

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) File No. ER-2016-0285

SIERRA CLUB STATEMENT OF POSITION

Sierra Club, by and through counsel, provides the following Statement of Position, with issues numbered according to the Joint List of Issues filed on January 31, 2017. Sierra Club takes a position on Rate Design/Class Cost of Service (Issue XXI) and Clean Charge Network (Issue XXII), as well as those closely related Commission Raised Issues (Issue I(B) and I(C)) which will be heard together with the aforementioned issues during evidentiary hearings. Sierra Club reserves the right to modify its positions or to take additional positions as the case proceeds.

Issue XXI.C (Rate Design/Class Cost of Service) – Should KCP&L be permitted to increase the fixed customer charge on residential customers?

No. Sierra Club urges the Commission to reject any increase in the fixed customer charge. Any increase in the customer charge, and corresponding decrease in the energy rate, will dampen incentives for customers to invest in energy efficiency or distributed generation, leading to higher overall system costs. Moreover, high fixed charges disproportionately increase the bills of lower usage customers, who tend to have lower incomes.

Issue XXI.D (Rate Design/Class Cost of Service) – Should KCP&L be required to implement the block rate structure proposed by the Division of Energy for residential customers?

Yes. Division of Energy’s proposal to gradually move towards a flat rate in winter, and an inclining block rate in summer will create incentives for customers to invest in energy efficiency and distributed generation, and to otherwise conserve electricity. Ultimately, these behaviors reduce utility system costs, to the benefit of all customers. The Company’s current declining block rate, by contrast, fails to reflect cost causation and incentivizes increased consumption. Division of Energy’s proposal ensures that rate impacts for customers who consume the most electricity are no more than five percent.

Issue XXI.E (Rate Design/Class Cost of Service) / Issue I.B (Commission Raised Issues) – Should KCP&L be required to propose time-varying rate offerings for residential customers in future cases?

Yes. Well-designed time varying rates more accurately reflect cost causation in that customers pay more for using electricity during system peak times, which determine the size of the transmission system and generation fleet, and when generation is more expensive. Time-varying rates create an incentive for customers to shift their usage to off-peak times, which ultimately lowers system costs. The introduction of time-varying rates should be gradual, begin on an opt-in basis, and accompanied by effective and sustained consumer education programs.

Issue XXII.A (Clean Charge Network) – Is the Clean Charge Network a regulated public utility service?

Yes. The Commission has jurisdiction to regulate utility-owned and operated electric vehicle charging stations that are publicly available within a utility’s service area.

Issue XXII.B (Clean Charge Network) – Should capital and O&M expenses associated with the Clean Charge Network be recovered from ratepayers?

Yes. The Company should be entitled to recover the prudently incurred capital and O&M expenses associated with its regulated public utility services. As explained by Sierra Club witness Douglas Jester, the Clean Charge Network program has been reasonably well-planned and carried out at reasonable cost.¹

Moreover, there is a strong public-policy case for vehicle electrification and for utility engagement in deploying electric vehicle charging infrastructure to lead the development of the market for electric vehicle ownership and use. The benefits of vehicle electrification include, but are not limited to: electricity grid and utility customer benefits, including the potential for increased system flexibility and reliability, increased asset utilization and dilution of fixed costs, downward pressure on electric rates for all utility customers, and greater integration of renewable generation; as well as general public benefits, including reduced oil dependence and greater energy security, air pollution reduction and public health benefits, and carbon emissions reductions and climate change mitigation.

Issue XXII.C (Clean Charge Network) / Issue I.C (Commission Raised Issues) – Should KCP&L develop a PEV-TOU rate to be considered in its next general rate case?

Yes. The Company should be required to develop time-of-use energy charges in order to better integrate electric vehicle charging with the electric power system, consistent with the Commission Staff’s Final Report in EW-2016-0123, the *Working*

¹ *Direct Testimony of Douglas Jester on Behalf of Sierra Club* at 24-28, File No. ER-2016-0285, In the Matter of Kansas City Power & Light Company’s Request for Authority to Implement a General Rate Increase for Electric Service (filed November 30, 2016).

Case Regarding Electric Vehicle Charging Facilities. To incent electric vehicle charging behavior that results in system-wide benefits, time-of-use energy pricing and rates should be applied to stations within the Clean Charge Network and made available for residential customers.

In developing a time-of-use rate for residential customers, Sierra Club recognizes that an “EV-only” rate may require the installation of a second meter or other metering upgrades. In order to ease access to EV-only rates in Missouri, the Commission may wish consider lower-cost metering options, like sub-metering or use of charging stations’ internal metrology. The use of time-of-use rates for the “whole home” can also alleviate the need for metering upgrades, but may introduce uncertainty regarding net benefits. A “whole home” time-of-use rate should be designed, therefore, to be revenue neutral for the majority of customers when compared to the standard rate, but result in a lower bill for the EV driver who charges during off-peak hours but does not shift non-EV load. In sum, Sierra Club urges the Commission to consider both options, with a focus on cost effectiveness and ease of access for EV drivers.

Issue XXII.D (Clean Charge Network) – Should the session charge be removed from the tariff?

Yes. While additional, non energy-based charges can be an appropriate method for recovery of some costs of public electric vehicle charging equipment, the session charge proposed in this case could be applied at charging stations in market segments that are not functionally public, such as stations sited at multi-family dwellings, and where typical charging behavior (e.g., overnight charging) may result in excessive or unfair pricing to electric vehicle drivers.

Respectfully submitted,

/s/ Joseph Halso

Joseph Halso
Sierra Club Environmental Law Program
1536 Wynkoop St., Suite 312
Denver, CO 80202
Tel. (313) 590-1720
joe.halso@sierraclub.org

Casey Roberts
Sierra Club Environmental Law Program
1536 Wynkoop St., Suite 312
Denver, CO 80202
Tel. (303) 454-3355
casey.roberts@sierraclub.org

Henry B. Robertson (Mo. Bar 29502)
Great Rivers Environmental Law Center
319 N. Fourth St, Suite 800
St. Louis, Missouri 63102
Tel. (314) 231-4181
hrobertson@greatriverslaw.org

Attorneys for Sierra Club

Dated: February 2, 2017.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct PDF version of the foregoing was filed on EFIS and electronically mailed to all counsel of record on this 2nd day of February, 2017.

/s/ Joseph Halso
Joseph Halso