

**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)

**MISSOURI DIVISION OF ENERGY’S
STATEMENT OF POSITIONS**

COMES NOW the Missouri Division of Energy and for its *Statement of Position*, states

Clean Charge Network:

A. *Should all issues associated with KCPL’s Clean Charge Network (“CCN”) be considered in a separate case and not considered in this case?*

No, DE recommends that the issues associated with KCPL’s CCN pilot program as they have been raised by the various parties within these proceedings should be considered by the Commission in this rate case.

B. *Is the Clean Charge Network a public utility service?*

Yes, Since the Company is selling and distributing electricity to electric vehicle charging stations at host sites – and, ultimately, to electric vehicles – the Commission has statutory jurisdiction under §386.250.1 RSMo., which provides “The jurisdiction, supervision, powers and duties of the public service commission herein created and established shall extend under this chapter: (1) To the manufacture, sale or distribution of...electricity for light, heat and power, within the state, and to persons or corporations owning, leasing, operating or controlling the same”. Additionally, an electric vehicle charging station installation would fit the definition of a “structure” under §393.106.1 RSMo., as

“a mechanical installation, machinery or apparatus at which retail electric energy is being delivered through a metering device which is located on or adjacent to the structure and connected to the lines of an electrical supplier’, which are intended to provide “permanent service”. The charging stations will also bring numerous benefits to the Company’s service territory and the Kansas City metropolitan area as a whole. Such benefits include the potential for spreading the Company’s fixed cost recovery across more ratepayers, increasing economic development in the Kansas City metropolitan area, and reducing total air pollution emissions from the transportation and electric power sectors as end use customers charge their vehicles with electricity generated from the cleaner energy sources. Additionally, The Clean Charge Network is not covered by the Commission's Promotional Practice rules, since the Company plans to own the individual charging stations and the electricity provided by these charging stations will be paid for by parties other than the Company during the pilot phase of the initiative.

If the CCN is a public utility service, how should the cost of the CCN be recovered?

To the extent that the CCN is installed, placed in service, and the costs of such installation are prudently incurred, the expenses related to its installation should be recovered through specific cost-based rates. Expenses related to the Clean Charge Network passed through base rates should be collected from those host sites and/or end use customers to whom service is provided. The Company indicates that Nissan and the host sites with which the Company will partner will pay for the electricity consumed by end use customers at “standard tariff rates”

during the Clean Charge Network's pilot phase. DE recommends that this method of cost recovery be allowed in the pilot phase of the Clean Charge Network. Additionally DE recommends the Commission require that, as a condition of approving the CCN pilot, the Company shall propose tariffs to address the issue of how the cost of electric service at these charging stations will be recovered at the end of the pilot program, in the context of a rate case, with the resulting tariffs to be in effect in advance of the end of the pilot program.

Rate Design:

Residential Customer Charge

At what level should the Commission set KCPL's residential customer charge?

DE's recommendation with respect to the Residential Customer Charges is that they not be increased; to the extent any revenue increase is approved, any net increase should apply to the Energy Charges. DE contends that the Company's proposal to increase Residential Customer Charges in this rate case should be rejected because of the proposal's inconsistency with energy efficiency goals noted by the Commission in its Report and Order in both the Company's last rate case and the recent Ameren Missouri rate case, as well as the inconsistency of the Company's proposal with the policy goals of MEEIA. The Company's proposal also fails to adequately address potential impacts on low-income customers.

Residential Time of Day

Should the time of day rate be frozen from the addition of future customers or should KCPL file modified time of day tariff provisions in its next rate case?

DE's recommends that the Commission reject the Company's Residential time of day rate proposal to freeze the rate from use by future customers not currently

utilizing this rate, and instead require the Company to re-file a modified and improved time of day tariff in its next rate case. This proposal will maintain the availability of these rate schedules for new customers interested in realizing energy efficiency gains based on detailed energy price signals while simultaneously giving the Company a path to improving the tariffs.

Special Rates

Two-part time of use

Should the two-part time of use rate be eliminated from the addition of future customers, or should KCPL file a modified two-part time of use tariff provisions in its next rate case?

DE recommends that the Commission reject the Company's proposal to freeze its two-part time-of use rate schedules and instead require the Company to submit revised tariffs and supporting documentation in its next rate case. This proposal will maintain the availability of these rate schedules for new customers interested in realizing energy efficiency gains based on detailed Energy Price signals while simultaneously giving the Company a path to improving the tariffs.

Real Time Pricing Tariffs

Should the real time pricing rate be frozen from the addition of future customers, or should KCPL be required to file modified real time pricing tariff provisions in its next rate case?

DE recommends that the Commission reject the Company's proposal to freeze its real time pricing tariffs (RTP & RTP-Plus) and instead require the Company to submit revised tariffs and supporting documentation in its next rate case. This proposal will maintain the availability of these rate schedules for new customers

interested in realizing energy efficiency gains based on detailed energy price signals while simultaneously giving the Company a path to improving the tariffs.

Tariff Rules and Regulations

Economic Development Rider/Urban Core Development Rider

Should the Commission approve DE's proposal to link MEEIA participation to receipt of EDR and UCD incentives?

DE recommends the Commission approve its proposal to link MEEIA participation to receipt of EDR and UCD incentives. The MEEIA statute states that “[i]t shall be the policy of the state to value demand-side investments equal to traditional investments...In support of this policy the Commission shall ensure that utility financial incentives are aligned with helping customers use energy more efficiently”.¹ Commission rules cite the MEEIA statute and reinforce implementation of the state policy to encourage energy efficiency. Economic development riders create incentives that have not yet been aligned with the state and Commission policy to encourage energy efficiency. DE’s recommendation provides the Commission with the opportunity to establish that alignment. KCPL’s MEEIA portfolio includes energy efficiency programs applicable to commercial and industrial customers—the same customers targeted for the EDR and UCD. KCPL’s EDR and UCD tariff sheets should be modified to include participation in applicable Business Energy Efficiency Programs as an eligibility requirement for taking service under the special rate. KCPL’s EDR and UCD tariffs are voluntary and provide significant rate savings to recipients; therefore,

¹ 393.1075.3

the Commission has the authority to and should require participation in MEEIA as a prerequisite to receiving an EDR or UCD tariff rate.

Standby Service

Should KCPL be required to establish a working group to review their Standby Service Tariff to ensure that it's rates are cost-based and reflect best practices?

Yes, DE recommends that KCPL be required to establish a working group to review their Standby Service Tariff to ensure that its rates are cost-based and reflect best practices and to develop recommendations on cost-based rate levels. Properly designed standby rates can allow customers to deploy distributed generation including CHP technology that can produce 60 percent to 80 percent higher efficiency levels than traditional units. Additionally, parties have agreed to review stand-by rates in the most recent Ameren Missouri and Empire District Electric Company rate cases. Concurrent review of standby rates may result in a better end product and consistency of rate design.

Low-income Weatherization

Should the low-income weatherization program costs be collected in base rates on a going forward basis, or should it be collected as part of KCPL's MEEIA recovery mechanism?

The DE recommends that low-income weatherization program costs be collected in base rates at the conclusion of the Company's current MEEIA cycle in December 2015. Having program costs included in KCPL's base rates assures on-going funding on an annual basis regardless of whether KCPL has a Commission approved MEEIA portfolio. KCPL should be allowed to recover any outstanding program costs, throughput disincentive and incentive components for the period

that the program was under MEEIA through its DSIM; and, authorize KCPL to recover customer contributions to annual low-income weatherization service program expenses in base rates, consistently and in keeping with the Commission's funding approval for weatherization services provided by all other Missouri regulated investor-owned electric and natural gas utilities, with the exception of KCPL and GMO.

WHEREFORE, the Missouri Division of Energy respectfully files its *Statement of Positions*.

Respectfully submitted,

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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 9th day of June, 2015.

/s/ Alexander Antal

Alexander Antal

