **V. SPECIAL CONTRACTS**

4 **Q: Are changes to the special contracts tariffs necessary?**

5 A: Yes. The Company disagrees with Staff that the Special Contract should somehow be
6 linked to the RTP tariff. As has been described above, the RTP tariff is operating in a
7 market that has seen considerable changes that impact the pricing and ultimately the
8 market. To reflect the RTP model as the foundation of any special contract is not
9 practical at this point.

10 **VI. TOU AND MEEIA**

11 **Q: Do you agree with Staff witness Fortson that it is premature to approve the TOU**
12 **rate pilots if implementation of the rates is contingent upon an approved MEEIA**
13 **application?**

14 A: In an effort to address Mr. Fortson's concern, the Company is willing to forgo the
15 inclusion of its TOU proposal in its proposed MEEIA cycle 3 plan. Gaining approval in
16 this case will pave the way for the implementation that would occur outside of a rate
17 case. Company witness Darrin Ives addresses in his Surrebuttal testimony the
18 modifications to our original proposal to address the Staff and other parties concerns for
19 our residential TOU rate proposal. Those modifications include:

- 20 ▪ Expand participation in the three residential pilot rates from 1,000
21 residential AMI customers each (per utility) to 1,500 residential AMI
22 customers each (per utility);

- 1 ▪ Implement these pilot rates in October 2019 outside the Company's
2 MEEIA cycle 3 filings provided the Commission authorizes deferral of
3 program costs (including EM&V costs) and lost revenues associated with
4 these pilots for consideration in future general rate proceedings;
- 5 ▪ The Company will not seek recovery of the earnings opportunity in
6 connection with implementing these pilot rates; and
- 7 ▪ The Company will, commencing in October 2019, include on-peak and
8 off-peak kWh usage information on the bills of all residential AMI
9 customers, using the on-peak and off-peak hours identified in the
10 Company's original proposal.

11 Except for the above modifications, the details of the Company's proposed pilot TOU
12 rates remain the same. In addition, I think it's important to note here that the Company
13 will undertake the customer education efforts mentioned in the direct testimony of
14 Company witness Ms. Kimberly Winslow in connection with these expanded pilots.

15 **VII. ELECTRIC/STEAM ALLOCATIONS**

16 **Q: Do you agree with Staff witness Poston's position that the allocation factors used to**
17 **allocate the steam and electric operations agreed in the Stipulation and Agreement**
18 **in Case No. ER-2016-0156 be left in place?**

19 **A: At this point, the Company agrees that the allocation factors used in Case No. ER-2016-**
20 **0156 should continue to be used in GMO's current electric rate case.**

21 **Q: Does that conclude your testimony?**

22 **A: Yes, it does.**

**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

AFFIDAVIT OF TIM M. RUSH

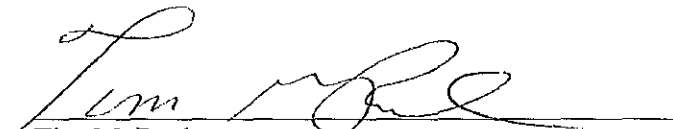
STATE OF MISSOURI)
) ss
COUNTY OF JACKSON)

Tim M. Rush, being first duly sworn on his oath, states:

1. My name is Tim M. Rush. I work in Kansas City, Missouri, and I am employed by Kansas City Power & Light Company as Director, Regulatory Affairs.

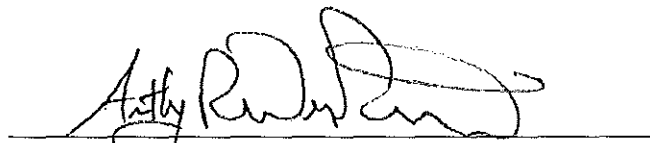
2. Attached hereto and made a part hereof for all purposes is my Rebuttal Testimony on behalf of Kansas City Power & Light Company and KCP&L Greater Missouri Operations Company consisting of twelve (12) pages, having been prepared in written form for introduction into evidence in the above-captioned docket.

3. I have knowledge of the matters set forth therein. I hereby swear and affirm that my answers contained in the attached testimony to the questions therein propounded, including any attachments thereto, are true and accurate to the best of my knowledge, information and belief.



Tim M. Rush

Subscribed and sworn before me this 4th day of September 2018.



Notary Public

My commission expires: 4/26/2021

